

**PIKE METROPOLITAN
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Directors
Pike Metropolitan Housing Authority
2626 Shyville Road
Piketon, OH 45661

We have reviewed the *Independent Auditor's Report* of the Pike Metropolitan Housing Authority, Pike County, prepared by James G. Zupka, CPA, Inc., 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 Pike Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 28, 2014

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**PIKE METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2013**

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pike Metropolitan Housing Authority
Piketon, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the of the Pike Metropolitan Housing Authority, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pike Metropolitan Housing Authority, Ohio, as of December 31, 2013, and the changes in financial position, and cash flows thereof for the year then ended in accordance with 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 that the Management's Discussion and Analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Pike Metropolitan Housing Authority, Ohio's basic financial statements. The Statement of Modernization Costs - Completed and the Financial Data Schedules are presented for purposes of additional analysis and not a required part of the basic financial statements. The 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, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Statement of Modernization Cost - Completed, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Modernization Cost - Completed, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2014, on our consideration of the Pike Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

James G. Zupka,
CPA, President

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc.,
ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2014.04.30 14:27:55 -04'00'

James G. Zupka, CPA, Inc.
Certified Public Accountants

April 11, 2014

**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

This Management’s Discussion and Analysis (MD&A) for the Pike Metropolitan Housing Authority (Pike MHA) is intended to assist the reader identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Pike Metropolitan Housing Authority’s financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2013, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Financial Highlights

- The Authority’s net position decreased by \$249,525 during 2013, resulting from changes in operations. Since the Authority engages in only business-type activities, the increase is all in the category of business-type net position.
- Revenues decreased by \$147,113 during 2013.
- The total expenses of all Authority programs decreased by \$115,412.

Overview of the Authority’s Financial Statements

The Basic Financial Statements included elsewhere in this report are:

The Statement of Net Position,
The Statement of Revenues, Expenses and Changes in Net Position, and
The Statement of Cash Flows.

The Statement of Net Position is very similar to, and what most people would think of as, a Balance Sheet. In the first half it reports the value of assets Pike Metropolitan Housing Authority holds at December 31, 2013, that is, the cash Pike Metropolitan Housing Authority has, the amounts that are owed Pike Metropolitan Housing Authority from others, and the value of the equipment Pike Metropolitan Housing Authority owns. In the other half of the report it shows the liabilities Pike Metropolitan Housing Authority has, that is what Pike Metropolitan Housing Authority owes others at December 31, 2013; and what Net Position (or what is commonly referred to as Equity) Pike Metropolitan Housing Authority has at December 31, 2013. The two parts of the report are in balance, thus why many might refer to this type of report as a balance sheet, in that the total of the assets part equals the total of the liabilities plus net position (or equity) part.

In the statement, the Net Position part is broken out into three broad categories:

Net Investment in Capital Assets
Restricted Net Position, and
Unrestricted Net Position.

**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

The balance in Net Investment in Capital Assets reflects the value of capital assets, that is assets such as land, buildings, and equipment, reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owned on those assets.

The balance in Restricted Net Position reflects the value of assets reported in the top part of the statement that are restricted for use by law or regulation, or when use of those assets is restricted by constraints placed on the assets by creditors.

The balance in Unrestricted Net Position is what is left over of Net Position after what is classified in the two previously mentioned components of Net Position. It reflects the value of assets available to Pike Metropolitan Housing to use to further its purposes.

The Authority's financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position, which is similar to an Income Statement. It is in essence a report showing what Pike Metropolitan Housing Authority earned, that is what its revenues or incomes were, versus what expenses Pike Metropolitan Housing Authority had over the same period. It shows how the Fund Balance (or net position or equity) changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if Pike Metropolitan Housing Authority had more in revenues than in expenses or vice-versa, and then how that net gain or net loss affected the Fund Balance (or net position or equity). The bottom line of the report, the Ending Total Net Position, is what is referred to in the above discussion of the Statement of Net Position that when added to the liabilities Pike Metropolitan Housing Authority has equals the total assets Pike Metropolitan Housing Authority has.

The Statement of Cash Flows is a report that shows how the amount of cash Pike Metropolitan Housing Authority had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in, and the cash going out. It helps the reader to understand the sources and uses of cash by Pike Metropolitan Housing Authority during the year, to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

Pike Metropolitan Housing Authority's Business-Type Funds

The financial statements included elsewhere in this report are presented using the Authority-wide perspective meaning the activity reported reflects the summed results of all the programs, or business-type funds of Pike Metropolitan Housing Authority. Pike Metropolitan Housing 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.

Pike Metropolitan Housing Authority's programs include the following:

- The Low Rent Public Housing program,
- The Housing Choice Voucher program,
- The Capital Fund Program (CFP),
- The Business Activities, and
- The State and Local Program.

**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

Under the Low Rent Public Housing program, Pike Metropolitan Housing Authority rents dwelling units it owns to low to moderate-income families. Through an Annual Contributions Contract (commonly referred to as an ACC) with HUD, HUD provides an operating subsidy to Pike Metropolitan Housing Authority to help support the operations of the program. In addition, HUD provides funds for physical improvements to Pike Metropolitan Housing Authority's properties and funds for management improvements through Capital Fund Program grants.

Under the Section 8 Housing Choice Voucher program, Pike Metropolitan Housing Authority subsidizes the rents of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. This is called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit.

Under the Business Activities program, Pike Metropolitan Housing Authority owns several rental properties. These properties are not related to the HUD funded activities, and that is why it is reported as a business activity.

Under the State and Local program, the state and local funds represent Pike Metropolitan Authority's contracts with the Ohio Housing Finance Agency for construction of four residential housing facilities located at 193, 195, 197 and 199 Delay Drive.

Condensed Financial Statements

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

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

	2013	2012
<u>Assets</u>		
Current and Other Assets	\$ 549,476	\$ 767,246
Capital Assets	6,379,784	6,370,845
Total Assets	<u>\$ 6,929,260</u>	<u>\$7,138,091</u>
<u>Liabilities</u>		
Current Liabilities	\$ 386,025	\$ 297,608
Long-term Liabilities	2,977,687	3,025,410
Total Liabilities	<u>3,363,712</u>	<u>3,323,018</u>
<u>Net Position</u>		
Net Investment in Capital Assets	3,167,901	3,206,594
Restricted Net Position	174,962	341,927
Unrestricted Net Position	222,685	266,552
Total Net Position	<u>3,565,548</u>	<u>3,815,073</u>
Total Liabilities and Net Position	<u>\$ 6,929,260</u>	<u>\$ 7,138,091</u>

For more detail information, see Statement of Net Position presented on page 10.

**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

Total Net Position was decreased from the prior year-end by \$249,525. The changes in income and expense from the period causing that change is discussed more in the next section where we discuss Table 2, the Modified Statement of Revenues, Expenses and Changes in Net Position.

The change in Current Assets from the prior year-end is a decrease of \$217,770. As is discussed in the next section, a main factor causing the decrease is largely due to \$66,000 NRA being used to pay landlords under Housing Choice Voucher along with \$13,200 UNA being used to pay expenses and \$101,000 reserves being used for leasehold improvements under Business-Activity.

Capital Assets increased in the period by \$8,930. Additions in the period, largely due to the addition of new houses for DODD clients, exceeded depreciation on assets.

Of the components of Net Position, the change in Net Investment in Capital Assets closely corresponds to the change in Capital Assets because that is what that component of Net Assets represents. The change in Unrestricted Net Position reflects that change in Restricted Net Position and the overall decrease in Net Position discussed in the following section.

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

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

	2013	2012
<u>Revenues</u>		
Total Tenant Revenues - Rents and Other	\$ 428,315	\$ 400,117
Operating Subsidies and Grants	2,702,696	2,893,283
Capital Grants	135,702	37,419
Investment Income	113	304
Gain or (Loss) on Sales of Assets	3,138	(3,597)
Other Revenues	156,186	245,737
Total Revenues	3,426,150	3,573,263
<u>Expenses</u>		
Administrative	521,458	569,144
Tenant Services	0	2,300
Utilities	128,147	120,153
Maintenance	350,359	347,573
General Expenses	131,833	149,437
Housing Assistance Payments	2,116,217	2,180,920
Depreciation	427,661	421,560
Total Expenses	3,675,675	3,791,087
Net Increases (Decreases)	\$ (249,525)	\$ (217,824)

For more detailed information see Combined Statement of Revenues, Expenses and Changes in Net Position presented elsewhere in this report.

**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

Total tenant revenue remained relatively constant with an increase of about \$28,000.

Capital Fund Grants increased by \$98,283, while operating subsidies decreased \$190,587. The decrease in operating subsidies was mainly in the Housing Choice Voucher Program.

Expenses decreased in 2013 by \$115,412. This was primarily due to a decrease in Housing Assistance Payments expense of \$64,703 and a decrease of \$50,629 in office expenses and maintenance materials.

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	\$ 1,134,836	\$ 1,130,236
Buildings and Improvements	10,863,976	10,522,883
Equipment	357,931	264,539
Accumulated Depreciation	(6,011,804)	(5,618,835)
Construction in Progress	34,845	72,031
Total Capital Assets, Net	<u>\$ 6,379,784</u>	<u>\$ 6,370,854</u>

Excluding the change in accumulated depreciation, capital assets increased by \$401,899. Most of the increase was due to the purchase of two DODD properties and building improvements under Business Activities.

The following is a **comparison of debt outstanding** at the year-end versus at the end of the prior period.

Table 4 - Condensed Statement of Changes in Debt Outstanding

	2013	2012
Current Portion of Debt	\$ 282,972	\$ 203,899
Long-Term Portion of Debt	2,928,909	2,960,361
Total	<u>\$ 3,211,881</u>	<u>\$ 3,164,260</u>

Debt was decreased by \$47,641 during year-end 2013. This was due to new debt being added during 2013 offset by regular monthly payments being paid on current debt.

**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)**

Economic Factors

Pike Metropolitan Housing Authority faces the continuing prospect of declining HUD subsidies used to administer their programs and maintain their properties. Unfavorable economic times, as reflected in the numbers of families earning less in addition to those leaving the community because they cannot find adequate employment opportunities, also mean revenues from tenants are reduced because generally rents are based on the tenant families' ability to pay as dictated by the Federal government. Rising insurance, utility and other operating rates compound the effect of the reduction in incomes available to Pike Metropolitan Housing Authority to administer its program, and continue to challenge management to cut operating costs. The reduction in government assistance for the administration of programs and ongoing operating cuts by management means Pike Metropolitan Housing Authority can provide lesser services to clients.

Financial Contact

Questions concerning this report or requests for additional information should be directed to Ken Reed, Executive Director of the Pike Metropolitan Housing Authority, 2626 Shyville Road, Piketon, Ohio 45661.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 193,331
Restricted Cash and Cash Equivalents	209,063
Receivables, Net	5,944
Inventory, Net	25,914
Prepaid Expenses	<u>49,266</u>
Total Current Assets	<u>483,518</u>

Noncurrent Assets

Non-depreciable Capital Assets	1,169,681
Depreciable Capital Assets, Net	5,210,103
Other Assets	<u>65,958</u>
Total Noncurrent Assets	<u>6,445,742</u>

TOTAL ASSETS **\$ 6,929,260**

LIABILITIES

Current Liabilities

Accounts Payable	\$ 17,759
Accrued Compensated Absences - Current	28,836
Tenant Security Deposits	34,101
Accrued Wages and Payroll Taxes	13,549
Intergovernmental Payable	8,808
Current Portion of Long-Term Debt	<u>282,972</u>
Total Current Liabilities	<u>386,025</u>

Noncurrent Liabilities

Accrued Compensated Absences - Net of Current Portion	48,778
Long-Term Debt - Net of Current Portion	<u>2,928,909</u>
Total Noncurrent Liabilities	<u>2,977,687</u>
Total Liabilities	<u>3,363,712</u>

NET POSITION

Net Investment in Capital Assets	3,167,901
Unrestricted Net Position	222,685
Restricted Net Position	<u>174,962</u>
Total Net Position	<u>3,565,548</u>

TOTAL LIABILITIES AND NET POSITION **\$ 6,929,260**

See accompanying notes to the basic financial statements.

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

Operating Revenues

Government Grants	\$ 2,702,696
Tenant Revenue	428,315
Other Revenue	<u>156,186</u>
Total Operating Revenues	<u>3,287,197</u>

Operating Expenses

Administrative	521,458
Utilities	128,147
Maintenance	350,359
General	57,988
Housing Assistance Payments	<u>2,116,217</u>
Total Operating Expenses Before Depreciation	<u>3,174,169</u>
Income (Loss) Before Depreciation	113,028

Depreciation	<u>427,661</u>
Operating Income (Loss)	<u>(314,633)</u>

Non-Operating Revenues (Expenses)

Interest and Investment Revenue	113
Gain (Loss) on Sale of Capital Assets	3,138
Interest Expense	<u>(73,845)</u>
Total Non-Operating Revenues (Expenses)	<u>(70,594)</u>
Income (Loss) Before Capital Grants	(385,227)

Capital Grants	<u>135,702</u>
Change in Net Position	<u>(249,525)</u>

Total Net Position, Beginning of Year	<u>3,815,073</u>
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Net Position, End of Year	<u>\$ 3,565,548</u>
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See accompanying notes to the basic financial statements.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Cash Flows from Operating Activities</u>	
Cash Received from Government Grants	\$ 2,702,696
Cash Received From Tenants	425,914
Cash Payments for Housing Assistance	(2,116,217)
Cash Payments for Administrative Expenses	(515,018)
Cash Payments for Other Operating Expenses	(565,383)
Cash Received - Other	<u>157,140</u>
Net Cash (Provided) by Operating Activities	<u>89,132</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(503,653)
Cash from Asset Sales	4,242
Capital Grants Received	135,702
Debt Principal and Interest	(222,274)
Debt Proceeds	<u>196,050</u>
Net Cash Provided by Capital and Other Related Financing Activities	<u>(389,933)</u>
 <u>Cash Flows from Investing Activities</u>	
Interest and Investment Income Received	<u>113</u>
Net Cash Provided by Investing Activities	<u>113</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(300,688)
Cash and Cash Equivalents, Beginning	<u>703,082</u>
 Cash and Cash Equivalents, Ending	 <u>\$ 402,394</u>
 <u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Net Operating (Loss)	\$ (314,633)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	427,661
(Increase) Decrease in:	
Accounts Receivable - Tenant	(2,401)
Prepaid Expenses	2,876
Inventory	(17,444)
Increase (Decrease) in:	
Accounts Payable	5,644
Intergovernmental Payable	(2,088)
Accrued Compensated Absences - Current	3,644
Tenants' Security Deposits	954
Accrued Wages and Payroll Taxes	1,190
Non-Current Liabilities	(19,067)
Accrued Compensated Absences - Long-Term	<u>2,796</u>
Net Cash Used by Operating Activities	<u>\$ 89,132</u>

See accompanying notes to the basic financial statements.

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

Organization and Reporting Entity

The Pike 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 Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability 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. The Authority has no component units based on the above considerations.

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.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

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

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation (Continued)

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 in net position, 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 position. The statement of 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.

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 operations. 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.

Use of Estimates

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

Cash and Cash Equivalents

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

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Capital Assets

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight line method based on the following estimated useful lives:

Buildings	40 years
Building Improvements	15-27.5 years
Land Improvements	15 years
Equipment	7 years
Autos	5 years
Computers	5 years

Capitalization of Interest

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

Investments

Investments are stated at fair value. Cost based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments, if applicable.

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: **(1)** the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee; and **(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. Information regarding compensated absences is detailed in Note 8.

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2013, the Authority had undeposited cash on hand (petty cash) of \$150.

At December 31, 2013, the carrying amount of the Authority's cash deposits was \$402,244 and the bank balance was \$423,932. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2013, deposits totaling \$318,007 were covered by Federal Depository Insurance and deposits totaling \$105,925 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

Custodial credit is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 110 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority.

Investments

The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2013, the Authority had no investments.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

Credit Risk

The Authority has no investments at December 31, 2013 and therefore is not subject to credit risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one insurer. The Authority's deposits in financial institutions represents 100 percent of its deposits.

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of \$209,063 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments	\$ 77,006
Tenant Security Deposits	34,101
Insurance and Escrow - Emmitt Station	12,362
Reserve for Replacement - Emmitt Station	85,594
Total Restricted Cash	<u>\$ 209,063</u>

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PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 4: CAPITAL ASSETS

A summary of capital assets at December 31, 2013 by class is as follows:

	Balance 01/01/2013	Reclasses/ Adjustments	Additions	Deletions	Balance 12/31/2013
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 1,130,236	\$ 0	\$ 12,500	\$ (7,900)	\$ 1,134,836
Construction in Progress	72,031	(59,791)	22,605	0	34,845
Total Capital Assets Not Being Depreciated	<u>1,202,267</u>	<u>(59,791)</u>	<u>35,105</u>	<u>(7,900)</u>	<u>1,169,681</u>
<u>Capital Assets Being Depreciated</u>					
Buildings and Improvements	10,522,883	(40,655)	459,498	(77,750)	10,863,976
Furniture, Equipment, and Machinery	264,539	100,446	9,050	(16,104)	357,931
Subtotal Capital Assets Being Depreciated	<u>10,787,422</u>	<u>59,791</u>	<u>468,548</u>	<u>(93,854)</u>	<u>11,221,907</u>
<u>Accumulated Depreciation</u>					
Buildings & Improvements	(5,304,455)	13,927	(412,169)	18,588	(5,684,109)
Furniture & Equipment	(314,380)	(13,927)	(15,492)	16,104	(327,695)
Total Accumulated Depreciation	<u>(5,618,835)</u>	<u>0</u>	<u>(427,661)</u>	<u>34,692</u>	<u>(6,011,804)</u>
Capital Assets Being Depreciated, Net	<u>5,168,587</u>	<u>59,791</u>	<u>40,887</u>	<u>(59,162)</u>	<u>5,210,103</u>
Total Capital Assets ,Net	<u>\$ 6,370,854</u>	<u>\$ 0</u>	<u>\$ 75,992</u>	<u>\$ (67,062)</u>	<u>\$ 6,379,784</u>

NOTE 5: RESTRICTED NET POSITION

The Authority's restricted net position are as follows:

Section 8 Housing Choice Voucher funds provided for Housing Assistance Payments in excess of the amounts used	\$ 77,006
Reserve for Replacement - Emmitt Station	85,594
Insurance and Escrow - Emmitt Station	12,362
Total	<u>\$ 174,962</u>

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PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

All full-time Authority 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 benefit 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 the 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, death benefits, and annual cost of living adjustments to members of both the Traditional Pension and the Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377 or by using the OPERS website at <https://www.opers.org/investments/cafr.shmt/>.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members were required to contribute 10 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14 percent of covered payroll. The Authority's required contributions to OPERS for the years ended December 31, 2013, 2012, and 2011, were \$60,809, \$56,834, and \$58,448, respectively. The full amount has been contributed for 2013, 2012, and 2011.

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 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.

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan 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 coverage.

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

B. Funding Policy (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 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 Board of Trustees 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 calendar year 2013. Effective January 1, 2014, the portion of the employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or 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. Actual Authority contributions for the year ended December 31, 2013, 2012 and 2011, which were used to fund post-employment benefits were \$4,344, \$16,238, and \$16,699, 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 charges, 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.

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**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

NOTE 8: COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn 15 days sick leave per year of service. Unused sick leave may be accumulated without limit. At the time of separation, employees receive payment for up to sixty (60) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Vacation shall not be accrued for a period longer than two (2) years. Any vacation accrued in excess of two (2) years shall be forfeited.

At December 31, 2013, based on the vesting method, \$77,614 was accrued by the Authority for unused vacation and sick time. The current portion is \$28,836 and the long term portion is \$48,778.

NOTE 9: INSURANCE

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Pike is one. Deductibles and coverage limits are summarized below:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 1,500	\$29,040,200 (Per Occurrence)
Boiler and Machinery	1,000	100,000,000
General Liability	0	6,000,000
Automobile Liability	500/0	ACV/6,000,000
Law Enforcement	0	6,000,000
Public Officials	0	6,000,000
Crime	500	1,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan with Aetna Health, Inc. for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 10: LONG-TERM DEBT

Change in Long-Term Liabilities:

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013	Current Portion
Compensated Absences	\$ 71,174	\$ 44,225	\$ (37,785)	\$ 77,614	\$ 28,836
Long-Term Debt	3,164,260	196,050	(148,429)	3,211,881	282,972
Total	\$ 3,235,434	\$ 240,275	\$ (186,214)	\$ 3,289,495	\$ 311,808

The Long-Term debt is detailed below:

	Original Loan Amount	Range of Maturity Date	Interest Rate	Life of Loan	12/31/13 Balance	Due Within One Year
Fifth Third Bank:						
- Loan No. 00042	\$ 127,000	2001-2016	6.63%	15 Yrs.	\$ 31,597	\$ 11,641
- Loan No. 00067	\$ 120,000	2002-2022	5.45%	20 Yrs.	68,296	6,300
- Loan No. 00075	\$ 168,000	2003-2013	4.89%	10 Yrs.	66,913	13,051
- Loan No. 00083	\$ 163,000	2004-2014	4.44%	10 Yrs.	131,825	131,825
- Loan No. 00117	\$ 413,689	2006-2016	5.21%	10 Yrs.	301,287	18,075
- Loan No. 00158	\$ 38,000	2008-2018	5.12%	10 Yrs.	27,784	2,245
- Loan No. 00125	\$ 38,000	2008-2018	5.12%	10 Yrs.	26,636	2,307
Ohio Valley Bank:						
- 412 Market St.	\$ 41,140	2005-2024	6.25%	20 Yrs.	28,401	1,913
- 236 St. Mary's	\$ 55,009	2005-2025	7.25%	20 Yrs.	40,808	2,347
- 83 Circleview	\$ 50,000	2010-2025	5.75%	15 Yrs.	41,835	2,641
- 228 St. Mary's	\$ 46,206	2012-2027	5.63%	15 Yrs.	43,992	2,295
US Department of Agriculture:						
- Emmitt Station	\$ 1,146,858	2005-2036	5.375%	30 Yrs.	1,101,237	7,230
- Emmitt Station	\$ 350,000	2006-2036	5.375%	30 Yrs.	339,251	2,069
County MR/DD:						
- 212 St. Ann's Lane	\$ 4,560	2009-2024	0.00%	15 Yrs.	3,192	304
- 337 Arlington	\$ 3,580	2000-2015	0.00%	15 Yrs.	258	239
- 337 Arlington	\$ 6,300	2001-2016	0.00%	15 Yrs.	1,015	420
- 212 Grandview	\$ 49,275	2000-2015	0.00%	15 Yrs.	5,749	3,285
- 107 Commercial	\$ 45,000	2001-2016	0.00%	15 Yrs.	8,250	3,000
- 107 Commercial	\$ 3,285	2004-2019	0.00%	15 Yrs.	1,113	219
- 102 Sunrise	\$ 45,000	2002-2017	0.00%	15 Yrs.	9,750	3,000
- 102 Sunrise	\$ 3,961	2009-2024	0.00%	15 Yrs.	2,773	264
- 102 Sunrise	\$ 20,832	2009-2024	0.00%	15 Yrs.	14,814	1,389
- 599 Walnut	\$ 45,000	2002-2017	0.00%	15 Yrs.	10,750	3,000
- 412 Market	\$ 48,600	2005-2020	0.00%	15 Yrs.	21,600	3,240
- 510 Rose Drive	\$ 91,612	2008-2023	0.00%	15 Yrs.	55,985	6,107
- 221 St. Ann's Lane	\$ 8,911	2009-2024	0.00%	15 Yrs.	6,287	594
- 221 St. Ann's Lane	\$ 2,388	2003-2018	0.00%	15 Yrs.	769	159
- 83 Circleview	\$ 118,889	2010-2025	0.00%	15 Yrs.	92,469	7,926
- 83 Circleview	\$ 14,997	2010-2025	0.00%	15 Yrs.	11,664	1,000
- 107 Commercial	\$ 34,727	2012-2027	0.00%	15 Yrs.	32,026	2,315
- 514 Carroll	\$ 72,750	2012-2027	0.00%	15 Yrs.	65,879	4,850
- 337 Arlington	\$ 27,300	2013-2028	0.00%	15 Yrs.	26,087	1,820
- 421 Market	\$ 96,400	2013-2028	0.00%	15 Yrs.	89,438	6,427
- 510 Rose Drive	\$ 20,950	2013-2028	0.00%	15 Yrs.	19,553	1,396
- 514 Carroll	\$ 25,950	2013-2028	0.00%	15 Yrs.	24,797	1,730
- 514 Carroll	\$ 25,450	2013-2028	0.00%	15 Yrs.	24,319	1,697
County NSP:						
- 214 Grandview	\$ 204,751	2010-2029	0.00%	20 Yrs.	174,039	10,238
- 146 Valleyview	\$ 103,270	2012-2027	0.00%	20 Yrs.	92,943	5,164
Gallia-Meigs NSP:						
- 603 Church	\$ 185,000	2011-2030	0.00%	20 Yrs.	166,500	9,250
Total Debt					\$ 3,211,881	\$ 282,972

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 10: **LONG-TERM DEBT** (Continued)

The following is a summary of the Authority's future debt service requirements for debt payable as of December 31, 2013:

<u>For the Year</u> <u>Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Payments</u>
2014	\$ 282,972	\$ 65,596	\$ 348,568
2015	154,234	60,494	214,728
2016	393,442	44,103	437,545
2017	118,494	40,105	158,599
2018	142,520	36,202	178,722
2019-2023	485,219	147,980	633,199
2024-2028	339,322	104,084	443,406
2029-2033	179,754	74,594	254,348
2034-2038	<u>1,115,924</u>	<u>28,263</u>	<u>1,144,187</u>
Totals	<u>\$ 3,211,881</u>	<u>\$ 601,421</u>	<u>\$ 3,813,302</u>

NOTE 11: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2013.

NOTE 12: **INTERPROGRAM RECEIVABLES/PAYABLES**

Interprogram balances at December 31, 2013, consists of the following receivables and payables:

	<u>Due From</u>	<u>Due To</u>
Business Activity	\$ 2,664	\$ 0
Low Rent Public Housing	<u>0</u>	<u>2,664</u>
Total	<u>\$ 2,664</u>	<u>\$ 2,664</u>

NOTE 13: **OPERATING TRANSFER**

The Authority had the following operating transfers in 2013:

	<u>Transfer From</u>	<u>Transfer To</u>
Capital Fund	\$ 53,727	\$ 0
Public Housing	<u>0</u>	<u>53,727</u>
Total	<u>\$ 53,727</u>	<u>\$ 53,727</u>

This transfer represents the Capital Fund Grant allocation to support operations as permitted by the Department of Housing and Urban Development regulations.

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

NOTE 14: **CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 15: **IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

For 2013, the Authority has implemented GASB No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1981 FASB and AICPA Pronouncements*.

The objective of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*, is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by the Authority.

The objective of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and the implementation of this statement did not result in any change in the Authority's financial statements.

**PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013**

Annual Contributions Contract C-5031

1. The total amount of modernization costs of the Capital Fund Program grants are shown below:

<u>OH16P06050110</u>	
Funds Approved	\$ 156,694
Funds Expended	<u>156,694</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

Funds Advanced	\$ 156,694
Funds Expended	<u>156,694</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

<u>OH16P06050111</u>	
Funds Approved	\$ 130,194
Funds Expended	<u>130,194</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

Funds Advanced	\$ 130,194
Funds Expended	<u>130,194</u>
Excess (Deficiency) of Funds Advanced	<u>\$ 0</u>

2. All modernization work in connection with the Capital Fund Program has been completed.
3. The entire actual modernization cost or liabilities incurred by the Authority have been full paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

PIKE METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2013

	Project Total	14,871 Housing Choice Vouchers	8 Other Federal Program 1	2 State /Local	1 Business Activities	14,256 Neighborhood Stabilization Program (Recovery Act Funded)	Subtotal	ELIM	Total
111 Cash - Unrestricted	35,209	54,474	-	1,967	101,681	-	193,331	-	193,331
113 Cash - Other Restricted	-	77,006	-	-	97,956	-	174,962	-	174,962
114 Cash - Tenant Security Deposits	14,932	-	-	805	18,364	-	34,101	-	34,101
100 Total Cash	50,141	131,480	-	2,772	218,001	-	402,394	-	402,394
126 Accounts Receivable - Tenants	6,207	-	-	570	1,856	-	8,633	-	8,633
126.1 Allowance for Doubtful Accounts -Tenants	-2,300	-	-	-	-389	-	-2,689	-	-2,689
120 Total Receivables, Net of Allowances for Doubtful Accounts	3,907	-	-	570	1,467	-	5,944	-	5,944
142 Prepaid Expenses and Other Assets	18,968	4,920	-	1,333	24,045	-	49,266	-	49,266
143 Inventories	26,014	-	-	-	-	-	26,014	-	26,014
143.1 Allowance for Obsolete Inventories	-100	-	-	-	-	-	-100	-	-100
144 Inter Program Due From	2,664	-	-	-	-	-	2,664	-2,664	-
150 Total Current Assets	101,594	136,400	-	4,675	243,513	-	486,182	-2,664	483,518
161 Land	615,223	-	-	37,500	482,113	-	1,134,836	-	1,134,836
162 Buildings	5,732,446	-	-	279,540	3,787,994	-	9,799,980	-	9,799,980
163 Furniture, Equipment & Machinery - Dwellings	128,528	-	-	-	-	-	128,528	-	128,528
164 Furniture, Equipment & Machinery - Administration	161,436	29,724	-	-	38,242	-	229,402	-	229,402
165 Leasehold Improvements	-	-	-	15,021	1,048,976	-	1,063,997	-	1,063,997
166 Accumulated Depreciation	-4,346,748	-22,902	-	-103,086	-1,539,068	-	-6,011,804	-	-6,011,804
167 Construction in Progress	34,845	-	-	-	-	-	34,845	-	34,845
160 Total Capital Assets, Net of Accumulated Depreciation	2,325,730	6,822	-	228,975	3,818,257	-	6,379,784	-	6,379,784
174 Other Assets	-	-	-	-	65,938	-	65,938	-	65,938
180 Total Non-Current Assets	2,325,730	6,822	-	228,975	3,884,215	-	6,445,742	-	6,445,742
190 Total Assets	2,427,324	143,222	-	233,650	4,127,728	-	6,931,924	-2,664	6,929,260
200 Deferred Outflow of Resources	-	-	-	-	-	-	-	-	-
290 Total Assets and Deferred Outflow of Resources	2,427,324	143,222	-	233,650	4,127,728	-	6,931,924	-2,664	6,929,260

PIKE METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2013

	Project Total	14,871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	14,256 Neighborhood Stabilization Program (Recovery Act Funded)	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	5,588	523	-	-	11,520	-	17,631	-	17,631
313 Accounts Payable >90 Days Past Due	-	-	-	128	-	-	128	-	128
321 Accrued Wage/Payroll Taxes Payable	8,417	5,132	-	-	-	-	13,549	-	13,549
322 Accrued Compensated Absences - Current Portion	19,137	9,659	-	-	-	-	28,836	-	28,836
333 Accounts Payable - Other Government	3,504	-	-	-	5,304	-	8,808	-	8,808
341 Tenant Security Deposits	14,932	-	-	805	18,364	-	34,101	-	34,101
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	131,608	151,364	-	282,972	-	282,972
347 Inter Program - Due To	-	-	-	-	2,664	-	2,664	-2,664	-
310 Total Current Liabilities	51,578	15,354	-	132,541	189,216	-	388,689	-2,664	386,025
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	2,928,909	-	2,928,909	-	2,928,909
354 Accrued Compensated Absences - Non Current	37,509	11,269	-	-	-	-	48,778	-	48,778
350 Total Non-Current Liabilities	37,509	11,269	-	-	2,928,909	-	2,977,687	-	2,977,687
300 Total Liabilities	89,087	26,623	-	132,541	3,118,125	-	3,366,376	-2,664	3,363,712
400 Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-
508.4 Net Investment in Capital Assets	2,325,730	6,822	-	97,366	737,983	-	3,167,901	-	3,167,901
511.4 Restricted Net Position	-	77,006	-	-	97,956	-	174,962	-	174,962
512.4 Unrestricted Net Position	12,507	32,771	-	3,743	173,664	-	222,685	-	222,685
513 Total Equity - Net Assets / Position	2,338,237	116,599	-	101,109	1,009,603	-	3,565,548	-	3,565,548
600 Total Liab., Def Inflow of Res., and Equity - Net Assets / Position	2,427,324	143,222	-	233,650	4,127,728	-	6,931,924	-2,664	6,929,260

PIKE METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2013

	Project Total	14,871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	14,256 Neighborhood Stabilization Program (Recovery Act Funded)	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	93,927	-	-	23,245	303,757	-	420,929	-	420,929
70400 Tenant Revenue - Other	5,846	-	-	180	1,360	-	7,386	-	7,386
70500 Total Tenant Revenue	99,773	-	-	23,425	305,117	-	428,315	-	428,315
70800 HUD PHA Operating Grants	356,012	2,266,128	-	-	-	-	2,622,140	-	2,622,140
70610 Capital Grants	135,702	-	-	-	-	-	135,702	-	135,702
70800 Other Government Grants	-	-	80,556	-	-	-	80,556	-	80,556
71100 Investment Income - Unrestricted	-	13	-	1	-	-	14	-	14
71200 Mortgage Interest Income	-	-	-	-	19	-	19	-	19
71400 Fraud Recovery	-	62	-	-	-	-	62	-	62
71500 Other Revenue	19,911	764	-	-	135,449	-	156,124	-	156,124
71600 Gain or Loss on Sale of Capital Assets	200	-	-	-	2,938	-	3,138	-	3,138
72000 Investment Income - Restricted	18	27	-	-	35	-	80	-	80
70000 Total Revenue	611,616	2,266,994	80,556	23,426	443,558	-	3,426,150	-	3,426,150
91100 Administrative Salaries	131,705	134,947	-	146	17,843	-	284,641	-	284,641
91200 Auditing Fees	2,630	3,000	-	750	5,500	-	11,880	-	11,880
91500 Employee Benefit Contributions - Administrative	63,959	56,759	-	25	8,527	-	129,270	-	129,270
91600 Office Expenses	25,829	35,627	-	539	33,672	-	95,667	-	95,667
91000 Total Operating - Administrative	224,123	230,333	-	1,460	65,542	-	521,458	-	521,458
93100 Water	42,625	-	-	1,360	41,403	-	85,388	-	85,388
93200 Electricity	11,704	-	-	-	24,871	-	36,575	-	36,575
93300 Gas	4,562	-	-	-	1,622	-	6,184	-	6,184
93000 Total Utilities	58,891	-	-	1,360	67,896	-	128,147	-	128,147
94100 Ordinary Maintenance and Operations - Labor	128,121	-	-	3,147	40,870	-	172,138	-	172,138
94200 Ordinary Maintenance and Operations - Materials and Other	24,635	-	-	1,446	29,409	-	55,490	-	55,490
94300 Ordinary Maintenance and Operations Contracts	6,940	-	-	2,336	35,902	-	45,178	-	45,178
94500 Employee Benefit Contributions - Ordinary Maintenance	55,286	-	-	2,185	20,082	-	77,553	-	77,553
94000 Total Maintenance	214,982	-	-	9,114	126,263	-	350,359	-	350,359
96110 Property Insurance	22,738	-	-	1,127	21,512	-	45,377	-	45,377
96100 Total Insurance Premiums	22,738	-	-	1,127	21,512	-	45,377	-	45,377

PIKE METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE YEAR ENDED DECEMBER 31, 2013

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	Subtotal	ELIM	Total
96110 Property Insurance	22,738	-	-	1,127	21,512	-	45,377	-	45,377
96100 Total Insurance Premiums	22,738	-	-	1,127	21,512	-	45,377	-	45,377
96300 Payments in Lieu of Taxes	3,504	-	-	-	5,383	-	8,887	-	8,887
96400 Bad Debt - Tenant/Rents	3,724	-	-	-	-	-	3,724	-	3,724
96000 Total Other General Expenses	7,228	-	-	-	5,383	-	12,611	-	12,611
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	6,027	67,818	-	73,845	-	73,845
96700 Total Interest Expense and Amortization Cost	-	-	-	6,027	67,818	-	73,845	-	73,845
96900 Total Operating Expenses	527,962	230,333	-	19,088	354,414	-	1,131,797	-	1,131,797
97000 Excess of Operating Revenue over Operating Expenses	83,654	2,036,661	80,556	4,338	89,144	-	2,294,353	-	2,294,353
97300 Housing Assistance Payments	-	2,115,664	-	-	-	-	2,115,664	-	2,115,664
97350 HAP Portability-In	-	553	-	-	-	-	553	-	553
97400 Depreciation Expense	207,368	4,441	-	11,105	204,747	-	427,661	-	427,661
99000 Total Expenses	735,330	2,350,991	-	30,193	559,161	-	3,675,675	-	3,675,675
10010 Operating Transfer In	53,727	-	-	-	80,556	-	134,283	-	134,283
10020 Operating transfer Out	-53,727	-	-80,556	-	-	-	-134,283	-	-134,283
10100 Total Other financing Sources (Uses)	-	-	-80,556	-	80,556	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-123,714	-83,997	-	-6,767	-35,047	-	-249,525	-	-249,525
11020 Required Annual Debt Principal Payments	-	-	-	4,200	145,711	-	149,911	-	149,911
11030 Beginning Equity	2,461,951	200,596	-	107,876	1,033,145	11,505	3,815,073	-	3,815,073
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	11,505	-11,505	-	-	-
11170 Administrative Fee Equity	-	39,593	-	-	-	-	39,593	-	39,593
11180 Housing Assistance Payments Equity	-	77,006	-	-	-	-	77,006	-	77,006
11190 Unit Months Available	1,164	6,300	-	48	852	-	8,364	-	8,364
11210 Number of Unit Months Leased	1,087	5,806	-	47	829	-	7,769	-	7,769

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

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
<u>Public Housing Programs</u>		
Low Rent Public Housing Program	14.850	\$ 292,285
Capital Fund Program	14.872	<u>199,429</u>
Total Public Housing Programs		<u>491,714</u>
<u>Section 8 Tenant Based Programs</u>		
Section 8 Housing Choice Voucher Program	14.871	<u>2,266,128</u>
Total Section 8 Tenant Based Programs		<u>2,266,128</u>
Total U.S. Department of Housing and Urban Development		<u>2,757,842</u>
<u>U.S. Department of Agriculture</u>		
Rural Rental Housing Loan Subsidy	10.415	<u>80,556</u>
Total U.S. Department of Agriculture		<u>80,556</u>
Total Federal Expenditures		<u>\$ 2,838,398</u>

This schedule is prepared on the accrual basis of accounting.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
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Garfield Hts., Ohio 44125

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Ohio Society of Certified Public Accountants

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

Board of Directors
Pike Metropolitan Housing
Piketon, Ohio

Regional Inspector General for Audit
Department of Housing and Urban
Development

We have audited, in accordance with the 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, the financial statements of the Pike Metropolitan Housing Authority, 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 and have issued our report thereon dated April 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka,
CPA, President

Digitally signed by James G. Zupka, CPA,
President
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o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2014.04.30 14:28:38 -04'00'

James G. Zupka, CPA, Inc.
Certified Public Accountants

April 11, 2014

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
Pike Metropolitan Housing Authority
Piketon, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Pike Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2013. Pike Metropolitan Housing Authority, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Pike Metropolitan Housing Authority, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Pike Metropolitan Housing Authority, Ohio's compliance.

Opinion on Each Major Federal Program

In our opinion, the Pike Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, Digitally signed by James G. Zupka, CPA, President
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Date: 2014.04.30 14:29:10 -0400
CPA, President

James G. Zupka CPA, Inc.
Certified Public Accountants

April 11, 2014

**PIKE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
DECEMBER 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2013(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2013(v)	Type of Major Programs' Compliance Opinion	Unmodified
2013(vi)	Are there any reportable findings under .510(a)	No
2013(vii)	Major Programs (list): Housing Choice Voucher Program - CFDA #14.871	
2013(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
2013(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**PIKE METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013**

The prior audit report, as of December 31, 2012, included no findings.

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Dave Yost • Auditor of State

PIKE METROPOLITAN HOUSING AUTHORITY

PIKE 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 10, 2014**