LOGAN COUNTY METROPOLITAN
HOUSING AUTHORITY
LOGAN COUNTY
Single Audit
For the Year Ended December 31, 2013

Perry & Associates
Certified Public Accountants, A.C.

Dave Yost • Auditor of State

Board of Commissioners
Logan County Metropolitan Housing Authority
116 North Everett Street
Bellefontaine, Ohio 45402

We have reviewed the *Independent Auditor's Report* of the Logan County Metropolitan Housing Authority, Logan County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2013. 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.

Dave Yost
Auditor of State

June 13, 2014

This page intentionally left blank.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2013

TABLE OF CONTENTS

This page intentionally left blank.

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT AUDITOR'S REPORT

May 28, 2014

Logan County Metropolitan Housing Authority
Logan County
119 North Everett Street
Bellefontaine, Ohio 45402

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Logan County Metropolitan Housing Authority,** Logan County, Ohio (the Authority), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Logan County Metropolitan Housing Authority, Logan County as of December 31, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information.

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Financial Data Schedule presented on pages 24 through 26 is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The Schedule of Federal Award Expenditures also presents additional analysis as 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 financial statements.

The schedules are management's responsibility and derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules 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, the schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2014 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Management's Discussion and Analysis

The Logan County Metropolitan Housing Authority's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual 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 conjuncture with the Authority's financial statements (beginning on page 8).

Financial Highlights

- The Authority's net position decreased by $277,464 (or 5.7%) during 2013. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net positions. Net position was $4.6 and $4.9 million for 2013 and 2012, respectively.

- Revenues decreased by $37,712 (or 1.8%) during 2013, and were $2.1 and $2.2 million for 2013 and 2012, respectively.

- The total expenses of all Authority programs decreased by $102,474 (or 4.1%). Total expenses were $2.4 and $2.5 million for 2013 and 2012, respectively.

Using This Annual Report

This report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Supplementary Information".

MD&A ~ Management Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
Other Supplemental Information ~ Supplemental Information ~

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.

Authority-Wide Financial Statements

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

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position", 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 Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

> Net Investment in Capital Assets: This component of Net Position 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 Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
>
> Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position (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 capital grant revenue, investment income and interest expense. The focus of the Statement of Revenues, Expenses and Changes in Net Position is the "Change in Net Position", 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-investing activities, and from capital and related financing activities.

The Authority's Business Type Funds

The financial statements included elsewhere in this report are presented using the entity-wide perspective meaning the activity reported reflects the summed results of all the programs, or business type funds of the Authority. The Authority consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.

The Authority's programs include the following:

- Conventional Public Housing program and Capital Fund,
- Housing Choice Voucher programs,
- Other Business Activities

Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the Authority to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical (i.e. capital) and management improvements to the Authority's properties. Funds are provided by formula allocation and based on size and age of the units.

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 Assistant 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 percent of household income.

Other Business Activities (OBA) – Represents non-HUD activities of the Authority that include providing affordable housing for low income people outside of the scope of the conventional and housing choice voucher programs.

Condensed Financial Statements

The following is a condensed **Statement of Net Position** compared to the prior year-end. The Authority is engaged only in business type activities.

Table 1 – Condensed Statement of Net Position Compared to Prior Year

	2013	2012
Current Assets	$ 427,000	$ 482,295
Capital Assets	4,312,553	4,546,894
Total Assets	4,739,553	5,029,189
Current Liabilities	77,387	80,001
Long Term Liabilities	33,367	42,925
Total Liabilities	110,754	122,926
Net Position:		
Net Investment in Capital Assets	4,312,553	4,546,894
Restricted	78,770	115,983
Unrestricted	237,476	243,386
Total Net Position	4,628,799	4,906,263
Total Liabilities and Net Position	$ 4,739,553	$ 5,029,189

For more detailed information see the Statement of Net Position presented on page 8.

During 2013, current assets were decreased by $ 55,295 (11.5%), and current liabilities were decreased by $2,614 (or 3.3%). The decrease in current and other assets resulted from a decrease in cash on deposits. Current liabilities decreased mainly due to the decrease in accounts payable.

Capital assets also changed, decreasing from $4,546,894 to $ 4,312,553. The $ 234,341 (or 5.2%) decrease is primarily due to a combination of net acquisitions ($ 68,786), less current year depreciation and amortization ($303,127). For more details see "Capital Assets and Debt Administration" details on page 6.

The following is a modified **Statement of Revenues, Expenses and Changes in Net Position**. The Authority is engaged only in business type activities.

Table 2 – Modified Statement of Revenues, Expenses and Changes in Net Position

	2013	2012
Revenues		
Tenant Revenues - Rents & Other	$ 139,028	$ 126,117
Operating Subsidies & Grants	1,812,184	1,867,702
Capital Grants	67,836	77,839
Other Revenues	88,877	73,979
Total Revenues	2,107,925	2,145,637
Expenses		
Administrative	514,224	487,198
Tenant Services	657	836
Utilities	26,958	28,829
Insurance	26,002	32,010
Maintenance	190,932	256,833
General	27,067	28,506
Housing Assistance Payments	1,296,422	1,340,816
Depreciation	303,127	312,835
Total Expenses	2,385,389	2,487,863
Net Increase (Decrease)	$ (277,464)	$ (342,226)

For more detailed information see Statement of Revenues, Expenses, and Changes in Net Position presented on page 9.

While tenant and other revenues increased in 2013, a reduction in operating subsidies and grants due to sequestration reduced total revenue by 37,712 or (1.8%).

Expenses also decreased in 2013. Maintenance expenses have decreased by $65,901 or (25.7%), due to a reduction in maintenance staff. Housing Assistance Payments also decreased by $44, 394 or (3.3%).

Capital Assets and Debt Administration

The following is a condensed **Statement of Changes in Capital Assets** comparing the balance in capital assets at the year-end versus at the end of the prior year.

Table 3 – Condensed Statement of Changes in Capital Assets

	2013	2012
Land and Land Easements	$ 683,201	$ 683,201
Buildings	8,030,206	7,962,370
Furniture and Equipment	585,649	584,699
Accumulated Depreciation	(4,986,503)	(4,683,376)
Total	$ 4,312,553	$ 4,546,894

The following reconciliation summarizes the **Change in Capital Assets**.

Table 4 - Change in Capital Assets

BEGINNING BALANCE - NET		$	4,546,894
Additions - Capital Funds			68,786
Depreciation Expense			(303,127)
	ENDING BALANCE	$	4,312,553

The primary change in capital assets in the period is to Accumulated Depreciation. This year's major additions are primarily capital expenditures related to the modernization of the Authority's developments. There was also a purchase of equipment.

For additional information on Capital Assets see Note 4.

At the end of the year the Authority had not debt outstanding.

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
* Local rental market rates and housing supply and demand, which affects the Authority's ability to maintain leasing rates.

Financial Contact

If you have any questions regarding this report, you may contact Gail Clark, Executive Director of the Logan County Metropolitan Housing Authority at (937) 599-1845.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2013

Assets		
Current Assets:		
Cash and Cash Equivalents - Unrestricted	$	138,411
Cash and Cash Equivalents - Restricted		129,259
Total Cash and Cash Equivalents		267,670
Accounts Receivable, Net:		
Intergovernmental Receivables		16,816
Tenants Receivables		364
Other Receivables		84,502
Inventories		27,442
Prepaid Expenses and Other Assets		30,206
Total Current Assets		427,000
Noncurrent Assets:		
Capital Assets:		
Nondepreciable Capital Assets		683,201
Depreciable Capital Assets, Net of Accumulated Depreciation		3,629,352
Total Capital Assets		4,312,553
Total Noncurrent Assets		4,312,553
Total Assets	$	4,739,553
Liabilities		
Current Liabilities:		
Accrued Wages/Payroll Taxes Payable	$	20,344
Accounts Payable		13,340
Compensated Absences - Current		12,369
Tenant Security Deposits		25,124
Other Current Liabilities		6,210
Total Current Liabilities		77,387
Long Term Liabilities:		
Compensated Absences - Noncurrent		8,002
FSS Liability		10,124
Other Long Term Liabilities		15,241
Total Long Term Liabilities		33,367
Total Liabilities		110,754
Net Position:		
Net Investment in Capital Assets		4,312,553
Restricted		78,770
Unrestricted		237,476
Total Net Position		4,628,799
Total Liabilities and Net Position	$	4,739,553

See accompanying notes the the basic financial statements.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013

Operating Revenues	
Tenant Rental Revenue	$ 139,028
Government Operating Grants	1,812,184
Other Revenue	88,866
Total Operating Revenues	2,040,078
Operating Expenses	
Administrative	514,224
Tenant Services	657
Utilities	26,958
Ordinary Maintenance & Operation	190,932
Insurance	26,002
General Expense	27,067
Housing Assistance Payments	1,296,422
Depreciation Expense	303,127
Total Operating Expenses	2,385,389
Operating Income/(Loss)	(345,311)
Non-Operating Revenues	
Investment Income - Unrestricted	11
Total Non-Operating Revenues	11
Change in Net Position before Capital Contributions & Grants	(345,300)
Capital Grants	67,836
Change in Net Position	(277,464)
Net Position, Beginning of Year	4,906,263
Net Position, End of Year	$ 4,628,799

See accompanying notes the the basic financial statemetns.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows From Operating Activities:		
Receipts From Tenants	$	164,712
Receipts From Operating Grants		1,795,368
Other Operating Receipts		113,287
Housing Assistance Payments		(1,281,954)
Payments for General and Administrative Expense		(849,654)
HUD and Other Government Payments		(10,631)
Net Cash Used in Operating Activities		(68,872)
Cash Flows From Capital and Related Financing Activities:		
Capital Grants		67,836
Construction and Acquisition of Capital Assets		(68,786)
Net Cash Used in Capital and Related Financing Activities		(950)
Cash Flows From Investing Activities:		
Interest Received on Investments		11
Net Cash Provided by Investing Activities		11
Net Decrease in Cash and Cash Equivalents		(69,811)
Cash at Beginning of Year		337,481
Cash at End of Year	$	267,670
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Operating Loss	$	(345,311)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities		
Depreciation Expense		303,127
(Increase)Decrease In:		
Accounts Receivable		(10,251)
Prepaid Expenses and Other Assets		(2,182)
Inventories		(2,083)
Increase(Decrease) In:		
Accrued Wages and Payroll Taxes Payable		935
Accounts Payable		(3,919)
Tenant Security Deposits		(2,393)
Compensated Absences		749
FSS Liability		(22,760)
Other Liabilities		15,216
Net Cash Used in Operating Activities	$	(68,872)

See accompanying notes to the basic financial statements.

1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY

Summary of Significant Accounting Policies

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

Reporting Entity

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

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 61), in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Postion, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Enterprise Fund

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

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

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

Projects - Conventional Public Housing and Capital Fund Programs

Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the Authority to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical (i.e. capital) and management improvements to the Authority's properties. Funds are provided by formula allocation and based on size and age of the units.

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 Assistant 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 percent of household income.

Other Business Activities

Other Business Activities (OBA) – Represents non-HUD activities of the Authority that include providing affordable housing for low income people outside of the scope of the conventional and housing choice voucher programs.

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, and all non-negotiable certificates of deposits regardless of maturity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting and Reporting for Nonexchange Transactions

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

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

The Authority grants and subsidies will be defined as government-mandated or voluntary non-exchange transactions.

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

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

Investments

Investments are restricted by the provisions of the HUD regulations (See Note 3). Investments are valued at market value. At December 31, 2013, The Authority did not have any investments.

Receivables - Net of Allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. At December 31, 2013, the Authority believed \$2,472 of the accounts receivable to be uncollectible.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2013, 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.

Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is stated at cost and uses the Moving Average Costing flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used. The allowance for obsolete inventory was \$56 at December 31, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life are expensed as incurred. The Authority's capitalization threshold is $1,000. The following are the useful lives used for depreciation purposes:

Buildings	40 years
Building improvements	15 years
Furniture and Equipment	3-7 years

Restricted Cash

Restricted cash represents amounts held in FSS escrow and IDA accounts on behalf of tenants and Section 8 HAP funds.

Due From/To Other Programs

On the basic financial statements, inter-program receivables and payables listed on the FDS are eliminated. For the year ended December 31, 2013, the eliminated entry of $101,755 represents money owed by the OBA activities to PH in the amount of $77,500, and to HCV in the amount of $3,000; owed by PH to OBA in the amount of $3,251; owed by HCV to PH in the amount of $1,188, and owed by CFP to PH in the amount of $16,816.

Accrued Liabilities

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

Compensated Absences

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

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

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

Unearned Revenue

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

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)
The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted amounts are available.

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 grant 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 administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debt and housing assistance payments.

Capital Grant
This represents grants provided by HUD that the Authority spends on capital assets.

Budgetary Accounting
The Authority annually prepares its program budgets as prescribed by the Department of Housing and Urban Development. These budgets are adopted by the Board of the Authority and submitted to the Federal agencies, as applicable.

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

3. DEPOSITS AND INVESTMENTS

Deposits
State statutes classify monies held by the Authority into three categories:

A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two 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.
C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the 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 the 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 collateral held by the Authority, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

3. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)
The carrying amount of the Authority's deposits was $267,370 at December 31 2013, plus $300 petty cash. The corresponding bank balances were $283,459. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," as of December 31, 2013, $250,000 was covered by federal depository insurance, while $33,459 was exposed to custodial risk.

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

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

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk - The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's practice to limit its investments to three years or less.

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

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

The Authority had no investments at December 31, 2013.

Deposits for the Authority at December 31, 2013, consist of the following:

	Balance at 12/31/2013
Cash- Restricted	
Unspent HUD Revenues Provided for Payment of Rental Assistance in the Housing Choice Voucher Program	$ 88,894
Security Deposits	25,124
Business Activities	15,241
Total Cash - Restricted	129,259
Cash - Unrestricted	138,411
Total Deposits	$ 267,670

4. CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended December 31, 2013, follows:

	Ending Balance 12/31/12	Additions	Deletions	Ending Balance 12/31/13
Capital Assets, Not Being Depreciated				
Land and Land Easements	$ 683,201	$ -	$ -	$ 683,201
Total Capital Assets, Not Being Depreciated	683,201	-	-	683,201
Capital Assets Being Depreciated				
Buildings	7,962,370	67,836	-	8,030,206
Furniture and Equipment	584,699	950	-	585,649
Total Capital Assets, Being Depreciated	8,547,069	68,786	-	8,615,855
Less Accumulated Depreciation:				
Buildings	(4,161,729)	(283,320)	-	(4,445,049)
Furniture and Equipment	(521,647)	(19,807)	-	(541,454)
Total Accumulated Depreciation	(4,683,376)	(303,127)	-	(4,986,503)
Total Capital Assets Being Depreciated, Net	3,863,693	(234,341)	-	3,629,352
Total Capital Assets, Net	$ 4,546,894	$ (234,341)	$ -	$ 4,312,553

5. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year ended December 31, 2013, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

Also, during 2013, 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.

June 1, 2013 the Authority in conjunction with other entities jointly contracted with a commercial insurance carrier for risk of loss for employee health and accident insurance. Prior to June 1st the Authority was part of the Ohio Public Healthcare Risk Pool Joint Self Insurance Association, which was a member of the Jefferson Health plan. The OPHRP withdrew from the Jefferson plan prior to the expiration of their contract. At the time of their withdrawal, The Jefferson Health plan alleges that the OPHRP has a claims deficit of $769,159 plus addition charges and penalties of $519,936. As of December 31, 2013, it is unclear if these amounts are correct or how this liability will be divided amongst the members of OPHRP. No liability has been recorded on the Authorities books as of December 31, 2013.

6. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

All Authority full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - a cost sharing, multiple-employer defined benefit pension plan;

- The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent 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;

- The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional 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.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension 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) 222-6701 or 1-800-222-7377, or by using the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013 and 2012, member and employer contribution rates were consistent across all three plans. The 2013 and 2012 member contribution rates were 10.0 percent for members and 14.0 percent for employers of covered payroll. The Authority's contribution for the years ended December 31, 2013, 2012 and 2011 were $50,327, $53,541 and $55,883, respectively. These costs have been charged to the employee fringe benefit account. All required payments of contributions have been made through December 31, 2013.

7. POST-EMPLOYMENT BENEFITS

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

7. POST-EMPLOYMENT BENEFITS (Continued)

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 1-800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year ending 2013, 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. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent for Authority through December 31, 2013.Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees of is also authorized to establish rules for the retiree of their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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 December 31, 2013, 2012 and 2011 which were used to fund post-employment benefits were $14,379, $21,034, and $21,954, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

8. 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-rate basis; two weeks per year of 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 does not accumulate for longer than a one year period and must be schedule in the year earned.

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 (1/4) of the value of accrued unused sick leave credit at the employee's 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, 2013, the Authority had $20,371 sick and vacation leave accrued.

8. COMPENSATED ABSENCES (Continued)

The following is a summary of changes in compensated absences for the year ended December 31, 2013:

Description	Balance 12/31/2012	Increases	Decreases	Balance 12/31/2013	Due Within One Year
Compensated Absences Payable	$ 19,622	$ 10,028	$ (9,279)	$ 20,371	$ 12,369

9. RESTRICTED NET POSITION

The Authority had the following restricted net position at December 31, 2013:

Unspent HUD Revenues provided for payment of Rental Assistance in the Housing Choice Voucher Program	$ 78,770
Total Restricted Net Position	$ 78,770

10. CONTINGENCIES

Grants
Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2013.

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 and annually.

Litigations
In the normal course of operations, the Authority may be subject to litigations and claims. At December 31, 2013, the Authority was not aware of any such matters.

11. NOTE TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

12. 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, 2013, the Authority held in escrow $10,124 for the Family Self Sufficiency Program. The Authority recognizes the escrow as cash and due to FSS participants on the balance sheet.

13. 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 for the year ended December 31, 2013 totaled $11,812.

14. FINANCIAL DATA SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2013, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenue and expenses and changes in net position, and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by HUD.

15. RELATED PARTY

The Authority is related through common management to Logan-Belle Home and Neighborhood Development (HAND), Inc. (a nonprofit organization) that helps facilitate and develop affordable housing in the Logan County, Ohio area.

The related party transactions with Logan-Belle HAND are summarized as follows:

Receivable balance at 12/31/12	$ 88,933
Charges for management	40,938
Charges for maintenance and fees	13,785
Payments received	(66,156)
Receivable balance at 12/31/13	$ 77,500

16. ECONOMIC DEPENDENCY

Both the Low Rent Public Housing Program and the Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD.

17. IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

For 2013, the Authority implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, GASB Statement No. 61, “The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34,” GASB Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53”, GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities,” GASB Statement No. 66, “Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62,” GASB Statement No. 69, “Government Combinations and Disposals of Government Operations,” and GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-private partnership. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

Statement No. 61 improves financial reporting by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012.

Statement No. 64 enhances the comparability and improves financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The requirements of this Statement are effective for financial statements for periods beginning after June 5, 2011.

17. IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS (Continued)

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement amends Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues," respectively.

Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, and transfers of operations.

Statement No. 70 improves accounting and financial reporting by state and local governments that extend and receive non exchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

The implementation of GASB Statements No. 60, 61, 64, 65, 66, 69, and 70 had no effect on the financial statements.

Supplementary Information

LOGAN COUNTY METROPLOITAN HOUSING AUTHORITY
LOGAN COUNTY
FINANCIAL DATA SCHEDULE
AS OF DECEMBER 31, 2013

	Business Activities	14.871 Housing Choice Vouchers	Project Total	Subtotal	ELIM	TOTAL
111 Cash - Unrestricted	$11,394	$8,755	$118,262	$138,411	$0	$138,411
113 Cash - Other Restricted	$15,241	$88,894	$0	$104,135	$0	$104,135
114 Cash - Tenant Security Deposits	$0	$0	$25,124	$25,124	$0	$25,124
100 Total Cash	$26,635	$97,649	$143,386	$267,670	$0	$267,670
122 Accounts Receivable - HUD Other Projects	$0	$0	$16,816	$16,816	$0	$16,816
125 Accounts Receivable - Miscellaneous	$77,500	$1,524	$0	$79,024	$0	$79,024
126 Accounts Receivable - Tenants	$0	$0	$1,650	$1,650	$0	$1,650
128 Fraud Recovery	$0	$6,664	$0	$6,664	$0	$6,664
128.1 Allowance for Doubtful Accounts - Fraud	$0	-$1,186	-$1,286	-$2,472	$0	-$2,472
120 Total Receivables, Net of Allowances for Doubtful Accounts	$77,500	$7,002	$17,180	$101,682	$0	$101,682
142 Prepaid Expenses and Other Assets	$0	$488	$29,718	$30,206	$0	$30,206
143 Inventories	$0	$0	$27,498	$27,498	$0	$27,498
143.1 Allowance for Obsolete Inventories	$0	$0	-$56	-$56	$0	-$56
144 Inter Program Due From	$3,251	$3,000	$95,504	$101,755	-$101,755	$0
150 Total Current Assets	$107,386	$108,139	$313,230	$528,755	-$101,755	$427,000
161 Land	$0	$0	$683,201	$683,201	$0	$683,201
162 Buildings	$0	$0	$8,030,206	$8,030,206	$0	$8,030,206
163 Furniture, Equipment & Machinery - Dwellings	$0	$103,507	$245,433	$348,940	$0	$348,940
164 Furniture, Equipment & Machinery - Administration	$0	$0	$236,709	$236,709	$0	$236,709
166 Accumulated Depreciation	$0	-$103,507	-$4,882,996	-$4,986,503	$0	-$4,986,503
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$4,312,553	$4,312,553	$0	$4,312,553
180 Total Non-Current Assets	$0	$0	$4,312,553	$4,312,553	$0	$4,312,553
190 Total Assets	$107,386	$108,139	$4,625,783	$4,841,308	-$101,755	$4,739,553
312 Accounts Payable <= 90 Days	$0	$260	$1,005	$1,265	$0	$1,265
321 Accrued Wage/Payroll Taxes Payable	$0	$7,222	$13,122	$20,344	$0	$20,344
322 Accrued Compensated Absences - Current Portion	$0	$5,264	$7,105	$12,369	$0	$12,369
331 Accounts Payable - HUD PHA Programs	$0	$1,168		$1,168	$0	$1,168
333 Accounts Payable - Other Government	$0	$0	$10,907	$10,907	$0	$10,907
341 Tenant Security Deposits	$0	$0	$25,124	$25,124	$0	$25,124
342 Unearned Revenues	$0	$0	$2,277	$2,277	$0	$2,277
345 Other Current Liabilities	$0	$0	$3,933	$3,933	$0	$3,933
347 Inter Program - Due To	$80,500	$1,188	$20,067	$101,755	-$101,755	$0
310 Total Current Liabilities	$80,500	$15,102	$83,540	$179,142	-$101,755	$77,387
353 Non-current Liabilities - Other	$15,241	$10,124	$0	$25,365	$0	$25,365
354 Accrued Compensated Absences - Non Current	$0	$4,090	$3,912	$8,002	$0	$8,002
350 Total Non-Current Liabilities	$15,241	$14,214	$3,912	$33,367	$0	$33,367
300 Total Liabilities	$95,741	$29,316	$87,452	$212,509	-$101,755	$110,754
508.1 Invested In Capital Assets, Net of Related Debt	$0	$0	$4,312,553	$4,312,553	$0	$4,312,553
511.1 Restricted Net Assets	$0	$78,770	$0	$78,770	$0	$78,770
512.1 Unrestricted Net Assets	$11,645	$53	$225,778	$237,476	$0	$237,476
513 Total Equity/Net Assets	$11,645	$78,823	$4,538,331	$4,628,799	$0	$4,628,799
600 Total Liabilities and Equity/Net Assets	$107,386	$108,139	$4,625,783	$4,841,308	-$101,755	$4,739,553

Note: This Statement of Net Assets by Program includes interprogram due to/from of $101,755, which are removed from the entity wide Statement of Net Position on page 8.

LOGAN COUNTY METROPLOITAN HOUSING AUTHORITY
LOGAN COUNTY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business Activities	14.871 Housing Choice Vouchers	Project Total	Subtotal	ELIM	TOTAL
70300 Net Tenant Rental Revenue	$0	$0	$124,862	$124,862	$0	$124,862
70400 Tenant Revenue - Other	$0	$0	$14,166	$14,166	$0	$14,166
70600 HUD PHA Operating Grants	$0	$1,398,381	$413,803	$1,812,184	$0	$1,812,184
70610 Capital Grants	$0	$0	$67,836	$67,836	$0	$67,836
71100 Investment Income - Unrestricted	$1	$5	$5	$11	$0	$11
71400 Fraud Recovery	$0	$10,272	$0	$10,272	$0	$10,272
71500 Other Revenue	$54,723	$19,071	$4,800	$78,594	$0	$78,594
70000 Total Revenue	$54,724	$1,427,729	$625,472	$2,107,925	$0	$2,107,925
91100 Administrative Salaries	$27,811	$109,359	$154,486	$291,656	$0	$291,656
91200 Auditing Fees	$0	$2,736	$6,697	$9,433	$0	$9,433
91500 Employee Benefit contributions - Administrative	$11,307	$54,533	$69,157	$134,997	$0	$134,997
91700 Legal Expense	$0	$0	$2,423	$2,423	$0	$2,423
91800 Travel	$0	$675	$2,138	$2,813	$0	$2,813
91900 Other	$705	$17,414	$54,783	$72,902	$0	$72,902
91000 Total Operating - Administrative	$39,823	$184,717	$289,684	$514,224	$0	$514,224
92400 Tenant Services - Other	$0	$0	$657	$657	$0	$657
92500 Total Tenant Services	$0	$0	$657	$657	$0	$657
93100 Water	$0	$0	$3,418	$3,418	$0	$3,418
93200 Electricity	$0	$0	$11,080	$11,080	$0	$11,080
93300 Gas	$0	$0	$4,493	$4,493	$0	$4,493
93600 Sewer	$0	$0	$7,967	$7,967	$0	$7,967
93000 Total Utilities	$0	$0	$26,958	$26,958	$0	$26,958
94100 Ordinary Maintenance and Operations - Labor	$4,690	$0	$63,134	$67,824	$0	$67,824
94200 Ordinary Maintenance and Operations - Materials and Other	$5,339	$0	$29,504	$34,843	$0	$34,843
94300 Ordinary Maintenance and Operations Contracts	$0	$0	$57,979	$57,979	$0	$57,979
94500 Employee Benefit Contributions - Ordinary Maintenance	$726	$0	$29,560	$30,286	$0	$30,286
94000 Total Maintenance	$10,755	$0	$180,177	$190,932	$0	$190,932
96110 Property Insurance	$0	$0	$17,838	$17,838	$0	$17,838
96120 Liability Insurance	$0	$427	$1,175	$1,602	$0	$1,602
96130 Workmen's Compensation	$0	$451	$912	$1,363	$0	$1,363
96140 All Other Insurance	$0	$0	$5,199	$5,199	$0	$5,199
96100 Total insurance Premiums	$0	$878	$25,124	$26,002	$0	$26,002

LOGAN COUNTY METROPLOITAN HOUSING AUTHORITY
LOGAN COUNTY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business Activities	14.871 Housing Choice Vouchers	Project Total	Subtotal	ELIM	TOTAL
96210 Compensated Absences	$0	$3,174	$7,053	$10,227	$0	$10,227
96300 Payments in Lieu of Taxes	$0	$0	$11,812	$11,812	$0	$11,812
96400 Bad debt - Tenant Rents	$0	$0	$5,028	$5,028	$0	$5,028
96000 Total Other General Expenses	$0	$3,174	$23,893	$27,067	$0	$27,067
96900 Total Operating Expenses	$50,578	$188,769	$546,493	$785,840	$0	$785,840
97000 Excess of Operating Revenue over Operating Expenses	$4,146	$1,238,960	$78,979	$1,322,085	$0	$1,322,085
97300 Housing Assistance Payments	$0	$1,296,422	$0	$1,296,422	$0	$1,296,422
97400 Depreciation Expense	$0	$0	$303,127	$303,127	$0	$303,127
90000 Total Expenses	$50,578	$1,485,191	$849,620	$2,385,389	$0	$2,385,389
10010 Operating Transfer In		$3,000	$83,603	$86,603	$0	$86,603
10020 Operating transfer Out	-$3,000	$0	-$83,603	-$86,603	$0	-$86,603
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$1,146	-$54,462	-$224,148	-$277,464	$0	-$277,464
11030 Beginning Equity	$10,499	$133,285	$4,762,479	$4,906,263	$0	$4,906,263
11170 Administrative Fee Equity	$0	$53	$0	$53	$0	$53
11180 Housing Assistance Payments Equity	$0	$78,770	$0	$78,770	$0	$78,770
11190 Unit Months Available	0	3552	1174	4726	0	4726
11210 Number of Unit Months Leased	0	3473	1133	4606	0	4606
11270 Excess Cash	$0	$0	$128,540	$128,540	$0	$128,540
11640 Furniture & Equipment - Administrative Purchases	$0	$0	$951	$951	$0	$951
11650 Leasehold Improvements Purchases	$0	$0	$67,836	$67,836	$0	$67,836

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	2013 FEDERAL EXPENDITURES
DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Low Rent Public Housing	14.850	$ 311,588
Section 8 Housing Choice Vouchers	14.871	1,398,381
Public Housing Capital Fund	14.872	170,051
TOTAL FEDERAL AWARDS EXPENDITURES		$ 1,880,020

See accompanying note to the Schedule of Federal Awards Expenditures at Note 11 in the Notes to the Basic Financial Statements.

Perry & Associates

Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA	PARKERSBURG	ST. CLAIRSVILLE
428 Second Street	1035 Murdoch Avenue	121 E. Main Street
Marietta, OH 45750	Parkersburg, WV 26101	St. Clairsville, OH 43950
(740) 373-0056	(304) 422-2203	(740) 695-1569
(740) 373-2402 Fax	(304) 428-5587 Fax	(740) 695-5775 Fax

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

May 28, 2014

Logan County Metropolitan Housing Authority
Logan County
119 North Everett Street
Bellefontaine, Ohio 45402

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Logan County Metropolitan Housing Authority**, Logan County (the Authority), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated May 28, 2014.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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.*

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Perry & Associates

Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

May 28, 2014

Logan County Metropolitan Housing Authority
Logan County
119 North Everett Street
Bellefontaine, Ohio 45402

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited the **Logan County Metropolitan Housing Authority's**, (the Authority), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Authority's major federal programs for the year ended December 31, 2013. The Summary of Audit Results in the accompanying schedule of audit findings identifies the Authority's major federal programs.

Management's Responsibility

The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the Authority's major programs. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Logan County Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of audit findings as item 2013-001. This finding did not require us to modify our compliance opinion on the major federal program.

The Authority's response to our noncompliance finding is described in the accompanying schedule of audit findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Perry & Associates CPA's A.C.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2013

SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505

1. SUMMARY OF AUDIT RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(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**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Low Rent Public Housing, CFDA # 14.850 Public Housing Capital Fund, CFDA # 14.872
(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.

SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2013-001

Non-Material Non-Compliance

Davis-Bacon Act
U.S. Department of Housing and Urban Development
Program: Public Housing Capital Fund
CFDA #14.872

Criteria: The Authority is required to comply with the requirements of the Davis-Bacon Act that are applicable to the construction work financed with a Federal grant or loan. The Davis-Bacon Act requires that the Authority obtain and review certified payroll from construction contractors, for applicable projects, to ensure that the prevailing wage rates are being paid to sub-contractors. If the prevailing rate is not being paid, the Authority must report to the U.S. Department of Housing and Urban Development.

Context & Condition: We determined the Authority obtained and reviewed the certified payroll from the contractor for the entire year however there were instances where the contractor did not pay the prevailing wage rate.

Effect: The Authority was not in compliance with the Davis-Bacon Act.

Cause: There was an error in reviewing the wage rates subject to the requirements of the Davis-Bacon Act.

Recommendation: Adopt a policy consistent to the requirements of the Davis-Bacon Act and implement controls to ensure the policy is in place throughout the Authority.

Questioned Costs: The known questioned costs were determined to be below the amount that must be reported.

Management's Response – See corrective action plan.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2013

CORRECTIVE ACTION PLAN

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	In order to ensure proper oversight and monitoring of the Davis-Bacon Act requirements, the Authority does have a policy that's requires weekly certified submittals for review and verification of prevailing wage rates. Also, current bid documents, where Davis-Bacon Act requirements are applicable, include specific language of the responsibility of the contractor to provide the Weekly Certified Payrolls toe the Authority on a weekly basis. The Authority will audit, review and verify that prevailing wage rates were paid for current certified payroll submittals and will enforce any necessary corrections. In addition the Authority will implement a periodic interview process with all contractor employees per Davis-Bacon Act requirements. Interview documentation will be placed in the Authority's project files.	In process.	Gail Clark, Director

Dave Yost • 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
JUNE 26, 2014