

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
BELLEFONTAINE, OHIO**

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2006**





Mary Taylor, CPA  
Auditor of State

Board of Commissioners  
Logan County Metropolitan Housing Authority  
116 North Everett Street  
Bellefontaine, Ohio 43311

We have reviewed the *Independent Auditors' Report* of the Logan County Metropolitan Housing Authority, Logan County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2006 through December 31, 2006. 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 Logan County Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 9, 2007

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LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
BELLEFONTAINE, OHIO

AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2006

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**Manning & Associates CPAs, LLC**  
**6105 North Dixie Drive**  
**Dayton, Ohio 45413**

**INDEPENDENT AUDITORS' REPORT**

The Board of Commissioners  
Logan County Metropolitan Housing Authority  
116 North Everett Street  
Bellefontaine, Ohio

Regional Inspector General of Audit  
Department of Housing & Urban Development

We have audited the accompanying basic financial statements of the Logan County Metropolitan Housing Authority as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of Logan County Metropolitan Housing 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Logan County Metropolitan Housing Authority as of December 31, 2006, and the results of its operations 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 June 27, 2007 on our consideration of the Logan County Metropolitan Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Logan County Metropolitan Housing Authority. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as

required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. The combining financial data schedule ("FDS") and cost certifications are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 27, 2007



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LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

Unaudited

The Housing Authority of the County of Logan's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant issues, (b) provide and overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concern's.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 12)

**FINANCIAL HIGHLIGHTS**

- The Authority's net assets decreased by \$ 209,377 (or 4%) during 2006, including Results from Operations of \$(209,377). Since the Authority engages only in business-type activities, the increases all in the category of business-type net assets. Net Assets were \$ 5.7 million and \$ 5.5 million for 2005 and 2006 respectively.
- Revenues increased by \$ 5,679 (or 1%) during 2006, and were \$ 1.9 million for both 2005 and 2006 respectively.
- The total expenses of all Authority programs increased by \$ 20,929 (or 1%). Total expenses were \$ 2.2 million for both 2005 and 2006 respectively.

**USING THIS ANNUAL REPORT**

The Report includes three major section, the "Management Discussion and Analysis (MD&A)", "Basic Financial Statements", and Other Required Supplementary Information":

<b>MD&amp;A</b> ~ Management's Discussion and Analysis ~
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<b>Basic Financial Statements</b> ~ Authority-wide Financial Statements – pgs 12 – 14~ ~ Notes to Financial Statements – pgs 15 – 24~
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<b><u>Other Required Supplementary Information</u></b> ~Required Supplementary Information – pgs 25-28 (other than MD&A)
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The primary focus of the Authority's financial statements is on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

Unaudited

**Authority-Wide Financial Statements**

The Authority-wide financial statements (see pgs 12-14) are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, 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:

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 borrowing 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 Authority-wide 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, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income and interest expense. The focus of the Statement of Revenues, Expenses and Changes in fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

Unaudited

**Fund Financial Statements**

The Authority administers several programs that are consolidated into a single proprietary type-enterprise fund. The enterprise fund consist of the following programs.

Conventional Public Housing - Under the conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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

Business Activities – Represents non-HUD resources developed from a variety of activities.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

Unaudited

**AUTHORITY-WIDE STATEMENTS**

**Statement of Net Assets**

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

**TABLE 1  
STATEMENT OF NET ASSETS**

	<b>2005</b>	<b>2006</b>
Current and Other Assets	211,451	221,294
Capital Assets	<u>5,574,131</u>	<u>5,397,978</u>
Total Assets	5,785,582	5,619,272
Current Liabilities	87,508	138,441
Long-Term Liabilities	<u>21,894</u>	<u>14,028</u>
Total Liabilities	<u>109,402</u>	<u>152,469</u>
Net Assets:		
Invest in Capital Assets, Net of Related Debt	5,574,131	5,397,978
Restricted	0	0
Unrestricted	<u>102,049</u>	<u>68,825</u>
Total Net Assets	<u>5,676,180</u>	<u>5,466,803</u>

For more detailed information see page 12 for the Statement of Net Assets.

**Major Factors Affecting the Statement of Net Assets**

During 2006, current and other assets were increased by \$9,843, and current liabilities were increased by \$50,933. The increase in current and other assets resulted from a increase in cash on deposit and an increase in receivables, primarily Tenant Accounts Receivable. Current liabilities increased mainly due to the amount owed to HUD for the recapture of the HCV Operating Reserve.

Capital assets also changed, decreasing from \$ 5,574,131 to \$ 5, 539,978. The \$ 176,153 decrease may be attributed primarily to a combination of net acquisitions \$(155,198), less current year depreciation and amortization (\$332,141), For more detail see "Capital Assets and Debt Administration" below.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

Unaudited

Table 2 presents details on the change in Unrestricted Net Assets.

**TABLE 2**  
**CHANGE OF UNRESTRICTED NET ASSETS**

Unrestricted Net Assets 12/31/05	102,049
Results of Operations	(209,377)
Adjustments:	
Depreciation (1)	332,141
Depreciation (2)	<u>0</u>
Adjusted Results from Operations	224,813
Capital Expenditures (3)	<u>(155,988)</u>
Unrestricted Net Assets 12/31/06	<u><u>68,825</u></u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted Net Assets.
- (2) Capital expenditures represent an outflow of unrestricted net assets, shown net of disposals but are not treated as an expense against Results of Operations, and therefore must be deducted.

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

Unaudited

**TABLE 3**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaging only in Business-Type Activities.

	2005	2006
Revenues		
Tenant Revenue – Rents and Other	66,697	63,999
Operating Subsidies and Grants	1,640,470	1,721,067
Capital Grants	156,734	110,436
Investment Income	374	312
Other Revenues	<u>70,724</u>	<u>84,476</u>
Total Revenues	<u>1,969,047</u>	<u>1,980,290</u>
Expenses		
Administrative	438,185	490,756
Tenant Services	4,837	3,643
Utilities	30,647	22,187
Maintenance	165,291	184,688
Protective Services	0	0
General	26,662	22,685
Housing Assistance Payments	1,094,760	1,161,187
Loss on Disposition of Assets	(3,512)	(27,620)
Depreciation	<u>311,868</u>	<u>332,141</u>
Total Expenses	<u>2,168,738</u>	<u>2,189,667</u>
Net Increase/ (Decrease)	<u>(197,980)</u>	<u>(209,377)</u>

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

Tenant revenue remained fairly stable during 2006 in comparison to 2005. Operating Subsidies, Grants and Capital Grants increased. The increase was due in part to receiving a TANF grant for administrative service for our TANF IDA program, and increase in our Administrative fee for administering Logan Belle H.A.N.D., and earning an additional \$8,000 for placing tenants into the HCV Homeownership program. Administrative cost decreased due primarily from restructuring the Maintenance Department and eliminating the administrative support position. This restructuring then increased Maintenance expense, especially in the Maintenance Contracts area. Tenant Services decreased due to decrease activity. Utility costs also decreased. General Expenses decreased partially due to adequate funds being available in the Allowance for Doubtful accounts fund to cover collection losses. Housing Assistance Payments increased slightly due to rising rent costs.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

Unaudited

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year end, the Authority had \$ 5.4 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$ 176,153 or 4% from the end of last year.

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

	Business Type Activities	
	2005	2006
Land and land rights	683,201	704,034
Buildings	7,155,690	7,201,699
Equipment - Administrative	276,030	361,992
Equipment - Dwelling	135,007	136,897
Accumulated Depreciation	2,675,797	3,006,644
Construction in Progress	<u>0</u>	<u>0</u>
Total	<u>5,574,131</u>	<u>5,397,978</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 19 of the notes.

**TABLE 5  
CHANGE IN CAPITAL ASSETS  
(IN MILLIONS)**

	Business Type Activities
Beginning Balance	5,574,131
Additions, Net of Retirements	154,694
Depreciation and Amortization	<u>(330,847)</u>
Ending Balance	<u>5,397,978</u>

This year's major additions are primarily capital expenditures related to modernizing the Authority's housing developments and community center. There was also a small amount of equipment purchases.

**Debt Outstanding**

As of year-end, the Authority has no debt (bonds, notes, etc.) outstanding.



LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2006

Unaudited

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Local rental market rates and housing stock supply and demand, which affects the Authority's ability to maintain leasing rates

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Jean A. Wilkins, Financial Director of the Logan County Metropolitan Housing Authority, at (937)599-1845. Specific requests may be submitted to the Logan County Housing Authority at 116 North Everett Street, Bellefontaine, Ohio, 43311-1132.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY**

**STATEMENT OF NET ASSETS**

**DECEMBER 31, 2006**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	129,703
Intergovernmental Receivables		34,784
Tenant Receivables - Net of \$ 2,415 Allowance For Doubtful Accounts		6,142
Other Receivables		11,773
Inventory		22,303
Prepaid Expenses		16,589
<b>TOTAL CURRENT ASSETS</b>		<b><u>221,294</u></b>

**NONCURRENT ASSETS**

Property and Equipment - Net of \$ 3,006,644 Accumulated Depreciation		<u>5,397,978</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>5,619,272</u></u></b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$	11,025
Tenant Security Deposits		22,645
Accrued Wages and Payroll Taxes		18,847
Deferred Revenue		1,756
Other Current Liabilities		84,168
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$</b>	<b><u>138,441</u></b>

**NONCURRENT LIABILITIES**

Other Liabilities	\$	<u>14,028</u>
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b><u>152,469</u></b>

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	\$	5,397,978
Unrestricted Net Assets		<u>68,825</u>
<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b><u><u>5,466,803</u></u></b>

See the Accompanying Notes to the Basic Financial Statements.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**THE YEAR ENDED DECEMBER 31, 2006**

<u>OPERATING REVENUE</u>	
Program Operating Grants/Subsidies	\$ 1,721,067
Rental Income	63,999
Other Operating Income	<u>48,958</u>
TOTAL OPERATING REVENUE	\$ <u>1,834,024</u>
 <u>OPERATING EXPENSES</u>	
Administrative	\$ 490,756
Tenant Services	3,643
Utilities	22,187
Maintenance	184,688
General	22,685
Housing Assistance Payments	1,161,187
Depreciation	<u>332,141</u>
TOTAL EXPENSES	\$ <u>2,217,287</u>
OPERATING INCOME (LOSS)	\$ <u>(383,263)</u>
 <u>NONOPERATING REVENUES/(EXPENSES)</u>	
Interest and Investment Revenue	\$ 312
Gain on sale of fixed asset	27,620
Capital Grants	110,436
Other Grants	<u>35,518</u>
	\$ <u>173,886</u>
CHANGE IN NET ASSETS	\$ (209,377)
NET ASSETS, Beginning of Year, restated	<u>5,676,180</u>
NET ASSETS, End of Year	<u><u>\$ 5,466,803</u></u>

See the Accompanying Notes to the Basic Financial Statements.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY**

**STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2006**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received from HUD	\$ 1,700,105
Cash Received from Tenants	59,708
Cash Received from Other Operating	48,958
Cash Payments for Housing Assistance Payments	(1,161,187)
Cash Payments for Other Operating Expenses	<u>(655,259)</u>

NET CASH USED FOR OPERATING ACTIVITIES \$ (7,675)

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Other Operating Grants	\$ 35,518
Capital Grants Received	110,436
Proceeds from Sale of Fixed Assets	26,331
Purchase of Fixed Assets	<u>(154,699)</u>

NET CASH PROVIDED BY CAPITAL AND  
RELATED FINANCING ACTIVITIES \$ 17,586

**CASH FLOWS FROM INVESTMENT ACTIVITIES:**

Interest Received	<u>312</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS \$ 10,223

CASH AND CASH EQUIVALENTS, Beginning 119,480

CASH AND CASH EQUIVALENTS, Ending 129,703

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
USED BY OPERATING ACTIVITIES:**

Net Operating Income (Loss)	\$ (383,263)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities	
Depreciation	332,141
(Increase) Decrease in:	
Accounts Receivable - HUD	(20,962)
Accounts Receivable	13,119
Inventory	4,279
Prepaid Expenses	3,944
Increase (Decrease) in:	
Accounts Payable	(4,852)
Tenant Security Deposits	(1,773)
Accrued Wages & Taxes	(24,136)
Deferred Revenues	611
Other Liabilities - Current and Noncurrent	<u>73,217</u>

NET CASH USED FOR OPERATING ACTIVITIES \$ (7,675)

See accompanying notes to the Basic Financial Statements.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization and Reporting Entity**

The Logan County Metropolitan Housing Authority (the Authority) was created under the Ohio Revised Code Section (3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U.S. Department of Housing and Urban Development (HUD) under the provisions of 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 Government 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 is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

**Basis of Presentation**

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989 that do not conflict with GASB pronouncements. The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

The Authority’s basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

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

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

**Measurement Focus and Basis of Accounting**

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Focus and Basis of Accounting** (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Estimates**

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

**Cash and Cash Equivalents**

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

**Inventory**

Inventory consists of materials and supplies and are stated at cost (first-in, first-out method), which approximates market. The allowance for obsolete inventory was \$100 at December 31, 2006.

**Tenant Receivable – net of allowance**

Bad debts are provided on the allowance method based on management's evaluation of the collectibility of outstanding tenant receivable balances at the end of the year. The allowance of uncollectible receivable was \$2415 at December 31, 2006.

**Fixed Assets**

Fixed assets are stated at cost and depreciation is computed using the straight-line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, the do not add to the value of the asset or materially extend the asset life, are not capitalized.

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are stated at fair value. Cost based measures were applied to nonnegotiable certificates of deposit and money market investments. Interest income earned in fiscal year ending December 31, 2006 totaled \$312.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Restricted Cash**

Restricted cash represents amounts held in FSS escrow and IDA accounts on behalf of tenants.

**Compensated Absences**

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

All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

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

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

**Due From/To Other Programs**

Interprogram receivables and payables on the FDS Schedule on pages 25-27 are eliminated on the Statement of Net Assets.

**Deferred Revenue**

Deferred revenue represents rental receipts received before the first of the month when due.

**Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash

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

Active deposits are public deposits necessary to meet current 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, by 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.

The Authority's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its safekeeping agent in the Authority's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Authority's name.

The carrying amount of the Authority's deposits was \$129,703 at December 31, 2006. The corresponding bank balances were \$153,789.

The following show the Authority's deposits (bank balance) in each category:

- Category 1.   \$ 100,000 was covered by federal depository insurance.
- Category 3.   \$ 53,789 was covered by collateral held by the pledging  
                  financial institution, but not in the name of the Authority.

Collateral is required for demand deposits and certificates of deposit at 110 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.



LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Investments

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

The Authority’s investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority’s name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty’s Trust department or agent in the Authority’s name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority’s name. Star Ohio is not classified, since it is not evidenced by securities that exist in physical or book entry form.

The Authority’s deposits are classified as cash on the balance sheet and are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

NOTE 3 – PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2006, by class is as follows:

Buildings and Building Improvements	\$ 7,201,699
Land and Land Improvements	704,034
Furniture and Fixtures, Equipment and Moving Vehicles	<u>498,889</u>
Total	\$ 8,404,622
Less Accumulated Depreciation	<u>3,006,644</u>
 Net Property and Equipment	 <u>\$ 5,397,978</u>

The depreciation expense for year ended December 31, 2006 is \$332,141.

The following is a summary of changes:

	Balance <u>12/31/04</u>	<u>Additions</u>	<u>Deletion</u>	Balance <u>12/31/06</u>
Land	\$ 683,201	\$ 20,833	\$ 0	\$ 704,034
Buildings	7,155,690	46,009	0	7,201,699
Furniture, Mach. And Equip.	<u>411,037</u>	<u>115,472</u>	<u>27,620</u>	498,889
Total Fixed Assets	<u>\$8,075,006</u>	<u>\$ 182,314</u>	<u>\$ 27,620</u>	<u>\$8,404,622</u>

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

NOTE 4 – DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

All employees participate in the Ohio Public Employees Retirement System of Ohio (OPERS), a cost sharing multiple employer public employee retirement system administered by the Ohio Public Employee Retirement Board. OPERS has provided the following information to the Authority in order to assist the Authority in complying with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* (Statement No. 27). 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 thereon.
- 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 Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- D. OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Tradition Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- E. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the ORC.
- F. OPERS issues a stand-alone financial report. Interested parties may obtain a copy at [www.opers.org](http://www.opers.org), by making a written request to OPERS at: 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222PERS (7377).
- G. The ORC provides statutory authority for employee and employer contributions. The Authority's employee contribution rate in 2006 was 9.0%. The Authority's contribution rate, as an employer, was 13.70% of covered payroll.
- H. The Authority's employer share contributions to OPERS for the three years ended December 31, 2006, 2005, and 2004 were \$42,590, \$48,173 and \$46064, respectively, or 71% of the required contributions for 2006, and equal to the required contributions for 2005 and 2004.

OPERS members are eligible to retire at any age with 30 years of service, at age 60 with at least 5 years of service or at age 55 with at least 25 years of service. Those retiring with less than 30 years of service or less than age 65 receive reduced benefits. Under the Traditional Pension Plan, eligible employees are entitled to a monthly retirement benefit equal to 2.2% of the average of their three highest years of earnings multiplied by the first 30 years of service plus 2.5% of the average of their three highest years for each year in excess of 30. Under the Member-Directed Plan, eligible members are entitled to a monthly benefit dependent upon the performance of the OPERS investment options the member selected. OPERS also provides death and disability benefits. Under the Combined Plan, eligible members are entitled to a monthly benefit equal to 1.0% of the average of their three highest years of earnings multiplied by the number of years of service plus 1.25% of the average of their three highest years for each year in excess of 30. Additionally, under the Combined Plan, a benefit is provided based on the performance of the OPERS investment options the member selected. OPERS also provides death and disability benefits. Benefits are established by the ORC.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

NOTE 5 – POST-EMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM

OPERS has provided the following information pertaining to other postemployment benefits for health care costs in order to assist the Authority in complying with GASB Statement No. 12, *Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Government Employers* (Statement No. 12).

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

OPERS provides retirement, disability, survivor, and postretirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for postretirement 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 recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Postemployment benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2006 employer contribution rate for local government employer units was 13.70% of covered payroll and 4.50% was used to fund health care for the year.

- B. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.
- C. Summary of Assumptions:  
Actuarial Review. The assumptions and calculations below were based on the Systems latest Actuarial Review performed as of December 31, 2005.

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return. The investment assumption rate for 2005 was 6.50%.

Active Employee Total Payroll. An annual increase of 4.00% compounded annually is the based portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from .50% to 6.3%.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

NOTE 5 – POST- EMPLOYMENT BENEFITS PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

Health care. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 6.0% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

D. OPEB are advanced-funded on an actuarially determined basis. The following disclosures are required:

1. The number of active contributing participants in the Traditional Pension and Combined Plans at year end 2006 was 369,214.
2. The Authority's contribution used to fund OPEB was \$15,544.
3. \$11.1 billion represents the actuarial value of the retirement System's net assets available for OPEB at December 31, 2005.
4. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

E. OPERS Board adopts a Health care Preservation Plan:

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

There are no postemployment benefits provided by the Authority other than those provided through OPERS.

The liability for past service costs at the time OPERS was established was assumed by the State of Ohio; therefore, it is not a liability of the Authority. The Authority is current on all of its required pension fund contributions.

NOTE 6 – DEFINED BENEFIT PLANS

Effective February 1, 2006, The Board adopted a new health care plan in its continuing effort to respond to the rise in cost of health care. The new plan will result in higher deductibles: \$2,500 per employee annually and \$5000 per family annually. The plan will include the authority providing each employee covered under the plan a \$200 per month allowance toward a housing authority savings (HAS) plan account. This contribution is being made to assist the employee with their \$2500 annual deductible.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

NOTE 7 – COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners.

Annual vacation leave is given to all full time permanent employees on a pro-rata basis; two weeks per year for service one through five years, three weeks for six to ten years of service and four weeks for ten years of service or more. The annual leave earned must be taken on or before December 31, of each year. No accumulation is permitted and as such no accrual at December 31, 2006.

Sick leave accrues for full time permanent employees on the basis of 10 hours per month, cumulative to 120 days or 960 hours. An employee at the time of retirement from active service with the authority may elect to be paid cash for one-fourth (1/4) of the value of accrued unused sick leave credit at the employees rate of pay at the time of retirement. The Authority's policy is to begin to accrue sick leave for employees five (5) years before they are eligible for retirement. At December 31, 2006, the authority had \$7,633 sick leave accrued for employees who will be eligible to retire within the next five years.

NOTE 8 – CONTINGENCIES

Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2006.

Commitments and Contingencies

The authority has, under its normal operations, entered into commitments for the purchase of maintenance, cleaning, and other services. Such commitments are monthly or annually.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft to, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Authority was insured through the State Housing Authority Risk Pool Association, Inc. (SHARP), a public entity risk pool operating a common risk management and insurance program for its housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through commercial insurance companies. The Authority carried commercial insurance for risk of loss for employee health and accident insurance. There has been no significant reduction in coverage from last year. Settled claims have not exceeded this coverage in any of the last three years.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2006

NOTE 9 – FAMILY SELF-SUFFICIENCY PROGRAM

The Logan County Metropolitan Housing Authority has a Family Self-Sufficiency Program (FSSP). This program is designed to assist families to become self sufficient through an escrowed savings plan provided by the Authority. Upon completion of the objectives, the family receives their escrow balance.

At December 31, 2006, the Authority held in escrow \$0 for the Family Self-Sufficiency Program. The Authority recognizes the escrow as cash and due to FSSP participants on the balance sheet under other current liabilities.

NOTE 10 – MICROENTERPRISE PROGRAM

The Logan County Metropolitan Housing Authority currently administers a Microenterprise Program. This program is funded from grants and donations from various government levels and community donations. The Program reimburses the Authority for any expenditures they have encumbered.

NOTE 11 – BASIS OF PRESENTATION

The accompanying schedule of federal awards includes the federal grant activity of Logan County Metropolitan Housing Authority and is presented on the accrual basis of accounting.

NOTE 12 – PAYMENT IN LIEU OF TAXES

The Authority has cooperation agreements with certain municipalities under which it makes payment in lieu of real estate taxes for various public services. Expense recognized for payment in lieu of taxes totaled \$4,181.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY**  
**COMBINING BALANCE SHEET**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**DECEMBER 31, 2006**

FDS Line Item No.	Account Description	Business Activities	Low Rent	Rental Voucher Program	Capital Fund Program	TOTAL
<b><u>ASSETS</u></b>						
111	Cash - Unrestricted	0	\$19,549	\$70,601	\$0	\$90,150
113	Cash - Other Restricted	10142	\$0	\$3,876	\$0	\$14,018
114	Cash - Tenant Security Deposits		\$25,535	\$0	\$0	\$25,535
<b>100</b>	<b>Total Cash</b>	<b>10142</b>	<b>\$45,084</b>	<b>\$74,477</b>	<b>\$0</b>	<b>\$129,703</b>
122	Accounts Receivable - HUD Other Projects	0	\$0	\$0	\$5,976	\$5,976
124	Accounts Receivable - Other Government	28808	\$0	\$0	\$0	\$28,808
125	Accounts Receivable - Miscellaneous	0	\$6,889	\$4,884	\$0	\$11,773
126	Accounts Receivable-Tenants-Dwelling Rents	0	\$8,557	\$0	\$0	\$8,557
126.1	Allowance for Doubtful Accounts - Dwelling	0	(\$2,415)	\$0	\$0	(\$2,415)
<b>120</b>	<b>Total Receivables, net of allowances for doubtful accounts</b>	<b>28808</b>	<b>\$13,031</b>	<b>\$4,884</b>	<b>\$5,976</b>	<b>\$52,699</b>
142	Prepaid Expenses and Other Assets	0	\$16,428	\$161	\$0	\$16,589
143	Inventories	0	\$22,403	\$0	\$0	\$22,403
143.1	Allowance for Obsolete Inventories	0	(\$100)	\$0	\$0	(\$100)
144	Interprogram Due From	0	\$34,784	\$33,411	\$0	\$68,195
<b>150</b>	<b>TOTAL CURRENT ASSETS</b>	<b>\$38,950</b>	<b>\$131,630</b>	<b>\$112,933</b>	<b>\$5,976</b>	<b>\$289,489</b>
161	Land	0	\$665,134	\$0	\$38,900	\$704,034
162	Buildings	0	\$6,483,987	\$0	\$717,712	\$7,201,699
163	Furniture, Equipment & Machinery - Dwellings	0	\$0	\$0	\$0	\$0
		0	\$70,091	\$0	\$66,806	\$136,897
164	Furniture, Equipment & Machinery - Administration	0	\$111,016	\$113,547	\$137,429	\$361,992
166	Accumulated Depreciation	0	(\$2,657,032)	(\$113,547)	(\$236,065)	(\$3,006,644)
<b>150</b>	<b>TOTAL FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b>\$0</b>	<b>\$4,673,196</b>	<b>\$0</b>	<b>\$724,782</b>	<b>\$5,397,978</b>
<b>190</b>	<b>TOTAL ASSETS</b>	<b>\$38,950</b>	<b>\$4,804,826</b>	<b>\$112,933</b>	<b>\$730,758</b>	<b>\$5,687,467</b>
<b><u>LIABILITIES &amp; RETAINED EARNINGS</u></b>						
312	Accounts Payable <= 90 days	\$0	\$9,945	\$1,080	\$0	\$11,025
321	Accrued Wage/ Payroll Taxes Payable	\$0	\$7,539	\$11,308	\$0	\$18,847
322	Accrued Compensated Absences-Current Portion	\$0	\$7,633	\$0	\$0	\$7,633
333	Accounts Payable - Other Government	\$0	\$7,266	\$35,264	\$0	\$42,530
341	Tenant Security Deposits	\$0	\$22,645	\$0	\$0	\$22,645
342	Deferred Revenue	\$0	\$1,756	\$0	\$0	\$1,756
345	Other Current Liabilities	\$0	\$34,005	\$0	\$0	\$34,005
347	Interprogram Due To	\$28,808	\$33,411	\$0	\$5,976	\$68,195
<b>310</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$28,808</b>	<b>\$124,200</b>	<b>\$47,652</b>	<b>\$5,976</b>	<b>\$206,636</b>
353	Non - Current Liabilities	\$10,142	\$0	\$3,886	\$0	\$14,028
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$0	\$0	\$0
<b>350</b>	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$10,142</b>	<b>\$0</b>	<b>\$3,886</b>	<b>\$0</b>	<b>\$14,028</b>
<b>300</b>	<b>TOTAL LIABILITIES</b>	<b>\$38,950</b>	<b>\$124,200</b>	<b>\$51,538</b>	<b>\$5,976</b>	<b>\$220,664</b>
<b><u>EQUITY</u></b>						
504	Net HUD PHA Contributions	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets	\$0	\$4,673,196	\$0	\$724,782	\$5,397,978
512.1	Unrestricted Net Assets	\$0	\$7,430	\$61,395	\$0	\$68,825
<b>513</b>	<b>TOTAL EQUITY/ NET ASSETS</b>	<b>\$0</b>	<b>\$4,680,626</b>	<b>\$61,395</b>	<b>\$724,782</b>	<b>\$5,466,803</b>
<b>600</b>	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$38,950</b>	<b>\$4,804,826</b>	<b>\$112,933</b>	<b>\$730,758</b>	<b>\$5,687,467</b>

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**RETAINED EARNINGS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**DECEMBER 31, 2006**

FDS Line Item No.	Account Description	Business Activities	Low Rent	Rental Voucher Program	Capital Fund Program	TOTAL
<b><u>REVENUE</u></b>						
703	Net Tenant Rental Revenue	\$0	\$60,342	\$0	\$0	\$60,342
704	Tenant Revenue - Other	\$0	\$3,657	\$0	\$0	\$3,657
<b>705</b>	<b>Total Tenant Revenue</b>	<b>\$0</b>	<b>\$63,999</b>	<b>\$0</b>	<b>\$0</b>	<b>\$63,999</b>
706	HUD PHA Operating Grants	\$0	\$288,392	\$1,367,533	\$65,142	\$1,721,067
706.1	Capital Grants	\$0	\$0	\$0	\$110,436	\$110,436
708	Other Government Grants	\$35,518	\$0	\$0	\$0	\$35,518
711	Investment Income - Unrestricted	\$0	\$54	\$258	\$0	\$312
714	Fraud Recovery	\$0	\$0	\$230	\$0	\$230
715	Other Revenue	\$48,588	\$0	\$140	\$0	\$48,728
716	Gain on Sale of Fixed Assets	\$0	\$2,900	\$0	(\$3,241)	(\$341)
700	<b>TOTAL REVENUE</b>	<b>\$84,106</b>	<b>\$355,345</b>	<b>\$1,368,161</b>	<b>\$172,337</b>	<b>\$1,979,949</b>
<b><u>EXPENSES</u></b>						
911	Administrative Salaries	\$54,594	\$81,113	\$129,980	\$13,415	\$279,102
912	Auditing Fees	\$0	\$4,050	\$1,654	\$0	\$5,704
914	Compensated Absences	\$0	\$1,282	\$1,281	\$0	\$2,563
915	Employee Benefit Contributions - Admin.	\$12,164	\$63,046	\$56,368	\$0	\$131,578
916	Other Operating - Administrative	\$17,348	\$0	\$20,832	\$0	\$38,180
923	Employee Benefit Contributions-Tenent Services	\$0	\$33,629	\$0	\$0	\$33,629
924	Tenant Services - Other	\$0	\$3,643	\$0	\$0	\$3,643
931	Utilities - Water	\$0	\$5,392	\$0	\$0	\$5,392
932	Utilities - Electricity	\$0	\$10,667	\$0	\$0	\$10,667
933	Utilities - Gas	\$0	\$6,128	\$0	\$0	\$6,128
	Ordinary Maintenance & Operations	\$0	\$0	\$0	\$0	\$0
941	Labor	\$0	\$34,156	\$0	\$0	\$34,156
942	Materials & Other	\$0	\$55,691	\$0	\$31,334	\$87,025
943	Contract Costs	\$0	\$42,608	\$0	\$0	\$42,608
945	Employee Benefit Contributions -	\$0	\$20,899	\$0	\$0	\$20,899
961	Insurance Premiums	\$0	\$15,136	\$3,368	\$0	\$18,504
963	Payment in Lieu of Taxes	\$0	\$4,181	\$0	\$0	\$4,181
964	Bad Debt - Tenants Rents	\$0	\$0	\$0	\$0	\$0
969	<b>TOTAL OPERATING EXPENSES</b>	<b>\$84,106</b>	<b>\$381,621</b>	<b>\$213,483</b>	<b>\$44,749</b>	<b>\$723,959</b>
970	Excess Operating Revenue Over Operating Expenses	\$0	(\$26,276)	\$1,154,678	\$127,588	\$1,255,990
973	Housing Assistance Payments	\$0	\$0	\$1,155,640	\$0	\$1,155,640
974	Depreciation		\$201,234	\$33,648	\$97,259	\$332,141
900	<b>TOTAL EXPENSES/ OTHER FINANCIAL SOURCES (USES)</b>	<b>\$84,106</b>	<b>\$582,855</b>	<b>\$1,402,771</b>	<b>\$142,008</b>	<b>\$2,211,740</b>
1001	Operating Transfers In	\$0	\$20,393	\$0	\$0	\$20,393
1002	Operating Transfers Out	\$0	\$0	\$0	(\$20,393)	(\$20,393)
1010	Total Other Financing Sources (uses)	\$0	\$20,393	\$0	(\$20,393)	\$0
1000	Excess (Deficiency) of Operating					26



**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**RETAINED EARNINGS**  
**FDS SCHEDULE SUBMITTED TO HUD**  
**DECEMBER 31, 2006**

FDS Line Item No.	Account Description	Business Activities	Low Rent	Rental Voucher Program	Capital Fund Program	TOTAL
	Revenue Over (Under) Expenses	\$0	(\$207,117)	(\$34,610)	\$9,936	(\$231,791)
1103	Beginning Equity		\$4,887,743	\$101,552	\$686,885	\$5,676,180
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	(\$5,547)	\$27,961	\$22,414
513	Total Equity/Net Assets	\$0	\$4,680,626	\$61,395	\$724,782	\$5,466,803
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0
<b>1116</b>	<b>Total Annual Contributions Available</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>
1120	Unit Months Available	0	1,179	3,552	0	4,731
1121	Number of Units Months Leased	0	1,071	3,453	0	4,524

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Federal CFDA Number</u>	<u>Funds Expended</u>
<u>FROM U. S. DEPT. OF HUD DIRECT PROGRAMS</u>		
Annual Contribution		
Public Housing:		
PHA Owned Housing:		
Operating Subsidy - Low Rent	14.850	\$ <u>288,392</u>
Modernization Program:		
Capital Fund Program	14.872	\$ <u>175,578</u>
Annual Contribution		
Contract C-5098:		
Housing Assistance Payments:		
Choice Voucher	14.871	\$ <u>1,367,533</u>
TOTAL - ALL PROGRAMS		\$ <u><u>1,831,503</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

MANNING & ASSOCIATES CPAS, LLC  
6105 North Dixie Drive  
Dayton, Ohio 45413

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

Board of Commissioners  
Logan County Metropolitan Housing Authority  
Bellefontaine, Ohio

We have audited the financial statements of the Logan County Metropolitan Housing Authority, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 27, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Logan County Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

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

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

Compliance and Other Matters

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

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

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 27, 2007

MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45413

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

Board of Commissioners  
Logan County Metropolitan Housing Authority  
Bellefontaine, Ohio

Compliance

We have audited the compliance of Logan County Metropolitan Housing Authority, Bellefontaine, Ohio, (Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The Authority's major federal programs are identified in the summary of the auditors' results section of the accompanying schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the Authority 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material compliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

Our consideration of the 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 that might be 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.

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

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 27, 2007

Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505

Logan County Metropolitan Housing Authority  
December 31, 2006

1. SUMMARY OF AUDITORS' RESULTS	
Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
Was there any reported material non-compliance at the financial statement level (GAGAS)?	NO
Were there any material internal control weakness conditions reported for major federal programs?	NO
Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	NO
Major Programs (list):	CFDA#14.871
Dollar Threshold: Type A/B Programs	Type A: \$300,000 Type B: All others
Low Risk Auditee?	YES

Schedule of Findings and Questioned Costs  
OMB Circular A-133 § .505 - Continued

Logan County Metropolitan Housing Authority  
December 31, 2006

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended December 31, 2006.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended December 31, 2006.





**Mary Taylor, CPA**  
Auditor of State

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY**

**LOGAN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 23, 2007**