



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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PICKAWAY METROPOLITAN HOUSING AUTHORITY  
PICKAWAY COUNTY

SINGLE AUDIT

For the Year Ended December 31, 2011  
Fiscal Year Audited Under GAGAS: 2011





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Pickaway Metropolitan Housing Authority, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 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 Pickaway 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

October 1, 2012

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**Pickaway Metropolitan Housing Authority**  
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*For the Year Ended December 31, 2011*

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## Independent Auditor's Report

Pickaway Metropolitan Housing Authority  
Pickaway County  
176 Rustic Drive  
Circleville, Ohio 43113

To the Board of Commissioners:

We have audited the accompanying financial statements of the business-type activities of the Pickaway Metropolitan Housing Authority, Pickaway County, (the Authority) as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2012 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Balestra, Harr & Scherer, CPAs, Inc.  
May 11, 2012



**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended December 31, 2011**  
**Unaudited**

It is a privilege to present for you the financial picture of Pickaway Metropolitan Housing Authority. The Pickaway Metropolitan Housing Authority's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The revenue decreased by \$406,456 (or 8.16%) during 2011, and was \$4,574,699 and \$4,981,155 for 2011 and 2010, respectively.
- The total expenses decreased by \$108,065 (or 2.30%). Total expenses were \$4,592,043 and \$4,700,108 for 2011 and 2010, respectively.

**BASIC FINANCIAL STATEMENTS**

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

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

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

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets". This account resembles the old operating reserves account.

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

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

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2011  
Unaudited**

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

Projects (PH & CF) – 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. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvement. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Business Activities (OBA) – This is the miscellaneous activities of the authority that currently include housing activities outside the scope of the conventional and housing choice voucher programs. Management contracts for non-profit elderly projects.

Shelter Plus Care (S+C) – This program is designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation or in emergency shelters. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities.

HOME Investment Partnerships Program (CHIP grant) – This program provides formula grants to State and localities that communities use-often in partnerships with local nonprofit groups to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

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

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2011  
Unaudited**

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

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

TABLE 1

	<u>2011</u>	<u>2010</u>
<b>Current and other assets</b>	\$ 1,676,582	\$ 1,473,251
<b>Capital assets</b>	5,530,379	5,694,014
<b>TOTAL ASSETS</b>	<u>7,206,961</u>	<u>7,167,265</u>
<b>Current liabilities</b>	133,927	127,788
<b>Long-term liabilities</b>	870,978	820,077
<b>TOTAL LIABILITIES</b>	<u>1,004,905</u>	<u>947,865</u>
<b>Net assets:</b>		
<b>Invested in capital assets, net of related debt</b>	4,717,824	4,936,328
<b>Restricted</b>	681,895	406,515
<b>Unrestricted</b>	802,337	876,557
<b>TOTAL NET ASSETS</b>	<u>\$ 6,202,056</u>	<u>\$ 6,219,400</u>

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Concerning the increase in assets and liabilities, in 2009, Pickaway MHA began the grant application to secure funds to renovate Williamsport Terrace. In 2011, the renovation itself was completed. Program completion included refinancing the existing loan through Rural Development. As a result, both assets and liabilities increased.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2011  
Unaudited**

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

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

	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Tenant revenue - rents and other	\$ 284,441	\$ 267,792
Operating subsidies and grants	4,050,235	3,975,526
Capital grants	179,171	698,107
Investment income/other revenues	60,852	39,730
<b>TOTAL REVENUE</b>	<b>4,574,699</b>	<b>4,981,155</b>
<b>Expenses</b>		
Administration	650,039	632,194
Tenant services	659	1,471
Utilities	101,892	102,855
Maintenance	197,384	337,637
General/PILOT/Insurance	131,815	48,500
Housing assistance payment	3,067,281	3,142,304
Depreciation	420,504	396,484
Interest expense	14,254	11,542
Bad debt/fraud losses	8,215	27,121
<b>TOTAL EXPENSES</b>	<b>4,592,043</b>	<b>4,700,108</b>
Operating transfer in	-	20,000
Operating transfer out	-	(20,000)
<b>NET INCREASE (DECREASE)</b>	<b>\$ (17,344)</b>	<b>\$ 281,047</b>

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

With the conclusion of the Williamsport Terrace renovations, overall expenses decreased due to costs associated with the project being paid in full. The majority of the project was completed in 2010, with final closing payments issued in 2011. This is the reason for significant reduction in Capital Grants from 2010 to 2011. This explanation also explains the decrease in maintenance costs associated with the project.

Concerning general expenses, the number of tenant terminations related to non-payment of rent were much higher at the end of 2011 when compared to previous years. The terminations and security deposit disposition were not completed until after the December board meeting, thereby eliminating the possibility of debt write-off. This resulted in higher than normal accounts receivable at year end.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2011  
Unaudited**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the Authority had \$5,530,379 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$163,635 from the end of last year.

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

	2011	2010
Land and land rights	\$ 684,414	\$ 684,414
Buildings	10,923,365	10,719,302
Equipment - administrative	205,527	187,701
Equipment - dwellings	146,223	117,462
Leasehold improvements	63,715	57,495
Accumulated depreciation	<u>(6,492,865)</u>	<u>(6,072,360)</u>
<b>TOTAL</b>	<u><u>\$ 5,530,379</u></u>	<u><u>\$ 5,694,014</u></u>

The following reconciliation summarizes the change in Capital Assets.

TABLE 4  
CHANGE IN CAPITAL ASSETS

<b>BEGINNING BALANCE</b>	<b>\$ 5,694,014</b>
<b>Additions</b>	<b>256,870</b>
<b>Depreciation</b>	<b><u>(420,505)</u></b>
<b>ENDING BALANCE</b>	<b><u><u>\$ 5,530,379</u></u></b>
<b>Capital improvements on Williamsport Terrace amounted to:</b>	<b><u><u>\$ 137,837</u></u></b>

DEBT ADMINISTRATION

The Authority's debt is listed as current and long-term debt on the statement of net assets and is a loan in the Williamsport Terrace project a FHA project. The Authority also has a construction loan to renovate a building acquired. This construction loan was completed in 2011. Total outstanding debt was \$807,701.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2011  
Unaudited**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- \* Federal funding levels of the Department of Housing and Urban Development
- \* Local labor supply and demand, which can affect salary and wage rates
- \* Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- \* Inflationary pressure on utility rates, supplies and other costs
- \* Market rates for rental housing

IN CONCLUSION

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

FINANCIAL CONTACT

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

Respectfully submitted,

Kim Hartinger  
Executive Director

**Pickaway Metropolitan Housing Authority  
Statement of Net Assets  
December 31, 2011**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	545,943
Restricted cash and cash equivalents		499,076
Investments		411,444
Restricted investments		109,381
Receivables, net		66,664
Inventories, net		11,724
Prepaid expenses and other assets		<u>32,350</u>
<b>TOTAL CURRENT ASSETS</b>		<b>1,676,582</b>

**Noncurrent Assets**

**Capital assets:**

Land		684,414
Building and equipment		11,338,830
Less accumulated depreciation		<u>(6,492,865)</u>
		<u>5,530,379</u>

**TOTAL NONCURRENT ASSETS** 5,530,379

**TOTAL ASSETS** 7,206,961

**LIABILITIES**

**Current Liabilities**

Accounts payable		17,658
Accrued liabilities		72,713
Intergovernmental payables		12,227
Tenant security deposits		25,845
Bonds, notes and loans payable		<u>5,484</u>

**TOTAL CURRENT LIABILITIES** 133,927

**Noncurrent Liabilities**

Bonds, notes and loans payable		807,071
Accrued compensated absences non-current		52,114
Noncurrent liabilities - other		<u>11,793</u>

**TOTAL NONCURRENT LIABILITIES** 870,978

**TOTAL LIABILITIES** 1,004,905

**NET ASSETS**

Invested in capital assets, net of related debt		4,717,824
Restricted net assets		681,895
Unrestricted net assets		<u>802,337</u>

**TOTAL NET ASSETS** \$ 6,202,056

The notes to the Basic Financial Statements are an integral part of this statement

**Pickaway Metropolitan Housing Authority  
Statement of Revenues, Expenses and Change in Net Assets  
Year Ended December 31, 2011**

<b>OPERATING REVENUE</b>	
Tenant revenue	\$ 284,441
Government operating grants	4,050,235
Other revenues	<u>55,542</u>
<b>TOTAL OPERATING REVENUE</b>	<b>4,390,218</b>
 <b>OPERATING EXPENSES</b>	
Administrative	650,039
Tenant services	659
Utilities	101,892
Maintenance	197,384
Insurance	34,824
PILOT	12,921
General	53,620
Housing assistance payments	3,067,281
Casualty loss	8,215
Bad debts	30,450
Depreciation	<u>420,504</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>4,577,789</u></b>
<b>OPERATING (LOSS)</b>	<b>(187,571)</b>
 <b>NON-OPERATING REVENUE (EXPENSE)</b>	
Interest and investment revenue	5,310
Interest expense	<u>(14,254)</u>
<b>TOTAL NON-OPERATING REVENUE (EXPENSE)</b>	<b><u>(8,944)</u></b>
<b>(LOSS) BEFORE CAPITAL GRANTS AND TRANSFERS</b>	<b>(196,515)</b>
<b>CAPITAL GRANTS - HUD</b>	<b>92,162</b>
<b>CAPITAL FUNDS - RURAL</b>	<b><u>87,009</u></b>
<b>TOTAL CAPITAL GRANTS/FUNDS</b>	<b>179,171</b>
<b>CHANGE IN NET ASSETS</b>	<b>(17,344)</b>
<b>NET ASSETS BEGINNING OF YEAR</b>	<b><u>6,219,400</u></b>
<b>NET ASSETS END OF YEAR</b>	<b><u><u>\$ 6,202,056</u></u></b>

The notes to the Basic Financial Statements are an integral part of this statement



**Pickaway Metropolitan Housing Authority  
Statement of Cash Flows  
Year Ended December 31, 2011**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from tenants	\$ 315,656
Cash received from HUD and other governments	4,031,085
Cash received from other operating sources	86,882
Cash payments for housing assistance payments	(3,067,281)
Cash payments for administrative and operating expenses	<u>(1,089,046)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	277,296
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid	(4,745)
Capital grants	179,171
Interest expense	(14,254)
Loan proceeds	59,614
Acquisition of capital assets	<u>(256,870)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(37,084)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	5,310
Investment activity	<u>(142,998)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(137,688)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	102,524
CASH AND CASH EQUIVALENTS, BEGINNING	<u>942,495</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 1,045,019</u></u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating (loss)	\$ (187,571)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	420,504
(Increase) decrease in:	
Receivables - net of allowance	44,496
Prepaid expenses and other assets	(4,742)
Inventories - net of allowance	2,438
Increase (decrease) in:	
Accounts payable	2,755
Deferred Revenue	(19,150)
Intergovernmental payables	(77)
Tenant security deposits	18,059
Accrued liabilities	2,722
Accrued compensated absences	(432)
Other liabilities	<u>(1,706)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 277,296</u></u>

**The notes to the Basic Financial Statements are an integral part of this statement**

**Pickaway Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Year Ended December 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

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

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

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

Basis of Accounting

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

Use of Estimates

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

Cash and cash equivalents

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

Tenant Receivables – Recognition of Bad Debts

Bad debts are provided on the allowance method based on management’s evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for bad debts for tenant related receivables was \$24,346 at December 31, 2011.

Due From/To Other Programs

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

	<u>O.B.A./CHIP</u>	<u>Section 8</u>	<u>Public Housing</u>	<u>Shelter Plus Care</u>	<u>Capital Fund</u>	<u>W.T.</u>	<u>Total</u>
<b>Due From</b>	\$ 5,491	\$ 28,302	\$ -	\$ -	\$ 3,590	\$ -	\$ 37,383
<b>Due To</b>	\$ (4,383)	\$ -	\$ (24,033)	\$ (4,491)	\$ (3,590)	\$ (886)	\$ (37,383)

**Pickaway Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Year Ended December 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Property and Equipment

Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The capitalization policy amount is \$2,500.

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

Depreciation is recorded on the straight-line method.

Investments

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

Restricted Cash and Investments

Restricted cash and investments represents amounts received for the home ownership program, restricted HAP monies, 5H funds, and tenant security deposits.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board of Commissioners or through external restrictions imposed by creditors, grantors, or laws, or regulations of other governments. Restricted net assets are HAP (NRA) \$328,661 and 5-H funds \$353,234 for a total of \$681,895.

Inventories

Inventories are stated at cost. The allowance for obsolete inventory was \$1,300 at December 31, 2011.

**2. DEPOSITS AND INVESTMENTS**

Deposits

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

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

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

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

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

**Pickaway Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Year Ended December 31, 2011**

**2. DEPOSITS AND INVESTMENTS – CONTINUED**

The carrying amount of the Authority’s deposits was \$1,565,844 at December 31, 2011. The corresponding bank balances were \$1,577,590. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosure,” as of December 31, 2011, \$1,299,026 was covered by federal depository insurance, while \$278,563 was exposed to custodial risk.

Custodial credit risk is the risk that in the even 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 banks and pledged as a pool of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Book balances at December 31, 2011 were as follows:

	<b>Cash and Cash Equivalents</b>	<b>Investments</b>	<b>Total</b>
<b>Public housing</b>	\$ 394,330	\$ 344,485	\$ 738,815
<b>Section 8</b>	516,142	176,340	692,482
<b>Rural rental housing</b>	70,042	-	70,042
<b>Business activities</b>	59,014	-	59,014
<b>CHIP</b>	1,000	-	1,000
<b>SPC</b>	4,491	-	4,491
<b>TOTAL</b>	<b>\$ 1,045,019</b>	<b>\$ 520,825</b>	<b>\$ 1,565,844</b>
<b>Restricted cash and cash equivalents:</b>		<b>Restricted investments:</b>	
<b>Tenant security deposits - PH</b>	\$ 18,857		\$ -
<b>Tenant security deposits - WT</b>	4,945		-
<b>Tenant security deposits - OBA</b>	2,040		-
<b>5-H funds</b>	132,780		109,381
<b>FSS funds</b>	11,793		-
<b>HAP reserve</b>	328,661		-
<b>TOTAL RESTRICTED CASH AND CASH EQUIVALENTS</b>	<b>\$ 499,076</b>	<b>TOTAL RESRICTED INVESTMENTS</b>	<b>\$ 109,381</b>

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

*Interest Rate Risk* – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority’s depository agreement specifically requires compliance with HUD requirements.

*Concentration of Credit Risk* – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority’s practice to do business with more than one depository.

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

**Pickaway Metropolitan Housing Authority**  
**Notes to the Basic Financial Statements**  
**Year Ended December 31, 2011**

**3. CAPITAL ASSETS**

A summary of capital assets at December 31, 2011, by class is as follows:

	Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED</b>				
Land	\$ 684,414	\$ -	\$ -	\$ 684,414
<b>CAPITAL ASSETS, BEING DEPRECIATED</b>				
Buildings and improvements	10,715,362	204,063	-	10,919,425
Furniture and equipment - dwelling	117,462	28,761	-	146,223
Furniture and equipment - administrative	187,701	17,826	-	205,527
Leasehold improvements	57,495	6,220	-	63,715
Land improvements	3,940	-	-	3,940
Total	<u>11,081,960</u>	<u>256,870</u>	-	<u>11,338,830</u>
<b>ACCUMULATED DEPRECIATION</b>				
Buildings and improvements	(5,818,004)	(388,457)	-	(6,206,461)
Furniture and equipment - dwelling	(71,121)	(16,376)	-	(87,497)
Furniture and equipment - administrative	(151,546)	(11,628)	-	(163,174)
Land improvements	(2,821)	(98)	-	(2,919)
Leasehold improvements	(28,868)	(3,946)	-	(32,814)
Total	<u>(6,072,360)</u>	<u>(420,505)</u>	-	<u>(6,492,865)</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>\$ 5,694,014</u>	<u>\$ (163,635)</u>	<u>\$ -</u>	<u>\$ 5,530,379</u>

**4. ADMINISTRATIVE FEE**

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

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

The Authority participates in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS administers three separate pension plans as described below:

- a. The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan.
- b. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year.) Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- c. The Combined Plan – 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 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 in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011 and 2010, member and employer contribution rates were consistent across all three plans. The 2011 and 2010 member contribution rates were 10 percent of covered payroll for members and 14 percent of covered payroll for employers. The Authority’s required contributions for the years ended December 31, 2011, 2010, and 2009 were \$103,248, \$107,710, and \$95,466 respectively. All required payments of contributions have been made through December 31, 2011.

**Pickaway Metropolitan Housing Authority  
Notes to the Basic Financial Statements  
Year Ended December 31, 2011**

**6. POST EMPLOYMENT BENEFITS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Ohio Public Employees Retirement System (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 Pension must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

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

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

OPERS’ Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2011 and 2010, the employer contributions allocated to the health care plan was 5.5 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 \$21,954, \$54,000, and \$47,730, respectively.

The Health care Preservation Plan (HCPP) adopted by the OPERS Retirement Board September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**7. COMPENSATED ABSENCES**

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

At December 31, 2011, based on the vesting method \$86,495 was accrued by the Authority for unused vacation and sick time. This balance is the combined total of long-term compensated absences of \$52,114 and short-term which is included in accrued liabilities of \$34,381.

	Beginning Balance 12/31/10	Earned	Used	Ending Balance 12/31/11	Due in One Year
Compensated absences payable	\$ 85,160	\$ 52,801	\$ 51,466	\$ 86,495	\$ 34,381

**8. INSURANCE**

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

**Pickaway Metropolitan Housing Authority**  
**Notes to the Basic Financial Statements**  
**Year Ended December 31, 2011**

9. LONG-TERM DEBT

The Authority manages a multiple family housing project funded by the Department of Agriculture under its rural housing service. The following is a summary of activity occurring during 2011:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Payments</b>	<b>Ending Balance</b>
<b>Mortgage</b>				
<b>Issued May 10, 1985</b>				
<b>Interest Rate 11.875%</b>	\$ 516,876	\$ -	\$ 3,836	\$ 513,040
<b>Rehab loan</b>				
<b>The Savings Bank</b>				
<b>Construction</b>	240,810	59,614	909	299,515
	<u>\$ 757,686</u>	<u>\$ 59,614</u>	<u>\$ 4,745</u>	<u>\$ 812,555</u>
		Less: current maturities		5,484
				<u>\$ 807,071</u>

As of December 31, 2011, long-term debt maturities are as follows:

2012	\$ 5,484
2013	6,552
2014	7,241
2015	8,010
2016	8,870
2017 & Thereafter	776,398
<b>LONG-TERM DEBT</b>	<b>\$ 812,555</b>

Mortgage – The mortgage was for a 50 year period. Annual payments required vary: based on a calculation performed on a monthly basis; using the standard loan payment amount, overages on tenant accounts and the rental assistance requested.

Rehab loan – The rehab loan was for 30 years. The maximum construction loan was \$300,000. The current interest rate is 4.625%, the loan was finalized April 19, 2011.

10. ACCRUED LIABILITIES

The following is the detail of accrued liabilities at December 31, 2011:

Accrued payroll and payroll taxes	\$ 36,993
Accrued compensated absences - current	34,381
Other accrued liabilities	1,339
<b>TOTAL ACCRUED LIABILITIES</b>	<b>\$ 72,713</b>

**Pickaway Metropolitan Housing Authority**  
*Schedule of Federal Awards Expenditures*  
For the Fiscal Year Ended December 31, 2011

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>DISBURSEMENTS</u>
<b><u>U. S. Department of Housing and Urban Development</u></b>		
<i>Direct</i>		
Public and Indian Housing	14.850	\$ 350,529
CFP Cluster		
Public Housing Capital Fund	14.872	96,596
Total CFP Cluster		<u>96,596</u>
Shelter Plus Care	14.238	77,749
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	3,436,892
Total Housing Voucher Cluster		<u>3,436,892</u>
Total U. S. Department of Housing and Urban Development		3,961,766
<b><u>U. S. Department of Agriculture</u></b>		
<i>Direct</i>		
Rural Rental Housing Loans	10.415	<u>56,044</u>
Total U. S. Department of Agriculture		<u>56,044</u>
Total Federal Financial Assistance		<u>\$ 4,017,810</u>

See the Notes to the Schedule of Federal Awards Expenditures



**Pickaway Metropolitan Housing Authority**  
*Notes to the Schedule of Federal Awards Expenditures*  
*For the Year Ended December 31, 2011*

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Pickaway Metropolitan Housing Authority**  
**Statement of Net Assets by Program**  
**FDS Schedule Submitted to HUD**  
**December 31, 2011**

	Project Total	1 Business Activities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$242,693	\$56,975	\$4,491	\$1,000	\$65,097	\$193,983	\$564,239		\$564,239
113 Cash - Other Restricted	\$132,780					\$340,454	\$473,234		\$473,234
114 Cash - Tenant Security Deposits	\$18,857	\$2,040			\$4,945		\$25,842		\$25,842
100 Total Cash	\$394,330	\$59,015	\$4,491	\$1,000	\$70,042	\$534,437	\$1,063,315	\$0	\$1,063,315
122 Accounts Receivable - HUD Other Projects	\$3,590						\$3,590		\$3,590
125 Accounts Receivable - Miscellaneous						\$40,740	\$40,740		\$40,740
126 Accounts Receivable - Tenants	\$10,395				\$971	\$2,035	\$13,401		\$13,401
126.1 Allowance for Doubtful Accounts -Tenants	-\$5,162				\$0	-\$375	-\$5,537		-\$5,537
126.2 Allowance for Doubtful Accounts - Other	\$0					\$0	\$0		\$0
128 Fraud Recovery	\$587				\$445	\$31,892	\$32,924		\$32,924
128.1 Allowance for Doubtful Accounts - Fraud	\$0				\$0	-\$18,809	-\$18,809		-\$18,809
129 Accrued Interest Receivable	\$92					\$263	\$355		\$355
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$9,502	\$0	\$0	\$0	\$1,416	\$55,746	\$66,664	\$0	\$66,664
131 Investments - Unrestricted	\$235,103					\$158,045	\$393,148		\$393,148
132 Investments - Restricted	\$109,381						\$109,381		\$109,381
142 Prepaid Expenses and Other Assets	\$24,390	\$928			\$1,823	\$5,209	\$32,350		\$32,350
143 Inventories	\$11,083					\$1,941	\$13,024		\$13,024
143.1 Allowance for Obsolete Inventories	-\$1,100					-\$200	-\$1,300		-\$1,300
144 Inter Program Due From	\$3,590	\$5,491				\$28,302	\$37,383	-\$37,383	\$0
150 Total Current Assets	\$786,279	\$65,434	\$4,491	\$1,000	\$73,281	\$783,480	\$1,713,965	-\$37,383	\$1,676,582
161 Land	\$560,154	\$105,320			\$18,940		\$684,414		\$684,414
162 Buildings	\$9,278,688	\$291,387			\$1,350,677		\$10,920,752		\$10,920,752
163 Furniture, Equipment & Machinery - Dwellings	\$144,603	\$13,944			\$1,409		\$159,956		\$159,956
164 Furniture, Equipment & Machinery - Administration	\$114,576					\$86,051	\$200,627		\$200,627
165 Leasehold Improvements	\$57,495						\$57,495		\$57,495
166 Accumulated Depreciation	-\$5,976,812	-\$74,236			-\$393,918	-\$47,899	-\$6,492,865		-\$6,492,865
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,178,704	\$336,415	\$0	\$0	\$977,108	\$38,152	\$5,530,379	\$0	\$5,530,379
180 Total Non-Current Assets	\$4,178,704	\$336,415	\$0	\$0	\$977,108	\$38,152	\$5,530,379	\$0	\$5,530,379
190 Total Assets	\$4,964,983	\$401,849	\$4,491	\$1,000	\$1,050,389	\$821,632	\$7,244,344	-\$37,383	\$7,206,961

**Pickaway Metropolitan Housing Authority**  
**Statement of Net Assets by Program**  
**FDS Schedule Submitted to HUD**  
**December 31, 2011**

	Project Total	1 Business Activities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$11,540	\$955			\$1,437	\$3,726	\$17,658		\$17,658
321 Accrued Wage/Payroll Taxes Payable	\$10,567	\$899				\$25,527	\$36,993		\$36,993
322 Accrued Compensated Absences - Current Portion	\$24,327	\$1,863				\$8,191	\$34,381		\$34,381
325 Accrued Interest Payable					\$1,337		\$1,337		\$1,337
333 Accounts Payable - Other Government	\$12,227						\$12,227		\$12,227
341 Tenant Security Deposits	\$18,857	\$2,040			\$4,945		\$25,842		\$25,842
342 Deferred Revenues		\$5					\$5		\$5
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds					\$5,484		\$5,484		\$5,484
347 Inter Program - Due To	\$27,623	\$3,383	\$4,491	\$1,000	\$886		\$37,383	-\$37,383	\$0
310 Total Current Liabilities	\$105,141	\$9,145	\$4,491	\$1,000	\$14,089	\$37,444	\$171,310	-\$37,383	\$133,927
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					\$807,071		\$807,071		\$807,071
353 Non-current Liabilities - Other						\$11,793	\$11,793		\$11,793
354 Accrued Compensated Absences - Non Current	\$34,156	\$2,995				\$14,963	\$52,114		\$52,114
350 Total Non-Current Liabilities	\$34,156	\$2,995	\$0	\$0	\$807,071	\$26,756	\$870,978	\$0	\$870,978
300 Total Liabilities	\$139,297	\$12,140	\$4,491	\$1,000	\$821,160	\$64,200	\$1,042,288	-\$37,383	\$1,004,905
508.1 Invested In Capital Assets, Net of Related Debt	\$4,178,704	\$336,415			\$164,553	\$38,152	\$4,717,824		\$4,717,824
511.1 Restricted Net Assets	\$353,234					\$328,661	\$681,895		\$681,895
512.1 Unrestricted Net Assets	\$293,748	\$53,294	\$0	\$0	\$64,676	\$390,619	\$802,337	\$0	\$802,337
513 Total Equity/Net Assets	\$4,825,686	\$389,709	\$0	\$0	\$229,229	\$757,432	\$6,202,056	\$0	\$6,202,056
600 Total Liabilities and Equity/Net Assets	\$4,964,983	\$401,849	\$4,491	\$1,000	\$1,050,389	\$821,632	\$7,244,344	-\$37,383	\$7,206,961

**Pickaway Metropolitan Housing Authority**  
**Statement of Revenues, Expenses and Changes in Net Assets by Program**  
**FDS Schedule Submitted to HUD**  
**Year Ended December 31, 2011**

	Project Total	1 Business Activities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	Total
70300 Net Tenant Rental Revenue	\$208,977	\$22,568			\$18,585		\$250,130
70400 Tenant Revenue - Other	\$31,182	\$0			\$3,129		\$34,311
70500 Total Tenant Revenue	\$240,159	\$22,568	\$0	\$0	\$21,714	\$0	\$284,441
70600 HUD PHA Operating Grants	\$354,963		\$77,749		\$56,044	\$3,561,479	\$4,050,235
70610 Capital Grants	\$92,162						\$92,162
70800 Other Government Grants					\$87,009		\$87,009
71100 Investment Income - Unrestricted	\$1,207	\$301	\$3		\$35	\$1,285	\$2,831
71400 Fraud Recovery						\$6,881	\$6,881
71500 Other Revenue		\$44,207				\$4,454	\$48,661
72000 Investment Income - Restricted	\$2,009					\$470	\$2,479
70000 Total Revenue	\$690,500	\$67,076	\$77,752	\$0	\$164,802	\$3,574,569	\$4,574,699
91100 Administrative Salaries	\$80,677	\$25,511	\$2,881			\$230,444	\$339,513
91200 Auditing Fees	\$4,500					\$3,573	\$8,073
91300 Management Fee					\$6,876		\$6,876
91500 Employee Benefit contributions - Administrative	\$62,406					\$78,804	\$141,210
91600 Office Expenses	\$36,638	\$376	\$46		\$282	\$84,453	\$121,795
91700 Legal Expense	\$3,000				\$1,193	\$3,285	\$7,478
91800 Travel	\$16,150					\$6,462	\$22,612
91900 Other		\$2,482					\$2,482
91000 Total Operating - Administrative	\$203,371	\$28,369	\$2,927	\$0	\$8,351	\$407,021	\$650,039
92400 Tenant Services - Other	\$659						\$659
92500 Total Tenant Services	\$659	\$0	\$0	\$0	\$0	\$0	\$659
93100 Water	\$66,090	\$153			\$10,884		\$77,127
93200 Electricity	\$12,597	\$1,018			\$1,575		\$15,190
93300 Gas	\$7,623	\$409			\$375		\$8,407
93800 Other Utilities Expense	\$301				\$867		\$1,168
93000 Total Utilities	\$86,611	\$1,580	\$0	\$0	\$13,701	\$0	\$101,892
94100 Ordinary Maintenance and Operations - Labor	\$58,856	\$5,239					\$64,095
94200 Ordinary Maintenance and Operations - Materials and Other	\$61,640	\$2,608					\$64,248
94300 Ordinary Maintenance and Operations Contracts	\$40,744	\$3,270			\$25,027		\$69,041
94000 Total Maintenance	\$161,240	\$11,117	\$0	\$0	\$25,027	\$0	\$197,384
96110 Property Insurance	\$19,672	\$838			\$1,645	\$2,293	\$24,448
96120 Liability Insurance	\$2,471					\$1,757	\$4,228
96130 Workmen's Compensation						\$5,167	\$5,167
96140 All Other Insurance	\$416					\$565	\$981
96100 Total insurance Premiums	\$22,559	\$838	\$0	\$0	\$1,645	\$9,782	\$34,824

**Pickaway Metropolitan Housing Authority**  
**Statement of Revenues, Expenses and Changes in Net Assets by Program**  
**FDS Schedule Submitted to HUD**  
**Year Ended December 31, 2011**

	Project Total	1 Business Activities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	Total
96200 Other General Expenses	\$2,156						\$2,156
96210 Compensated Absences	\$35,669	\$2,768				\$13,027	\$51,464
96300 Payments in Lieu of Taxes	\$12,921						\$12,921
96400 Bad debt - Tenant Rents	\$22,611				\$2,679	\$5,160	\$30,450
96000 Total Other General Expenses	\$73,357	\$2,768	\$0	\$0	\$2,679	\$18,187	\$96,991
96710 Interest of Mortgage (or Bonds) Payable					\$14,254		\$14,254
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$14,254	\$0	\$14,254
96900 Total Operating Expenses	\$547,797	\$44,672	\$2,927	\$0	\$65,657	\$434,990	\$1,096,043
97000 Excess of Operating Revenue over Operating Expenses	\$142,703	\$22,404	\$74,825	\$0	\$99,145	\$3,139,579	\$3,478,656
97200 Casualty Losses - Non-capitalized	\$8,215						\$8,215
97300 Housing Assistance Payments			\$74,825			\$2,992,456	\$3,067,281
97400 Depreciation Expense	\$356,314	\$11,701			\$43,043	\$9,446	\$420,504
90000 Total Expenses	\$912,326	\$56,373	\$77,752	\$0	\$108,700	\$3,436,892	\$4,592,043
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$221,826	\$10,703	\$0	\$0	\$56,102	\$137,677	-\$17,344
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$5,047,512	\$379,006	\$0	\$0	\$173,127	\$619,755	\$6,219,400
11170 Administrative Fee Equity						\$428,771	\$428,771
11180 Housing Assistance Payments Equity						\$328,661	\$328,661
11190 Unit Months Available	1296	48	170		192	7620	9326
11210 Number of Unit Months Leased	1257	37	170		187	7449	9100
11270 Excess Cash	\$601,485						\$601,485

Pickaway Metropolitan Housing Authority  
Summary of Activity  
Year Ended December 31, 2011

At the close of the fiscal year ended December 31, 2011, Pickaway Metropolitan Housing Authority had the following operations management:

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



## Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

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

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

We have audited the financial statements of the business-type activities of the Pickaway Metropolitan Housing Authority, Pickaway County, Ohio, (the Authority), as of and for the year ended December 31, 2011, and have issued our report thereon dated May 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

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

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

Balestra, Harr & Scherer, CPAs, Inc.  
May 11, 2012





# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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

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

### Compliance

We have audited the compliance of Pickaway Metropolitan Housing Authority, Pickaway County, Ohio (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Pickaway Metropolitan Housing Authority's major federal programs for the year ended December 31, 2011. The summary of auditor's results section of the accompanying Schedule of Findings identifies the Authority's major federal programs. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, Pickaway Metropolitan Housing Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

### Internal Control Over Compliance

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

Board of Commissioners  
Pickaway Metropolitan Housing Authority  
Report on Compliance with Requirements Applicable to each Major Federal Program and on  
Internal Control Over Compliance Required by OMB Circular A-133  
Page 2

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

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

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



Balestra, Harr & Scherer, CPAs, Inc.  
May 11, 2012

**Pickaway Metropolitan Housing Authority**

*Schedule of Findings*

*OMB Circular A-133 Section .505*

*December 31, 2011*

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies in reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Public and Indian Housing CFDA #14.850 Housing Voucher Cluster: Section 8 Housing Choice Vouchers (CFDA #14.871)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

PICKAWAY METROPOLITAN HOUSING AUTHORITY

PICKAWAY COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 11, 2012