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

Perry & Associates
Certified Public Accountants, A.C.

Dave Yost • Auditor of State

Board of Commissioners
Meigs Metropolitan Housing Authority
117 East Memorial Drive
Pomeroy, Ohio 45769

We have reviewed the *Independent Accountants' Report* of the Meigs Metropolitan Housing Authority, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period October 1, 2009 through September 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

April 4, 2011

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

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Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

February 10, 2011

Meigs Metropolitan Housing Authority
117 East Memorial Drive
Pomeroy, OH 45769

To the Board of Commissioners:

We have audited the accompanying financial statements of the business-type activities of the **Meigs Metropolitan Housing Authority, Meigs County, Ohio** (the "Authority"), as of and for the year ended September 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of September 30, 2010, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated February 10, 2011, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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*; you should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements taken as a whole. The financial statements by program presented on pages 19 through 21 and the summary of activities presented on page 29 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements. The financial statements by program and the federal awards expenditure schedule are management's responsibility, and were derived from and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. These statements and schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the summary of activities presented on page 29 to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on it.

Respectfully submitted,

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements, which will begin on page 9.

FINANCIAL HIGHLIGHTS

- Total revenues increased by $12,874 (or 2%) during 2010, and were $621,021 and $608,147 for 2010 and 2009, respectively.

- Total operating expenses decreased by $15,946 (or 2.7%) during 2010, and were $597,936 and $613,882 for 2010 and 2009, respectively.

USING THIS ANNUAL REPORT

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

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

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

BASIC FINANCIAL STATEMENTS

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

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

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

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

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

The focus of the Statement of Revenues, Expenses and Changes in Net Assets is the "Change in Net Assets."

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

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

TABLE 1
STATEMENT OF NET ASSETS

	2010	2009	Variance
Current and Other Assets	$ 212,134	$ 193,593	$ 18,541
Capital Assets	154,167	162,095	(7,928)
TOTAL ASSETS	366,301	355,688	10,613
Current and Other Liabilities	7,524	19,996	(12,472)
TOTAL LIABILITIES	7,524	19,996	(12,472)
Net Assets:			
Invested in Capital Assets	154,167	162,095	(7,928)
Restricted	110,615	-	110,615
Unrestricted	93,995	173,597	(79,602)
TOTAL NET ASSETS	$ 358,777	$ 335,692	$ 23,085

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Capital assets decreased due to depreciation expense as shown in Table 4. Cash increased by $18,541 primarily due to decreased operating expenses during 2010. Net restricted assets increased due to changes in current restrictions implemented by the U.S. Department of Housing and Urban Development (HUD).

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

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

	2010	2009	Variance
Revenues			
Tenant Revenue - Rents and Other	$ 17,768	$ 15,079	$ 2,689
Operating Subsidies and Grants	599,176	583,040	16,136
MRDD	1,536	1,664	(128)
Investment Income/Other Revenues	2,541	8,364	(5,823)
TOTAL REVENUE	621,021	608,147	12,874
Expenses			
Administrative	88,966	88,273	693
Tenant Services			0
Utilities			0
Ordinary Maintenance and Operations	74	70	4
General	6,879	10,796	(3,917)
Housing Assistance Payment	494,089	506,428	(12,339)
Depreciation	7,928	8,315	(387)
TOTAL EXPENSES	597,936	613,882	(15,946)
NET INCREASE (DECREASE)	$ 23,085	$ (5,735)	$ 28,820
Net Assets, Beginning of Year	335,692	341,427	(5,735)
Net Assets, End of Year	$ 358,777	$ 335,692	$ 23,085

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

Tenant rental and other revenues increased by $2,689 due to additional occupancy, while government operating grants increased by $16,136 from fiscal year 2009 to 2010, due to increased government subsidy of rents and additional occupancy. Other than these changes the Authority operated consistently between the years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year end, the Authority had $154,167 invested in a variety of capital assets (net of accumulated depreciation) as reflected in the following schedule, which represents a net decrease (depreciation) of $7,928 from the end of last year.

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

	2010	2009
Land and Land Rights	$ 24,690	$ 24,690
Buildings and Improvements	218,005	218,005
Equipment - Administrative	4,830	4,830
Accumulated Depreciation	(93,358)	(85,430)
TOTAL	$ 154,167	$ 162,095

The following reconciliation summarizes the change in Capital Assets.

TABLE 4
CHANGE IN CAPITAL ASSETS

BEGINNING BALANCE	$ 162,095
Additions (Net)	-
Depreciation	(7,928)
ENDING BALANCE	$ 154,167

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

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

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Jean Trussell, Executive Director of the Meigs Metropolitan Housing Authority at 740-992-2733.

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

	ENTERPRISE
Assets	
Current Assets:	
Cash - Unrestricted	$ 101,519
Total Current Assets:	101,519
Noncurrent Assets:	
Restricted Assets:	
Restricted Cash - Housing Assistance	108,885
Restricted Cash - Family Self-Sufficiency	1,730
Total Restricted Assets:	110,615
Capital Assets:	
Nondepreciable Capital Assets	24,690
Depreciable Capital Assets, Net of Accumulated Depreciation	129,477
Total Capital Assets:	154,167
Total Noncurrent Assets:	264,782
Total Assets	$ 366,301
Liabilities	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	$ 1,673
Compensated Absences	4,121
Undistributed Credits - Family Self-Sufficiency	1,730
Total Liabilities	7,524
Net Assets:	
Invested In Capital Assets	154,167
Restricted	110,615
Unrestricted	93,995
Total Net Assets	358,777
Total Liabilities and Net Assets	$ 366,301

See accompanying notes to the basic financial statements.

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

	ENTERPRISE
Operating Revenues	
Tenant Rental Revenues	$ 17,768
HUD PHA Grants/OperatingGrants	599,176
MRDD Revenue	1,536
Other	103
Total Operating Revenue	618,583
Operating Expenses	
Administrative	88,966
Ordinary Maintenance & Operation	74
General Expenses	6,879
Housing Assistance Payments	494,089
Depreciation Expense	7,928
Total Operating Expenses	597,936
Operating Income	20,647
Non-Operating Revenue	
Investment Income - Unrestricted	2,438
Total Non-Operating Revenues	2,438
Change in Net Assets	23,085
Net Assets, Beginning of Year	335,692
Net Assets, End of Year	$ 358,777

See accompanying notes to the basic financial statements.

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

		ENTERPRISE
Cash flows from operating activities:		
Receipts from tenants	$	17,768
Receipts from operating grants		599,176
Other operating receipts		3,866
Housing assistance payments		(502,084)
Salaries and Related Benefits		(60,216)
Payments for general and administrative expense		(42,407)
Net cash provided by operating activities		16,103
Cash flows from investing activities:		
Interest received on investments		2,438
Net cash provided by investing activities		2,438
Net increase in cash and cash equivalents		18,541
Cash at beginning of year		193,593
Cash at end of year	$	212,134

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Operating Loss	$	20,647
Adjustments to reconcile net (loss) to net cash provided by operating activities		
Increase(Decrease) In:		
Accrued Wages/Payroll Taxes Payable		36
Compensated Absences		1,624
Intergovernmental Payable		(14,132)
Depreciation Expense		7,928
Net Cash Provided By Operating Activities	$	16,103

See accompanying notes to the basic financial statements.

1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY

The Meigs Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.01 of the Ohio Revised Code.

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

DESCRIPTION OF PROGRAMS:

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

B. *MR/DD*
This program is used to account for revenues and expenses related to the board of mental health or mental retardation.

C. *Family Self Sufficiency (FSS) Program*
This program is designed to help participants achieve economic independence and self-sufficiency.

REPORTING ENTITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

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

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

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

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

C. BASIS OF ACCOUNTING

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

D. BUDGETARY DATA

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND CASH EQUIVALENTS

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

Unrestricted cash and cash equivalents represents the funds that are used for the general operations and the administrative portion of Section 8 program. Restricted cash and cash equivalents represent funds deposited for participants in the Family Self Sufficiency (FSS) Program, which is designed to help participants achieve economic independence and self-sufficiency and the portion of Section 8 designed to aid low-income families with rent.

For purposes of the statement of cash flows and for presentation on the statement of net assets, cash and cash equivalents include all highly liquid debt instruments with an original maturity of three months or less at the time they are purchased.

F. CAPITAL ASSETS

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

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

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

Description	Estimated Lives
Buildings	27.5 years
Equipment, Furniture and Fixtures	5 years

G. COMPENSATED ABSENCES

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

The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

In proprietary funds, compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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 expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are primarily administrative, benefits, maintenance and operations, depreciation, and housing assistance payments.

I. USE OF ESTIMATES

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

J. NET ASSETS

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

3. CASH AND CASH EQUIVALENTS

Deposits

At fiscal year end, the carrying amount of the Authority's deposits was $212,134, and the bank balance was $215,501. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of September 30, 2010, the Authority's bank balance was covered by Federal Depository Insurance

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the ORC, is held in financial institution pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve bank in the name of the Authority.

4. RESTRICTED ASSETS

The restricted net assets of $110,615, on the financial statements represent the following:

Restricted for:	
Excess Cash Advanced to the Housing Choice Voucher Program	
by HUD for Housing Assistance Payments	$ 108,885
FSS Escrow Funds	1,730
Total Restricted Cash	110,615

5. CAPITAL ASSETS

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

	Balance - 09/30/09	Additions	Deletions	Balance - 09/30/10
Capital Assets Not Being Depreciated:				
Land and Land Rights	$ 24,690	$ -	$ -	$ 24,690
Total Capital Assets Not Being Depreciated	24,690	-	-	24,690
Capital Assets Being Depreciated:				
Buildings and Improvements	218,005	-	-	218,005
Equipment	4,830	-	-	4,830
Total Capital Assets Being Depreciated	222,835	-	-	222,835
Accumulated Depreciation:				
Buildings and Improvements	(80,600)	(7,928)	-	(88,528)
Equipment	(4,830)	-	-	(4,830)
Total Depreciation	(85,430)	(7,928)	-	(93,358)
Net Capital Assets Being Depreciated	137,405	(7,928)	-	129,477
Net Capital Assets	$ 162,095	$ (7,928)	$ -	$ 154,167

6. DEFINED BENEFIT PENSION PLAN

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employee contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, 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 both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. Effective January 1, 2009, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Authority's contribution rate for 2010 and 2009 was 14.0 percent (of which 8.5 percent relates to pension contributions) of covered payroll.

6. DEFINED BENEFIT PENSION PLAN (Continued)

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended September 30, 2010, 2009 and 2008 were $5,444, $4,001 and $5,155 respectively; 100 percent has been contributed for 2010, 2009, and 2008.

7. POSTEMPLOYMENT BENEFITS

<u>OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM</u>

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

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS’ Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2010 and 2009, the employer contribution allocated to the health care plan was 5.50 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended September 30, 2010, which were used to fund postemployment benefits, were $5,444.

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

8. COMPENSATED ABSENCES

Sick leave and vacation policies are established by the Housing Authority Board of Directors. All permanent employees earn 4.6 hours sick leave for each 80 hours of service, 3.1 hours vacation time for each 80 hours of service for employees with 1 - 7 years service; and 4.6 hours vacation time for each 80 hours worked for employees with 8 - 14 years service. The Executive Director receives 4.6 hours vacation time for every 80 hours of service. Unused sick leave may be accumulated up to 240 hours and is paid to employees at the time of retirement. All permanent employees earn vacation hours based on length of service. Unused vacation leave will be paid to the employees at the time of separation. As of September 30, 2010, $4,121 was accrued for unused sick leave and vacation.

9. ECONOMIC DEPENDENCY

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

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets. The Authority owns 6 single family dwellings that are covered by State Farm Insurance dwelling’s coverage includes fire, personal liability and other special form perils with a $250 deductible for perils. There have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

The Authority pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

11. CONTINGENCIES

Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at September 30, 2010.

Supplemental Information

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

	Section 8	Other Enterprise Activity	TOTAL ENTERPRISE
Assets			
Current Assets:			
Cash - Unrestricted	$ 89,062	$ 12,457	$ 101,519
Total Current Assets:	89,062	12,457	101,519
Restricted Assets:			
Restricted Cash - Housing Assistance	108,885	-	108,885
Restricted Cash - Family Self-Sufficiency	1,730	-	1,730
Total Restricted Assets:	110,615	-	110,615
Capital Assets:			
Land	-	24,690	24,690
Building	-	222,835	222,835
Accumulated Depreciation	-	(93,358)	(93,358)
Capital Assets, Net of Accumulated Depreciation	-	154,167	154,167
Total Noncurrent Assets:	110,615	154,167	264,782
Total Assets	199,677	166,624	366,301
Liabilities			
Current Liabilities:			
Accrued Wages/Payroll Taxes Payable	1,673	-	1,673
Compensated Absences	4,121	-	4,121
Undistributed Credits - Family Self-Sufficiency	1,730	-	1,730
Total Liabilities	7,524	-	7,524
Net Assets:			
Invested In Capital Assets	-	154,167	154,167
Restricted	110,615	-	110,615
Unrestricted	81,538	12,457	93,995
Total Net Assets	192,153	166,624	358,777
Total Liabilities and Net Assets	$ 199,677	$ 166,624	$ 366,301

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

	Section 8 Voucher	Other Enterprise Activity	ENTERPRISE
Operating Revenues			
Tenant Rental Revenue	$ -	$ 17,768	$ 17,768
HUD PHA Grants/OperatingGrants	599,176	-	599,176
MRDD Revenue	1,536	-	1,536
Other Revenue	103	-	103
Total Operating Revenues	600,815	17,768	618,583
Operating Expenses			
Administrative:			
Administrative Salaries	48,340	1,536	49,876
Auditing and Accounting Fees	5,199	-	5,199
Compensated Absences	5,502	-	5,502
Contract Labor	-	7,881	7,881
Employee Benefit Contributions	10,340	-	10,340
Other Operating	10,054	114	10,168
Total Administrative	79,435	9,531	88,966
Ordinary Maintenance & Operation	74	-	74
General Expenses:			
Insurance Premiums	-	2,777	2,777
Property Taxes	-	4,102	4,102
Total General Expenses	-	6,879	6,879
Housing Assistance Payments	493,420	-	493,420
Housing Assistance Payments - Portability	669	-	669
Depreciation Expense	-	7,928	7,928
Total Operating Expenses	573,598	24,338	597,936
Operating Income/(Loss)	27,217	(6,570)	20,647
Other Non-Operating Revenues (Expenses):			
Investment Income - Unrestricted	2,301	137	2,438
Total Other Income (Expenses)	2,301	137	2,438
Excess/(Deficiency) of Operating Revenue Over/(Under) Expenses	29,518	(6,433)	23,085
Net Assets, Beginning of the Year	162,635	173,057	335,692
Net Assets, End of Year	$ 192,153	$ 166,624	$ 358,777

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

	Section 8 Voucher	Other Enterpise Activity	TOTAL ENTERPRISE
Cash flows from operating activities:			
Receipts from tenants	$ -	$ 17,768	$ 17,768
Receipts from operating grants	599,176	-	599,176
Other operating receipts	3,866	-	3,866
Operating and Maintenance	(494,089)	(7,995)	(502,084)
Salaries and Related Benefits	(58,680)	(1,536)	(60,216)
Payments for general and administrative expense	(35,528)	(6,879)	(42,407)
Net cash provided by operating activities	14,745	1,358	16,103
Cash flows from investing activities:			
Interest received on investments	2,301	137	2,438
Net cash provided by investing activities	2,301	137	2,438
Net increase in cash and cash equivalents	17,046	1,495	18,541
Cash at beginning of year	182,631	10,962	193,593
Cash at end of year	$ 199,677	$ 12,457	$ 212,134
	-	-	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Operating Income (Loss)	$ 27,217	$ (6,570)	$ 20,647
Adjustments to reconcile net gain/(loss) to net cash provided by operation activities			
Increase(Decrease) In:			
Accrued Wages/Payroll Taxes Payable	36	-	36
Compensated Absences	1,624	-	1,624
Undistributed Credits - FSS	(14,132)	-	(14,132)
Depreciation Expense	-	7,928	7,928
Net Cash Provided By Operating Activities	$ 14,745	$ 1,358	$ 16,103

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

FEDERAL GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	2010 FEDERAL EXPENDITURES
DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Section 8 Housing Choice Vouchers	14.871	$ 593,598
TOTAL - FEDERAL AWARDS EXPENDITURES		$ 593,598

See accompanying notes to the Schedule of Federal Awards Expenditures.

MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

February 10, 2011

Meigs Metropolitan Housing Authority
117 East Memorial Drive
Pomeroy, OH 45769

To the Board of Commissioners:

We have audited the financial statements of the business-type activities of **Meigs Metropolitan Housing Authority, Meigs County** (the Authority), as of and for the year ended September 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents and have issued our report thereon dated February 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Respectfully Submitted,

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.

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PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

February 10, 2011

Meigs Metropolitan Housing Authority
117 East Memorial Drive
Pomeroy, OH 45769

To the Board of Commissioners:

Compliance

We have audited the compliance of **Meigs Metropolitan Housing Authority, Meigs County** (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended September 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended September 30, 2010.

Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Internal Control Over Compliance (continued)

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, members of the Board of Commissioners, federal awarding agencies, and others within the Authority. It is not intended for anyone other than these specified parties.

Respectfully submitted,

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.

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

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Section 8 Rental Voucher Program, 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 FOR FEDERAL AWARDS

None.

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

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

Section 8	
Gross Number of Units	1500
Number of Units Leased	1486

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MEIGS COUNTY METROPOLITAN HOUSING AUTHORITY

MEIGS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 5, 2011