

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569



**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
Single Audit
For the Year Ended December 31, 2014**

www.perrycpas.com

...“bringing more to the table”

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



Dave Yost • Auditor of State

Board of Commissioners
Hocking Metropolitan Housing Authority
33601 Pine Ridge Drive
Logan, Ohio 43138

We have reviewed the *Independent Auditor's Report* of the Hocking Metropolitan Housing Authority, Hocking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2014. 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 Hocking 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

August 7, 2015

This page intentionally left blank.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Statement of Net Position	12
Statement of Revenues, Expenses and Changes in Net Position.....	13
Statement of Cash Flows.....	14
Notes to the Basic Financial Statements	15
Supplemental Financial Data:	
Actual Modernization Cost Certificate	28
FDS Schedule	29
Schedule of Federal Awards Expenditures.....	33
Notes to the Schedule of Federal Awards Expenditures	34
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	35
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	37
Schedule of Audit Findings - OMB Circular A -133 § .505.....	39

This page intentionally left blank.



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569

INDEPENDENT AUDITOR'S REPORT

June 30, 2015

Hocking Metropolitan Housing Authority
Hocking County
33601 Pine Ridge Drive
Logan, Ohio 43138

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Hocking Metropolitan Housing Authority**, Hocking County, Ohio (the Authority), as of and for the year ended December 31, 2014, 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 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.

... "bringing more to the table"

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll
Litigation Support - Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •

Auditor's Responsibility (Continued)

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 Hocking Metropolitan Housing Authority, Hocking County, as of December 31, 2014, and the changes in its financial position and its cash flows, thereof 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 actual modernization cost certificate presented on page 28 and the supplemental financial data schedules presented on pages 29 through 32 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements.

The schedule of federal awards expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 this 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, these 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 June 30, 2015, 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014**

Unaudited

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

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

FINANCIAL HIGHLIGHTS

- Net position were \$4,460,682 and \$4,546,896 for 2014 and 2013, respectively. The Authority-wide statements reflect a decrease in total net position of \$86,214 (or 1.9%), during 2014. This decrease is reflective of the year's activities.
- The revenues increased by \$228,346 (or 8.2%) during 2014, and were \$2,994,826 and \$2,766,480 for 2014 and 2013, respectively.
- The total expenses of all Authority programs increased by \$228,914 (or 8.0%) during 2014. Total expenses were \$3,081,040 and \$2,852,126 for 2014 and 2013, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

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 Financial Statements ~

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, equals "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".

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014**

Unaudited

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

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 borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: 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: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted". This account resembles the old operating reserves account.

The basic 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 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-capital financing activities, investing activities, and from capital and related financing activities.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The Department of Housing and Urban Development requires the programs be maintained by the Authority.

The Authority's Programs

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income.

The Authority is a partner in a mixed income public housing project. 15 units of the 72 unit apartment project are subject to the public housing program rules. Project receives no operating subsidy, but does receive maintenance and operating funding through the Capital Grant Program.

The Authority entered into and financed a \$1.4 million dollar Energy Performance Contract. The project will provide energy retrofits to all of the public housing units. The financing closed in October of 2013. The resulting savings in energy costs will be used to pay the financing costs.

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014**

Unaudited

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

The Authority has an approved CFFP program which provided Capital Grant funding to the mixed finance Public Housing Project. CFFP will provide payment of debt service for a maximum period of 20 years.

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

Shelter Plus Care Program – Hocking Metropolitan Housing Authority was awarded a Shelter Plus Care Grant in June of 2006. The Shelter Plus Care Program provides rental assistance to disabled individuals that have been identified as homeless. HMHA provides housing services in cooperation with other community service agencies that provide case management services. HUD changed the format of this program to a one-year annual contract.

A second one year renewal was granted for the period of July, 2013 – June 2014. The Authority will continue to apply annually to renew this program.

Other Business (HMHA Rentals) – Hocking Metropolitan Housing Authority operates several other business activities not related to the major federal housing programs. At present the Authority owns 29 open market apartments. Five of these units have preferences for individuals with mental health issues. These units were purchased and rehabilitated with matching funds from ODMA and a tax-exempt mortgage. Some of the units are rented to voucher holders. The Authority also provides lead inspection and clearance services to other PHA's and non-profit organizations. The Authority also performs property management and maintenance services to other community agencies servicing special needs populations. Properties developed under this program are developed to be available to low and moderate-income families. The rent does not exceed 30% of income for families at 50% of median income for Hocking County.

The Authority retained a receivable from Hocking Housing Management, Inc. This was for funding advanced for the American Dream program operating by HHM. Hocking Metropolitan Housing is accruing interest on this account. As the contractor that owed the original note to Hocking Housing Management has successfully filed for bankruptcy, it has become doubtful that HHM will be able to repay this debt. HMHA began to write off this debt as uncollectible in 2010 and the remainder was written off in 2013.

Hocking County Development Disabilities Board - The Authority entered into contract to serve as the Hocking County Disability Housing Provider. This project included the maintenance and property management of the six homes in Hocking County that serve as housing for Developmentally Disabled Adults. The project includes all aspects of housing management and maintenance. It is funded from rent collection and subsidy received from the Hocking Development Disabilities Board. HMHA first entered into a maintenance services contract starting in January of 2013, and this was converted to a full property management contract in July 2013. The six properties in the project are owned by Vinton Count Metropolitan Housing Authority. It is anticipated that the ownership of the property will transfer to HMHA in either 2014 or 2015. The value of this contract is estimated at \$88,000 per year.

Fairfield County Development Disability Board – The Authority entered into a contract to serve as the Fairfield County Development Disability Board's housing provider in April of 2013 and completed the transfer of responsibilities in November of 2013. As part of this transition, the Authority purchased 10 homes from Fairfield Affordable housing as part of a 17 property acquisition for \$738,000. The Authority began billing and receiving payments under this contract in December of 2013. The annual revenue for this contract is estimated at \$130,000 per year.

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014**

Unaudited

AUTHORITY-WIDE STATEMENT

Statement of Net Position

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

Unaudited

**TABLE 1
STATEMENT OF NET POSITION**

	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 707,548	\$ 918,248
Capital Assets	5,796,508	5,707,403
Notes, Loans & Mortgages receivable - Non Current	<u>1,778,913</u>	<u>1,714,513</u>
Total Assets	<u>\$ 8,282,969</u>	<u>\$ 8,340,164</u>
Current Liabilities	\$ 531,512	\$ 354,341
Long-Term Liabilities	<u>3,290,775</u>	<u>3,438,927</u>
Total Liabilities	<u>3,822,287</u>	<u>3,793,268</u>
Net Position:		
Net Investment in Capital Assets	3,345,765	3,165,391
Restricted	1,084	461
Unrestricted	<u>1,113,833</u>	<u>1,381,044</u>
Total Net Position	<u>4,460,682</u>	<u>4,546,896</u>
Total Liabilities and Net Position	<u>\$ 8,282,969</u>	<u>\$ 8,340,164</u>

For more detailed information see the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

The major decrease in current and other assets is the use of the energy performance cash for expenses of the project. Capital Assets detail presented later in the MDA, increase is mainly due to the energy performance costs that are capitalized by the Authority. The long term liabilities are decreased because of payment of debt. The current liabilities include unearned revenue of \$130,300 for the recovery house project and acquisition and the funds were received from the 317 Board.

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014**

Unaudited

TABLE 2

CHANGE OF NET POSITION

Table 2 presents details on the change in Net Position:

	Unrestricted	Restricted	Net Investment in Capital Assets
Beginning Balance - January 1, 2014	\$ 1,381,044	\$ 461	\$ 3,165,391
Results of Operation	(86,214)	-	-
Adjustments:			
Current Year Depreciation Expense	278,732	-	(278,732)
Capital Expenditures and CIP	(367,837)	-	367,837
Current year debt repayment	(91,269)	-	91,269
Transfer to Restricted HAP	(623)	623	-
Ending Balance - December 31, 2014	<u>\$ 1,113,833</u>	<u>\$ 1,084</u>	<u>\$ 3,345,765</u>

Loan repayments not considered capital-related debt was \$35,290.

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

TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	2014	2013
Revenues		
Total Tenant Revenues	\$ 715,983	\$ 547,497
Operating Subsidies	1,988,364	1,979,670
Capital Grants	23,352	95,594
Investment Income	65,340	65,848
Other Revenues	201,787	77,871
Total Revenues	\$ 2,994,826	\$ 2,766,480

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014**

Unaudited

TABLE 3 (CONTINUED)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)

	<u>2014</u>	<u>2013</u>
<u>Expenses</u>		
Administrative	\$ 544,065	\$ 524,048
Tenant Services	2,029	2,547
Utilities	211,430	197,834
Maintenance	479,443	339,403
General and Interest Expenses	241,740	171,876
Housing Assistance Payments	1,323,601	1,348,326
Depreciation	<u>278,732</u>	<u>268,092</u>
Total Expenses	<u>3,081,040</u>	<u>2,852,126</u>
Net Increases (Decreases)	<u>\$ (86,214)</u>	<u>\$ (85,646)</u>

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Position

The other revenue is up in 2014 as a result of funds received from Hocking and Fairfield County DD Boards. There were no major factors that affected the Statement of Revenues, Expenses, and Changes in Net Position.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$5,796,508 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of \$89,105, from the end of last year.

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014**

Unaudited

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

The following reconciliation summarizes the change in Capital Assets.

	<u>2014</u>	<u>2013</u>
Land and Land Rights	\$ 1,157,304	\$ 1,157,304
Buildings	11,251,548	10,897,041
Equipment	166,079	169,694
Leasehold Improvement	1,469,351	1,469,351
Construction in Progress	16,896	9,696
Accumulated Depreciation	<u>(8,264,670)</u>	<u>(7,995,683)</u>
 Total	 <u>\$ 5,796,508</u>	 <u>\$ 5,707,403</u>

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - January 1, 2014	\$	5,707,403
Current Year Changes		367,837
Current Year Depreciation Expense		<u>(278,732)</u>
Ending Balance - December 31, 2013	\$	<u>5,796,508</u>
 Current Year Additions are summarized as follows:		
Energy Performance additions- Senior and Family Projects		336,952
Construction in Progress		7,200
Capital Fund additions		23,685
Total 2013 Additions	\$	<u>367,837</u>

Debt Administration

The following is the debt activity during 2014:

Beginning Balance - January 1, 2014	\$	3,539,690
Current Year Loan Retirements		<u>(126,559)</u>
Ending Balance - December 31, 2014	\$	<u>3,413,131</u>

Loan repayments not considered capital-related debt was \$35,290.

**HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014**

Unaudited

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding 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

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Nathan Blatchley, Executive Director of the Hocking Metropolitan Housing Authority at (740) 385-3883.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2014**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 361,200
Restricted Cash and Cash Equivalents	68,616
Investments	50,871
Receivables, Net	153,208
Inventories, Net	20,234
Prepaid Expenses and Other Assets	53,419
Total Current Assets	<u>707,548</u>

Noncurrent Assets:

Capital Assets:	
Nondepreciable Capital Assets	1,174,200
Depreciable Capital Assets, Net of Accumulated Depreciation	4,622,308
Total Capital Assets	<u>5,796,508</u>
Other Noncurrent Assets	1,778,913
Total Noncurrent Assets	<u>7,575,421</u>

Total Assets	<u>\$ 8,282,969</u>
---------------------	---------------------

Liabilities

Current Liabilities:

Accounts Payable	\$ 47,611
Accrued Liabilities	38,508
Accrued Compensated Absences - Current Portion	17,511
Intergovernmental Payable	51,972
Tenant Security Deposits	48,565
Unearned Revenues	177,067
Bonds, Notes, and Loans Payable - Current Portion	150,278
Total Current Liabilities	<u>531,512</u>

Long Term Liabilities:

Bonds, Notes, and Loans Payable	3,262,853
Accrued Compensated Absences	8,955
Other Long Term Liabilities	18,967
Total Long Term Liabilities	<u>3,290,775</u>

Total Liabilities	<u>3,822,287</u>
--------------------------	------------------

Net Position:

Net Investment In Capital Assets	3,345,765
Restricted	1,084
Unrestricted	1,113,833
Total Net Position	<u>4,460,682</u>

Total Net Position	<u>4,460,682</u>
---------------------------	------------------

Total Liabilities and Net Position	<u>\$ 8,282,969</u>
---	---------------------

See accompanying notes to the basic financial statements.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014**

Operating Revenues:	
Tenant Revenue	\$ 715,983
Government Operating Grants	1,988,364
Other Revenue	201,123
Total Operating Revenues	<u>2,905,470</u>
Operating Expenses:	
Administrative	544,065
Tenant Services	2,029
Utilities	211,430
Maintenance	479,443
Insurance	48,185
General	75,875
Housing Assistance Payments	1,323,601
Depreciation	278,732
Total Operating Expenses	<u>2,963,360</u>
Operating Income/(Loss)	(57,890)
Other Non-Operating Revenues/(Expenses):	
HUD Capital Grants	23,352
Gain on disposition of Capital Assets	664
Interest and Investment Revenue	65,340
Interest Expense	(117,680)
Total Other Non-Operating Revenues/(Expenses)	<u>(28,324)</u>
Change in Net Position	(86,214)
Net Position, Beginning of the Year	<u>4,546,896</u>
Net Position, End of Year	<u>\$ 4,460,682</u>

See accompanying notes to the basic financial statements.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tenant Revenue Received	\$ 749,732
Operating Grants Received	2,138,166
Other Revenue Received	201,123
General and Administrative Expenses Paid	(1,354,776)
Housing Assistance Payments	(1,323,601)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	410,644
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Earned	1,273
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,273
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Debt Principal Payment	(126,559)
Proceeds on sale of Capital assets	664
Capital Grant Funds Received	23,352
Capital Assets Purchased	(367,837)
Interest Paid on Debt	(117,680)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(588,060)
Net Increase (Decrease) in Cash and Cash Equivalents	(176,143)
Cash and Cash Equivalents at Beginning of Year	605,959
Cash and Cash Equivalents at End of Year	\$ 429,816
 RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Net Operating Income (Loss)	\$ (57,890)
Adjustments:	
Depreciation	278,732
(Increase) Decrease in :	
Receivables, Net	26,945
Inventories, Net	(3,027)
Prepaid Expenses and Other Assets	10,636
Increase (Decrease) in:	
Accounts Payable	1,584
Accrued Liabilities	(8,401)
Intergovernmental Payable	5,255
Tenant Security Deposits	6,804
Unearned Revenue	144,547
Accrued Compensated Absences	1,452
Other Long Term Liabilities	4,007
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 410,644

See accompanying notes to the basic financial statements.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Hocking Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (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. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Hocking Metropolitan Housing Authority was created under 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 subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying Basic Financial Statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, 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 the 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 government 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. A 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.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD 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.

Basis of Presentation

The Authority's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes net position, and a statement of cash flows.

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

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, expenditures and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Description of Programs

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

A. Conventional Public Housing (PH)

Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income.

B. Capital Fund Program (CFP)

This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- C. Housing Choice Voucher Program (HCVP)
Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Authority subsidizes the balance.
- D. Shelter Plus Care Program
Hocking Metropolitan Housing Authority was awarded a Shelter Plus Care Grant in June of 2006. The Shelter Plus Care Program provides rental assistance to disabled individuals that have been identified as homeless. The Authority provides housing services in cooperation with other community service agencies that provide case management services.
- E. Other Business (O'Neill)
Hocking Metropolitan Housing Authority operates several other business activities not related to the major federal housing programs. At present the Authority owns 15 open market apartments. Some of the units are rented to voucher holders. The Authority also provides lead inspection and clearance services to other PHA's and non-profit organizations. The Authority also performs property management services to other community agencies servicing special needs populations. Properties developed under this program are developed to be available to low and moderate-income families. The rent does not exceed 30% of income for families at 50% of median income for Hocking County. The Authority homeownership and home development for sale is also included in this activity.
- F. State/Local (Ohio Housing Finance Agency)
The Authority was awarded a grant from the Ohio Housing Finance Agency to provide homeownership counseling and down payment assistance using Individual Development Accounts. Initial grant is for 3-year period in the amount of \$85,000. The Authority has assisted several households with this program. The Authority has billed OHFA for administrative services for managing the homeownership cases. The Authority has a small amount of funds on hand held in a segregated account at Century Bank for this program. Due to the changing real estate market and changes of staff, the Authority does not expect to full utilize the total grant funds available.
- G. Youth Build
The Authority partnered with Sojourners Care Network of Vinton County to operate a Youth Build program. The purpose of the program is to assist high school drop-outs between the age of 16 and 26 complete their GED and learn construction trades. Sojourners Care Network was responsible for all training aspects of the project. They received their funding from HUD. The Authority was responsible for obtaining the land, providing all of the construction materials and marketing the home upon its completion. The Authority obtained a 2-year interest only construction loan from Chase Bank. Construction began on the home in June of 2011. The home was completed in September of 2012.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

H. Other (Help Me Grow)

The Authority has sought other resources in order to provide social services to their residents. The Authority has assumed administrative responsibility for the Help Me Grow program. Help Me Grow is a State of Ohio program targeted to coordinate services for families with at risk children under the age of 3. Program is funded from TANF, Medicaid Part C and State of Ohio General Revenue Funds. This program is to be the springboard for the development of a complete social service program for all of the Authority's clients.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2014 totaled \$65,340.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$5,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Buildings Improvements	15 years
Furniture, Equipment and Machinery	3-7 years

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 balance 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 restriction.

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

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.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 absence accrual amount.

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

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

The following is a summary of changes in compensated absence liability:

	Balance 12/31/13	Increase	Decrease	Balance 12/31/14	Due Within a Year
Total Compensated Absence Liability	\$25,014	\$24,829	(\$23,377)	\$26,466	\$17,511

Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 2: 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 withdrawal 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 period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the 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 certificate 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 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 Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year-end December 31, 2014, the carrying amount of the Authority's deposits totaled \$480,687 and its bank balance was \$517,631. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2014, \$0 was exposed to custodial risk as discussed below.

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% 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.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name.

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

NOTE 3: RESTRICTED CASH

Restricted cash balances as of December 31, 2014 of \$68,616 represents the following:

	Cash
- Tenant security deposits	\$48,565
- FSS Tenants (\$18,967) and HUD NRA (\$1,084)	20,051
Total	\$68,616

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 4: CAPITAL ASSETS

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
Capital Assets Not Depreciated:				
Land	\$ 1,157,304	\$ -	\$ -	\$ 1,157,304
Construction in Progress	9,696	7,200	-	16,896
Total Capital Assets not Depreciated	1,167,000	7,200	-	1,174,200
Capital Assets Being Depreciated:				
Buildings	10,897,041	354,507	-	11,251,548
Leasehold Improvements	1,469,351	-	-	1,469,351
Furniture and Equipment	169,694	6,130	(9,745)	166,079
Total Capital Assets Being Depreciated	12,536,086	360,637	(9,745)	12,886,978
Accumulated Depreciation:				
Buildings	(6,472,740)	(251,665)	-	(6,724,405)
Leasehold Improvements	(1,388,584)	(19,163)	-	(1,407,747)
Furniture and Equipment	(134,359)	(7,904)	9,745	(132,518)
Total Accumulated Depreciation	(7,995,683)	(278,732)	9,745	(8,264,670)
Total Capital Assets Being Depreciation, Net	4,540,403	81,905	-	4,622,308
Total Capital Assets, Net	\$ 5,707,403	\$ 89,105	\$ -	\$ 5,796,508

NOTE 5: DEFINED BENEFIT PENSION PLANS

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.

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

NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits 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 provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer rates were consistent across all three plans. The 2014 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's contribution for the years ended December 31, 2014, 2013 and 2012 were \$49,785, \$45,362 and \$45,465, respectively. All required payments of contributions have been made through December 31, 2014. All required contributions for the two previous years have been paid.

NOTE 6: POSTEMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (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 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 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614)222-5601 or 1-800-222-7377.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 6: POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Active members do not make contribution 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 the post-employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 2.0 percent during calendar year 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for payment of a portion of the health care benefits provided, 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, 2014, 2013, and 2012, which were used to fund post-employment benefits were \$7,125, \$3,240 and \$12,704 respectively.

The Health Care Prevention Plan (HCPP) adopted by the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Members and employers contribution rates increased January 1 of each year from 2006 to 2008. These rates increased allowed additional funds to be allocated to the health care plan.

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 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.

NOTE 7: 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 fiscal year ending December 31, 2014 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 8: LONG-TERM DEBT

Hocking Metropolitan Housing Authority has several outstanding mortgages as of December 31, 2014. These loans were obtained to purchase property with the Board Funds and also to obtain an interest in the Pine Ridge Development to lease some of the units to public housing tenants.

	<u>ORIGINAL LOAN BALANCE</u>	<u>INTEREST RATE</u>	<u>LIFE OF LOAN</u>	<u>12/31/14 BALANCE</u>
CHASE:				
O'Neal Loan	\$ 140,000	3.25%	15 years	\$ 34,172
Pine Ridge Loan	900,000	6.86%	20 years	674,391
Walnut Street Property	121,890	4.60%	20 years	98,597
Mental Health Property	100,000	0.00%	40 years	100,000
Olds McCarthur Property	31,128	7.75%	5 years	29,846
PNC:				
Orchard Street Property	40,000	7.74%	20 years	30,141
4 th Street Property	40,000	7.74%	20 years	30,141
FCN:				
Energy Performance	1,416,383	4.69%	15 years	1,380,813
VINTON COUNTY BANK:				
Youthbuild, HMHA Rentals	728,000	2.75%	20 years	693,411
HOCKING VALLEY BANK:				
3rd Street Property	60,000	5.00%	1 year	49,649
Pine Ridge	288,000	0.00%	15 years	288,000
CITY OF LOGAN:	\$ 55,000	0.00%	15 years	3,964
Total Outstanding Mortgages:				<u>3,413,131</u>
Less: Current Portion				<u>150,278</u>
Total Non-Current Mortgage Payable				<u><u>\$ 3,262,853</u></u>

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)**

NOTE 8: LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in long-term debt for the year ended December 31, 2013:

DESCRIPTION		BALANCE 12/31/13	ISSUED	RETIRED	BALANCE 12/31/14	DUE WITHIN A YEAR
Mortgage	Loan	\$3,539,690		(\$126,559)	\$3,413,131	\$150,278
Payable						

Amortization of the Authority's principal balance outstanding are as follows:

<u>Mortgage Payable</u>			
<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 150,278	\$ 139,930	\$ 290,208
2016	156,257	132,824	289,081
2017	167,506	125,337	292,843
2018	169,098	117,237	286,335
2019	171,760	120,471	292,231
2020-2024	1,469,900	385,090	1,854,990
2025-2029	952,760	106,493	1,059,253
2030-2034	175,572	10,724	186,296
Total	\$ 3,413,131	\$ 1,138,106	\$ 4,551,237

NOTE 9: CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the Federal government. Grantors may require refunding any disallowed cost 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 recapture amounts would not have a material adverse effect on the overall financial position at December 31, 2014.

Litigations and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2014, the Authority had a health insurance settlement for OMERSA amounting to \$16,000 to \$50,000; the amount could not be reasonably determined.

Supplemental Financial Data

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
ACTUAL MODERNIZATION COST CERTIFICATE
FOR THE YEAR ENDED DECEMBER 31, 2014**

Modernization Project Number : OH-16-P032-501-12

Original Funds Approved:	\$ 184,116
Funds Disbursed:	\$ 184,116
Funds Expended (Actual Modernization Cost):	\$ 184,116
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

HOCKING METROPOLITAN HOUSING AUTHORITY

HOCKING COUNTY

FDS SCHEDULE

DECEMBER 31, 2014

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	State/Local	Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$154,017	\$23,033	\$0	\$1,074	\$24,670	\$158,406	\$361,200	\$0	\$361,200
113 Cash - Other Restricted	\$0	\$20,051	\$0	\$0	\$0	\$0	\$20,051	\$0	\$20,051
114 Cash - Tenant Security Deposits	\$38,508	\$0	\$0	\$0	\$10,057	\$0	\$48,565	\$0	\$48,565
100 Total Cash	\$192,525	\$43,084	\$0	\$1,074	\$34,727	\$158,406	\$429,816	\$0	\$429,816
122 Accounts Receivable - HUD Other Projects	\$23,339	\$0	\$432	\$0	\$0	\$0	\$23,771	\$0	\$23,771
124 Accounts Receivable - Other Government	\$0	\$0	\$2,102	\$738	\$0	\$13,053	\$15,893	\$0	\$15,893
125 Accounts Receivable - Miscellaneous	\$9,120	\$17	\$0	\$2,429	\$77,836	\$41	\$89,443	\$0	\$89,443
126 Accounts Receivable - Tenants	\$23,824	\$0	\$0	\$0	\$9,546	\$0	\$33,370	\$0	\$33,370
126.1 Allowance for Doubtful Accounts - Tenants	-\$9,700	\$0	\$0	\$0	\$0	\$0	-\$9,700	\$0	-\$9,700
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$21,124	\$1,174	\$0	\$0	\$0	\$22,298	\$0	\$22,298
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$21,124	-\$740	\$0	\$0	\$0	-\$21,864	\$0	-\$21,864
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$46,583	\$17	\$2,968	\$3,167	\$87,382	\$13,094	\$153,211	\$0	\$153,211
131 Investments - Unrestricted	\$20,000	\$0	\$0	\$0	\$15,000	\$15,871	\$50,871	\$0	\$50,871
142 Prepaid Expenses and Other Assets	\$25,297	\$1,492	\$0	\$0	\$24,646	\$1,984	\$53,419	\$0	\$53,419
143 Inventories	\$22,434	\$0	\$0	\$0	\$0	\$0	\$22,434	\$0	\$22,434
143.1 Allowance for Obsolete Inventories	-\$2,200	\$0	\$0	\$0	\$0	\$0	-\$2,200	\$0	-\$2,200
144 Inter Program Due From	\$238,506	\$6,792	\$4,241	\$0	\$1,776	\$61,052	\$312,367	-\$312,367	\$0
150 Total Current Assets	\$543,145	\$51,385	\$7,209	\$4,241	\$163,531	\$250,407	\$1,019,918	-\$312,367	\$707,551
161 Land	\$973,519	\$0	\$0	\$0	\$183,785	\$0	\$1,157,304	\$0	\$1,157,304
162 Buildings	\$10,035,466	\$0	\$0	\$0	\$1,196,408	\$19,674	\$11,251,548	\$0	\$11,251,548
163 Furniture, Equipment & Machinery - Dwellings	\$38,203	\$0	\$0	\$0	\$11,588	\$2,115	\$51,906	\$0	\$51,906
164 Furniture, Equipment & Machinery - Administration	\$27,791	\$20,378	\$0	\$0	\$0	\$66,000	\$114,169	\$0	\$114,169
165 Leasehold Improvements	\$1,459,634	\$0	\$0	\$0	\$9,717	\$0	\$1,469,351	\$0	\$1,469,351
166 Accumulated Depreciation	-\$7,896,922	-\$11,254	\$0	\$0	-\$288,755	-\$67,738	-\$8,264,669	\$0	-\$8,264,669
167 Construction in Progress	\$0	\$0	\$0	\$0	\$0	\$16,896	\$16,896	\$0	\$16,896
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,637,691	\$9,124	\$0	\$0	\$1,112,743	\$36,947	\$5,796,505	\$0	\$5,796,505
171 Notes, Loans and Mortgages Receivable - Non-Current	\$1,778,913	\$0	\$0	\$0	\$0	\$0	\$1,778,913	\$0	\$1,778,913
180 Total Non-Current Assets	\$6,416,604	\$9,124	\$0	\$0	\$1,112,743	\$36,947	\$7,575,418	\$0	\$7,575,418
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$6,959,749	\$60,509	\$7,209	\$4,241	\$1,276,274	\$287,354	\$8,595,336	-\$312,367	\$8,282,969

HOCKING METROPOLITAN HOUSING AUTHORITY

HOCKING COUNTY

FDS SCHEDULE

DECEMBER 31, 2014

	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	State/Local	Business Activities	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$31,228	\$1,824	\$0	\$0	\$9,860	\$4,699	\$47,611	\$0	\$47,611
321 Accrued Wage/Payroll Taxes Payable	\$4,929	\$2,154	\$0	\$0	\$765	\$5,239	\$13,087	\$0	\$13,087
322 Accrued Compensated Absences - Current Portion	\$9,031	\$1,702	\$356	\$0	\$3,379	\$3,043	\$17,511	\$0	\$17,511
333 Accounts Payable - Other Government	\$51,972	\$0	\$0	\$0	\$0	\$0	\$51,972	\$0	\$51,972
341 Tenant Security Deposits	\$38,508	\$0	\$0	\$0	\$10,057	\$0	\$48,565	\$0	\$48,565
342 Unearned Revenue	\$949	\$0	\$0	\$0	\$45,818	\$130,300	\$177,067	\$0	\$177,067
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$57,934	\$0	\$0	\$0	\$54,594	\$0	\$112,528	\$0	\$112,528
344 Current Portion of Long-term Debt - Operating Borrowings	\$37,750	\$0	\$0	\$0	\$0	\$0	\$37,750	\$0	\$37,750
346 Accrued Liabilities - Other	\$15,421	\$0	\$0	\$0	\$0	\$10,000	\$25,421	\$0	\$25,421
347 Inter Program - Due To	\$37,516	\$0	\$6,853	\$4,241	\$113,764	\$149,993	\$312,367	-\$312,367	\$0
310 Total Current Liabilities	\$285,238	\$5,680	\$7,209	\$4,241	\$238,237	\$303,274	\$843,879	-\$312,367	\$531,512
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,322,879	\$0	\$0	\$0	\$1,015,333	\$0	\$2,338,212	\$0	\$2,338,212
352 Long-term Debt, Net of Current - Operating Borrowings	\$924,641	\$0	\$0	\$0	\$0	\$0	\$924,641	\$0	\$924,641
353 Non-current Liabilities - Other	\$0	\$18,967	\$0	\$0	\$0	\$0	\$18,967	\$0	\$18,967
354 Accrued Compensated Absences - Non Current	\$7,070	\$0	\$0	\$0	\$0	\$1,885	\$8,955	\$0	\$8,955
350 Total Non-Current Liabilities	\$2,254,590	\$18,967	\$0	\$0	\$1,015,333	\$1,885	\$3,290,775	\$0	\$3,290,775
300 Total Liabilities	\$2,539,828	\$24,647	\$7,209	\$4,241	\$1,253,570	\$305,159	\$4,134,654	-\$312,367	\$3,822,287
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$3,256,878	\$9,124	\$0	\$0	\$42,816	\$36,947	\$3,345,765	\$0	\$3,345,765
511.4 Restricted Net Position	\$0	\$1,084	\$0	\$0	\$0	\$0	\$1,084	\$0	\$1,084
512.4 Unrestricted Net Position	\$1,163,043	\$25,654	\$0	\$0	-\$20,112	-\$54,752	\$1,113,833	\$0	\$1,113,833
513 Total Equity - Net Assets / Position	\$4,419,921	\$35,862	\$0	\$0	\$22,704	-\$17,805	\$4,460,682	\$0	\$4,460,682
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$6,959,749	\$60,509	\$7,209	\$4,241	\$1,276,274	\$287,354	\$8,595,336	-\$312,367	\$8,282,969
70300 Net Tenant Rental Revenue	\$391,154	\$0	\$0	\$0	\$297,033	\$0	\$688,187	\$0	\$688,187
70400 Tenant Revenue - Other	\$26,037	\$0	\$0	\$0	\$1,759	\$0	\$27,796	\$0	\$27,796
70500 Total Tenant Revenue	\$417,191	\$0	\$0	\$0	\$298,792	\$0	\$715,983	\$0	\$715,983
70600 HUD PHA Operating Grants	\$519,736	\$1,246,302	\$222,326	\$0	\$0	\$0	\$1,988,364	\$0	\$1,988,364
70610 Capital Grants	\$23,352	\$0	\$0	\$0	\$0	\$0	\$23,352	\$0	\$23,352
70710 Management Fee	\$0	\$0	\$0	\$0	\$0	\$154,049	\$154,049	-\$154,049	\$0
70720 Asset Management Fee	\$0	\$0	\$0	\$0	\$0	\$19,680	\$19,680	-\$19,680	\$0
70730 Book Keeping Fee	\$0	\$0	\$0	\$0	\$0	\$36,960	\$36,960	-\$36,960	\$0
70700 Total Fee Revenue	\$0	\$0	\$0	\$0	\$0	\$210,689	\$210,689	-\$210,689	\$0

HOCKING METROPOLITAN HOUSING AUTHORITY

HOCKING COUNTY

FDS SCHEDULE

DECEMBER 31, 2014

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	State/Local	Business Activities	COCC	Subtotal	ELIM	Total
70800 Other Government Grants	\$0	\$0	\$4,241	\$5,144	\$110,977	\$2,443	\$122,805	\$0	\$122,805
71100 Investment Income - Unrestricted	\$64,684	\$207	\$0	\$0	\$394	\$55	\$65,340	\$0	\$65,340
71400 Fraud Recovery	\$0	\$8,738	\$694	\$0	\$0	\$0	\$9,432	\$0	\$9,432
71500 Other Revenue	\$83,562	\$1,649	\$0	\$0	\$604	\$41,241	\$127,056	-\$58,170	\$68,886
71600 Gain or Loss on Sale of Capital Assets	\$0	\$664	\$0	\$0	\$0	\$0	\$664	\$0	\$664
70000 Total Revenue	\$1,108,525	\$1,257,560	\$227,261	\$5,144	\$410,767	\$254,428	\$3,263,685	-\$268,859	\$2,994,826
91100 Administrative Salaries	\$44,887	\$17,710	\$11,485	\$910	\$60,054	\$110,106	\$245,152	\$0	\$245,152
91200 Auditing Fees	\$3,401	\$4,930	\$0	\$0	\$1,483	\$936	\$10,750	\$0	\$10,750
91300 Management Fee	\$99,557	\$24,517	\$0	\$0	\$29,975	\$0	\$154,049	-\$154,049	\$0
91310 Book-keeping Fee	\$14,595	\$16,345	\$1,290	\$0	\$4,730	\$0	\$36,960	-\$36,960	\$0
91500 Employee Benefit contributions - Administrative	\$28,576	\$6,984	\$2,942	\$426	\$23,823	\$52,670	\$115,421	\$0	\$115,421
91600 Office Expenses	\$18,433	\$5,963	\$128	\$0	\$7,098	\$11,484	\$43,106	\$0	\$43,106
91700 Legal Expense	\$2,162	\$491	\$0	\$0	\$320	\$1,132	\$4,105	\$0	\$4,105
91800 Travel	\$8,050	\$4,661	\$0	\$0	\$307	\$3,210	\$16,228	\$0	\$16,228
91900 Other	\$62,275	\$22,296	\$319	\$0	\$6,135	\$18,278	\$109,303	\$0	\$109,303
91000 Total Operating - Administrative	\$281,936	\$103,897	\$16,164	\$1,336	\$133,925	\$197,816	\$735,074	-\$191,009	\$544,065
92000 Asset Management Fee	\$19,680	\$0	\$0	\$0	\$0	\$0	\$19,680	-\$19,680	\$0
92400 Tenant Services - Other	\$2,029	\$0	\$0	\$0	\$0	\$0	\$2,029	\$0	\$2,029
92500 Total Tenant Services	\$2,029	\$0	\$0	\$0	\$0	\$0	\$2,029	\$0	\$2,029
93100 Water	\$25,547	\$0	\$0	\$0	\$12,849	\$316	\$38,712	\$0	\$38,712
93200 Electricity	\$98,772	\$0	\$0	\$0	\$44,799	\$6,757	\$150,328	\$0	\$150,328
93300 Gas	\$5,931	\$0	\$0	\$0	\$13,579	\$0	\$19,510	\$0	\$19,510
93600 Sewer	\$2,880	\$0	\$0	\$0	\$0	\$0	\$2,880	\$0	\$2,880
93000 Total Utilities	\$133,130	\$0	\$0	\$0	\$71,227	\$7,073	\$211,430	\$0	\$211,430
94100 Ordinary Maintenance and Operations - Labor	\$72,467	\$0	\$0	\$0	\$20,956	\$0	\$93,423	\$0	\$93,423
94200 Ordinary Maintenance and Operations - Materials and Other	\$61,235	\$1,563	\$0	\$0	\$6,061	\$2,596	\$71,455	\$0	\$71,455
94300 Ordinary Maintenance and Operations Contracts	\$171,918	\$20,936	\$0	\$0	\$122,363	\$12,706	\$327,923	-\$58,170	\$269,753
94500 Employee Benefit Contributions - Ordinary Maintenance	\$44,812	\$0	\$0	\$0	\$0	\$0	\$44,812	\$0	\$44,812
94000 Total Maintenance	\$350,432	\$22,499	\$0	\$0	\$149,380	\$15,302	\$537,613	-\$58,170	\$479,443
96110 Property Insurance	\$25,092	\$0	\$0	\$0	\$8,404	\$6,552	\$40,048	\$0	\$40,048
96130 Workmen's Compensation	\$1,037	\$355	\$70	\$5	\$869	\$997	\$3,333	\$0	\$3,333
96140 All Other Insurance	\$0	\$4,804	\$0	\$0	\$0	\$0	\$4,804	\$0	\$4,804
96100 Total insurance Premiums	\$26,129	\$5,159	\$70	\$5	\$9,273	\$7,549	\$48,185	\$0	\$48,185
96200 Other General Expenses	\$0	\$0	\$0	\$0	\$6,705	\$0	\$6,705	\$0	\$6,705
96210 Compensated Absences	\$17,026	\$466	\$235	\$131	\$2,848	\$2,671	\$23,377	\$0	\$23,377
96300 Payments in Lieu of Taxes	\$25,802	\$0	\$0	\$0	\$0	\$0	\$25,802	\$0	\$25,802
96400 Bad debt - Tenant Rents	\$15,274	\$2,892	\$0	\$0	\$1,825	\$0	\$19,991	\$0	\$19,991
96000 Total Other General Expenses	\$58,102	\$3,358	\$235	\$131	\$11,378	\$2,671	\$75,875	\$0	\$75,875

HOCKING METROPOLITAN HOUSING AUTHORITY

HOCKING COUNTY

FDS SCHEDULE

DECEMBER 31, 2014

	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	State/Local	Business Activities	COCC	Subtotal	ELIM	Total
96710 Interest of Mortgage (or Bonds) Payable	\$85,237	\$0	\$0	\$0	\$32,443	\$0	\$117,680	\$0	\$117,680
96700 Total Interest Expense and Amortization Cost	\$85,237	\$0	\$0	\$0	\$32,443	\$0	\$117,680	\$0	\$117,680
96900 Total Operating Expenses	\$956,675	\$134,913	\$16,469	\$1,472	\$407,626	\$230,411	\$1,747,566	-\$268,859	\$1,478,707
97000 Excess of Operating Revenue over Operating Expenses	\$151,850	\$1,122,647	\$210,792	\$3,672	\$3,141	\$24,017	\$1,516,119	\$0	\$1,516,119
97300 Housing Assistance Payments	\$0	\$1,107,954	\$210,792	\$3,672	\$0	\$0	\$1,322,418	\$0	\$1,322,418
97350 HAP Portability-In	\$0	\$1,183	\$0	\$0	\$0	\$0	\$1,183	\$0	\$1,183
97400 Depreciation Expense	\$228,824	\$2,775	\$0	\$0	\$43,275	\$3,858	\$278,732	\$0	\$278,732
90000 Total Expenses	\$1,185,499	\$1,246,825	\$227,261	\$5,144	\$450,901	\$234,269	\$3,349,899	-\$268,859	\$3,081,040
10010 Operating Transfer In	\$0	\$0	\$0	\$0	\$0	\$21,657	\$21,657	\$0	\$21,657
10020 Operating transfer Out	-\$21,657	\$0	\$0	\$0	\$0	\$0	-\$21,657	\$0	-\$21,657
10093 Transfers between Program and Project - In	\$138,376	\$0	\$0	\$0	\$0	\$0	\$138,376	\$0	\$138,376
10094 Transfers between Project and Program - Out	-\$138,376	\$0	\$0	\$0	\$0	\$0	-\$138,376	\$0	-\$138,376
10100 Total Other financing Sources (Uses)	-\$21,657	\$0	\$0	\$0	\$0	\$21,657	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$98,631	\$10,735	\$0	\$0	-\$40,134	\$41,816	-\$86,214	\$0	-\$86,214
11020 Required Annual Debt Principal Payments	\$95,684	\$0	\$0	\$0	\$52,702	\$0	\$148,386	\$0	\$148,386
11030 Beginning Equity	\$4,518,552	\$25,127	\$0	\$0	\$62,838	-\$59,621	\$4,546,896	\$0	\$4,546,896
11170 Administrative Fee Equity	\$0	\$34,778	\$0	\$0	\$0	\$0	\$34,778	\$0	\$34,778
11180 Housing Assistance Payments Equity	\$0	\$1,084	\$0	\$0	\$0	\$0	\$1,084	\$0	\$1,084
11190 Unit Months Available	1968	3672	360	0	348	0	6348	0	6348
11210 Number of Unit Months Leased	1952	3269	360	0	348	0	5929	0	5929
11270 Excess Cash	\$138,743	\$0	\$0	\$0	\$0	\$0	\$138,743	\$0	\$138,743
11620 Building Purchases	\$23,352	\$0	\$0	\$0	\$0	\$0	\$23,352	\$0	\$23,352

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	2014 FEDERAL EXPENDITURES
<i>DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</i>		
Shelter Plus Care	14.238	\$ 222,326
Public and Indian Housing	14.850	358,871
Public Housing Capital Fund	14.872	184,217
Section 8 Housing Choice Vouchers	14.871	<u>1,246,302</u>
Total U.S. Department of Housing and Urban Development		<u>2,011,716</u>
TOTAL - FEDERAL AWARDS EXPENDITURES		<u><u>\$ 2,011,716</u></u>

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

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures, the “schedule,” is a summary of the activity of the Authority’s federal award programs. The schedule has been prepared on the accrual basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569

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

June 30, 2015

Hocking Metropolitan Housing Authority
Hocking County
33601 Pine Ridge Drive
Logan, Ohio 43138

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 **Hocking Metropolitan Housing Authority**, Hocking County, (the Authority) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 2015.

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.



...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll

Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •



Hocking Metropolitan Housing Authority
Hocking County
Independent Auditor's Report On Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

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
Certified Public Accountants, A.C.
Marietta, Ohio



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569

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

June 30, 2015

Hocking Metropolitan Housing Authority
Hocking County
33601 Pine Ridge Drive
Logan, Ohio 43138

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the **Hocking 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 Hocking Metropolitan Housing Authority's major federal program for the year ended December 31, 2014. The *Summary of Audit Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

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 the Authority's major federal program 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 program. However, our audit does not provide a legal determination of the Authority's compliance.



...“bringing more to the table”

Tax—Accounting—Audit—Review—Compilation—Agreed Upon Procedure—Consultation—Bookkeeping—Payroll
Litigation Support—Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
• Association of Certified Anti - Money Laundering Specialists •



Hocking Metropolitan Housing Authority
Hocking County
Independent Auditor's Report On Compliance With Requirements
Applicable To The Major Federal Program And On Internal Control
Over Compliance Required By OMB Circular A-133

Opinion on the Major Federal Program

In our opinion, the Hocking Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

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
Certified Public Accountants, A.C.
Marietta, Ohio

**HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY**

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 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 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(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #14.871: Section 8 Housing Choice Vouchers
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.



Dave Yost • Auditor of State

HOCKING METROPOLITAN HOUSING AUTHORITY

HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 20, 2015**