

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
Regular Audit
For the Year Ended September 30, 2013**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Meigs Metropolitan Housing Authority, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period October 1, 2012 through September 30, 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 Meigs 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

March 20, 2014

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**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

January 30, 2014

Meigs Metropolitan Housing Authority
Meigs County
117 East Memorial Drive
Pomeroy, Ohio 45769

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Meigs Metropolitan Housing Authority**, Meigs County, Ohio (the Authority), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Meigs Metropolitan Housing Authority, Meigs County, Ohio, as of September 30, 2013, 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 Financial Data Schedule is presented on pages 20 and 21 and is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The Financial Data Schedule is management's responsibility and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the Financial Data Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Financial Data Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule is 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 January 30, 2014 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,



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

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2013
MANAGEMENT’S DISCUSSION AND ANALYSIS
Unaudited**

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

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

FINANCIAL HIGHLIGHTS

- Total revenues increased by \$66,471 (or 14%) during 2013, and were \$556,654 and \$490,183 for 2013 and 2012, respectively.
- Total operating expenses decreased by \$88,258 (or 15%) during 2013, and were \$518,559 and \$606,817 for 2013 and 2012, respectively.

USING THIS ANNUAL REPORT

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

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

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

MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2013
MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited

BASIC FINANCIAL STATEMENTS

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

These statements include a Statement of Net 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." Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current."

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

Net Investment in Capital Assets: This component of Net Position consists of all Net Capital Assets (net of accumulated depreciation), reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets," or "Restricted Net Position."

The 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 investment income.

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

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities and investment activities.

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

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

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2013
MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited**

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

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

**TABLE 1
STATEMENT OF NET POSITION**

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Current and Other Assets	\$ 195,228	\$ 150,352	\$ 44,876
Capital Assets	130,383	138,311	(7,928)
TOTAL ASSETS	<u>325,611</u>	<u>288,663</u>	<u>36,948</u>
Current and Other Liabilities	9,363	10,510	(1,147)
TOTAL LIABILITIES	<u>9,363</u>	<u>10,510</u>	<u>(1,147)</u>
Net Position:			
Net Investment in Capital Assets	130,383	138,311	(7,928)
Restricted	82,065	35,249	46,816
Unrestricted	103,800	104,593	(793)
TOTAL NET POSITION	<u>\$ 316,248</u>	<u>\$ 278,153</u>	<u>\$ 38,095</u>

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Capital assets decreased due to depreciation expense as shown in Table 4. Cash increased by \$44,876 primarily due to decreased operating expenses during 2013. Net restricted position increased due to reduced use of specified funding.

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2013
MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited**

**TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

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

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Revenues			
Tenant Rental Revenues	\$ -	\$ 18,933	\$ (18,933)
HUD PHA Grants/Operating Grants	523,360	463,031	60,329
MRDD Revenues	-	1,886	(1,886)
Investment Income/Other Revenues	33,294	6,333	26,961
TOTAL REVENUE	<u>556,654</u>	<u>490,183</u>	<u>66,471</u>
Expenses			
Administrative	74,095	63,056	11,039
Tenant Services	-	7,980	(7,980)
Ordinary Maintenance & Operations	6,841	9,020	(2,179)
General Expenses	13,386	14,733	(1,347)
Housing Assistance Payment	410,627	501,453	(90,826)
HAP Portability-in	5,682	2,647	3,035
Depreciation Expense	7,928	7,928	-
TOTAL EXPENSES	<u>518,559</u>	<u>606,817</u>	<u>(88,258)</u>
NET INCREASE (DECREASE)	38,095	(116,634)	154,729
Net Position, Beginning of Year	278,153	394,787	(116,634)
Net Position, End of Year	<u>\$ 316,248</u>	<u>\$ 278,153</u>	<u>\$ 38,095</u>

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

Government operating grants increased by \$60,329 from fiscal year 2012 to 2013, due to increased government subsidy of rents. Housing Assistance Payments decreased due to the Authority not taking on new clients during 2013. Other than these changes the Authority operated consistently between the years.

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2013
MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited**

CAPITAL ASSETS

CAPITAL ASSETS

As of year-end, the Authority had \$130,383 invested in a variety of capital assets (net of accumulated depreciation) as reflected in the following table, which represents a net decrease (depreciation) of \$7,928 from the end of last year.

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

	2013	2012
Land and Land Rights	\$ 24,690	\$ 24,690
Buildings and Improvements	218,005	218,005
Equipment	4,830	4,830
Accumulated Depreciation	(117,142)	(109,214)
TOTAL	\$ 130,383	\$ 138,311

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE	\$ 138,311
Depreciation	(7,928)
ENDING BALANCE	\$ 130,383

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

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2013
MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding levels of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Market rates for rental housing

IN CONCLUSION

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

FINANCIAL CONTACT

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

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2013**

Assets

Current Assets:

Cash and Cash Equivalents- Unrestricted	\$ 103,800
Cash and Cash Equivalents- Restricted	91,428
Total Cash and Cash Equivalents	<u>195,228</u>
Total Current Assets	<u>195,228</u>

Noncurrent Assets:

Capital Assets:

Nondepreciable Capital Assets	24,690
Depreciable Capital Assets, Net of Accumulated Depreciation	105,693
Total Capital Assets	<u>130,383</u>

Total Noncurrent Assets	<u>130,383</u>
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<i>Total Assets</i>	<u><u>\$ 325,611</u></u>
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Liabilities

Current Liabilities:

Accrued Wages/Payroll Taxes Payable	\$ 1,161
Compensated Absences	4,892
Other Current Liabilities	3,310
	<u>9,363</u>

<i>Total Liabilities</i>	<u>9,363</u>
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Net Position

Net Investment in Capital Assets	130,383
Restricted	82,065
Unrestricted	103,800
	<u>316,248</u>

<i>Total Net Position</i>	<u>316,248</u>
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<i>Total Liabilities and Net Position</i>	<u><u>\$ 325,611</u></u>
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See accompanying notes the the basic financial statements.

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<i>Operating Revenues</i>	
Government Operating Grants	\$ 523,360
Other Revenue	<u>32,478</u>
Total Operating Revenues	<u>555,838</u>
<i>Operating Expenses</i>	
Administrative	74,095
Ordinary Maintenance & Operation	6,841
General Expense	13,386
Housing Assistance Payments	410,627
HAP Portability	5,682
Depreciation Expense	<u>7,928</u>
Total Operating Expenses	<u>518,559</u>
Operating Income	<u>37,279</u>
<i>Non-Operating Revenues</i>	
Investment Income - Restricted	722
Investment Income - Unrestricted	<u>94</u>
Total Non-Operating Revenues	<u>816</u>
Change in Net Position	38,095
Net Position, Beginning of Year	<u>278,153</u>
Net Position, End of Year	<u><u>\$ 316,248</u></u>

See accompanying notes to the basic financial statements.

MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Cash Flows From Operating Activities:	
Receipts From Operating Grants	\$ 523,360
Other Operating Receipts	32,478
Housing Assistance Payments	(410,627)
Payments for General and Administrative Expense	<u>(101,151)</u>
Net Cash Provided by Operating Activities	<u>44,060</u>
Cash Flows From Investing Activities:	
Interest Received on Investments	<u>816</u>
Net Cash Provided by Investing Activities	<u>816</u>
Net Increase in Cash and Cash Equivalents	44,876
Cash at Beginning of Year	<u>150,352</u>
Cash at End of Year	<u>\$ 195,228</u>
 CASH FLOWS FROM OPERATING ACTIVITIES	
Net Operating Income	\$ 37,279
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation Expense	7,928
Increase(Decrease) In:	
Accrued Wages/Payroll Taxes Payable	(219)
Compensated Absences	32
Other Current Liabilities	<u>(960)</u>
Net Cash Provided by Operating Activities	<u>\$ 44,060</u>

See accompanying notes to the basic financial statements.

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY

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

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

DESCRIPTION OF PROGRAMS

A. HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8

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

B. MR/DD

This program is used to account for revenues and expenses related to the board of mental health or mental retardation.

C. Family Self Sufficiency (FSS) Program

This program is designed to help participants achieve economic independence and self-sufficiency.

REPORTING ENTITY

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

The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization or (2) the Authority is legally entitled to or can otherwise access the organization's resources; (3) the Authority is legally obligated or has assumed responsibility to finance the deficits of, or provide fiscal support to, the organization; (4) the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the levying of taxes or issuance of debt. The Authority did not have any component units or other related organizations in 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

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

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

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

C. BASIS OF ACCOUNTING

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

D. BUDGETARY DATA

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

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND CASH EQUIVALENTS

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

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

For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, cash and cash equivalents include all highly liquid debt instruments with an original maturity of three months or less at the time they are purchased.

F. CAPITAL ASSETS

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	27.5 years
Equipment	5 years

G. COMPENSATED ABSENCES

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

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

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

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. OPERATING REVENUES and EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue.

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

I. USE OF ESTIMATES

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

J. NET 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 reported as restricted when constraints placed on its use are externally imposed, including HUD, creditors, grantors, contributions, or laws and regulators of other governments. Unrestricted net position represents the portion of net position not restricted.

The amount reported as restricted Net Position at fiscal yearend represents the amounts restricted by HUD for future Housing Assistance Payments and amounts from Administration Fee which may be recaptured by HUD. When an expense is incurred for purposes which both restricted and unrestricted Net Position is available, the Authority first applies restricted Net Position.

3. CASH AND CASH EQUIVALENTS

Deposits

At fiscal year end, the carrying amount of the Authority's deposits was \$195,228, and the bank balance was \$200,798. The entire bank balance was covered by federal deposit insurance.

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

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Continued)**

4. RESTRICTED ASSETS

The restricted net assets of \$91,428, on the financial statements represent the following:

Excess Cash Advanced to the Housing Choice Voucher Program	
by HUD for Housing Assistance Payments	\$ 88,118
FSS Escrow Funds	<u>3,310</u>
Total Restricted Cash	<u><u>\$ 91,428</u></u>

5. CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended September 30, 2013, follows:

	Balance - 09/30/12	Additions	Deletions	Balance - 09/30/13
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 24,690	\$ -	\$ -	\$ 24,690
Total Capital Assets Not Being Depreciated				
Depreciated	24,690	-	-	24,690
Capital Assets Being Depreciated:				
Buildings and Improvements	218,005	-	-	218,005
Equipment	4,830	-	-	4,830
Total Capital Assets Being Depreciated				
Depreciated	222,835	-	-	222,835
Accumulated Depreciation:				
Buildings and Improvements	(104,384)	(7,928)	-	(112,312)
Equipment	(4,830)	-	-	(4,830)
Total Depreciation	<u>(109,214)</u>	<u>(7,928)</u>	<u>-</u>	<u>(117,142)</u>
Net Capital Assets Being Depreciated				
Depreciated	<u>113,621</u>	<u>(7,928)</u>	<u>-</u>	<u>105,693</u>
Net Capital Assets	<u><u>\$ 138,311</u></u>	<u><u>\$ (7,928)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 130,383</u></u>

6. DEFINED BENEFIT PENSION PLAN

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans.

- The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan.
- The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over 5 years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.
- The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Continued)**

6. DEFINED BENEFIT PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377, or by using the OPERS website at www.opers.org.

For the year ended September 30, 2013, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Authority's contribution rate for 2013 was 14.0 percent (of which 8.5 percent relates to pension contributions) of covered payroll.

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended September 30, 2013, 2012 and 2011 were \$5,038, \$5,428 and \$7,739 respectively; 100 percent has been contributed for 2013, 2012, and 2011.

7. POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. PLAN DESCRIPTION

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

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

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. FUNDING POLICY

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

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Continued)**

7. POSTEMPLOYMENT BENEFITS (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 Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for the Authority through December 31, 2012 and changes to 1.0 percent January 1, 2013 through September 30, 2013.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended September 30, 2013, which were used to fund postemployment benefits, were \$12,092.

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

8. COMPENSATED ABSENCES

Sick leave and vacation policies are established by the Housing Authority Board of Directors. All permanent employees earn 4.6 hours sick leave for each 80 hours of service, 3.1 hours vacation time for each 80 hours of service for employees with 1 - 7 years service; and 4.6 hours vacation time for each 80 hours worked for employees with 8 - 14 years service. The Executive Director receives 4.6 hours vacation time for every 80 hours of service. Unused sick leave may be accumulated up to 240 hours and is paid to employees at the time of retirement. All permanent employees earn vacation hours based on length of service. Unused vacation leave will be paid to the employees at the time of separation. As of September 30, 2013, \$4,892 was accrued for unused sick leave and vacation.

9. ECONOMIC DEPENDENCY

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

10. RISK MANAGEMENT

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

The Authority pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. There was no reduction in coverage from 2012 to 2013.

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Continued)**

11. CONTINGENCIES

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at September 30, 2013.

12. IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-private partnership. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The implementation of this Statement did not result in any change in the Authority's financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement 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. The implementation of this Statement did not result in any change in the Authority's financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011, and have been implemented for the Authority. The implementation of this Statement had no effect on the beginning net position of the Authority.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. This Statement enhances the comparability and improves financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The requirements of this Statement are effective for financial statements for periods beginning after June 5, 2011. The implementation of this Statement did not have an effect on the Authority's financial statements.

GASB Statement No. 65, *Items Previously Reporting as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 with early implementation allowed. This implementation of this Statement had no effect on the financial statements of the Authority.

MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
FINANCIAL DATA SCHEDULE
AS OF SEPTEMBER 30,2013

	14,871				
	Housing				
	Choice	1 Business			
	Vouchers	Activities	Subtotal	ELIM	TOTAL
111 Cash - Unrestricted	\$81,526	\$22,274	\$103,800	\$0	\$103,800
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$82,065	\$0	\$82,065	\$0	\$82,065
115 Cash - Restricted for Payment of Current Liabilities	\$9,363	\$0	\$9,363	\$0	\$9,363
100 Total Cash	\$172,954	\$22,274	\$195,228	\$0	\$195,228
150 Total Current Assets	\$172,954	\$22,274	\$195,228	\$0	\$195,228
161 Land	\$0	\$24,690	\$24,690	\$0	\$24,690
162 Buildings	\$0	\$222,835	\$222,835	\$0	\$222,835
166 Accumulated Depreciation	\$0	-\$117,142	-\$117,142	\$0	-\$117,142
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$130,383	\$130,383	\$0	\$130,383
180 Total Non-Current Assets	\$0	\$130,383	\$130,383	\$0	\$130,383
190 Total Assets	\$172,954	\$152,657	\$325,611	\$0	\$325,611
321 Accrued Wage/Payroll Taxes Payable	\$1,161	\$0	\$1,161	\$0	\$1,161
322 Accrued Compensated Absences - Current Portion	\$4,892	\$0	\$4,892	\$0	\$4,892
345 Other Current Liabilities	\$3,310	\$0	\$3,310	\$0	\$3,310
310 Total Current Liabilities	\$9,363	\$0	\$9,363	\$0	\$9,363
300 Total Liabilities	\$9,363	\$0	\$9,363	\$0	\$9,363
508.1 Invested In Capital Assets, Net of Related Debt	\$0	\$130,383	\$130,383	\$0	\$130,383
511.1 Restricted Net Assets	\$82,065	\$0	\$82,065	\$0	\$82,065
512.1 Unrestricted Net Assets	\$81,526	\$22,274	\$103,800	\$0	\$103,800
513 Total Equity/Net Assets	\$163,591	\$152,657	\$316,248	\$0	\$316,248
600 Total Liabilities and Equity/Net Assets	\$172,954	\$152,657	\$325,611	\$0	\$325,611

**MEIGS METROPOLITAN HOUSING AUTHORITY
MEIGS COUNTY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	TOTAL
70600 HUD PHA Operating Grants	\$523,360	\$0	\$523,360	\$0	\$523,360
71100 Investment Income - Unrestricted	\$0	\$94	\$94	\$0	\$94
71400 Fraud Recovery	\$2,427	\$0	\$2,427	\$0	\$2,427
71500 Other Revenue	\$8,589	\$21,462	\$30,051	\$0	\$30,051
72000 Investment Income - Restricted	\$722	\$0	\$722	\$0	\$722
70000 Total Revenue	\$535,098	\$21,556	\$556,654	\$0	\$556,654
91100 Administrative Salaries	\$50,990	\$2,330	\$53,320	\$0	\$53,320
91200 Auditing Fees	\$4,476	\$0	\$4,476	\$0	\$4,476
91500 Employee Benefit contributions - Administrative	\$7,417	\$0	\$7,417	\$0	\$7,417
91600 Office Expenses	\$8,701	\$0	\$8,701	\$0	\$8,701
91900 Other	\$0	\$181	\$181	\$0	\$181
91000 Total Operating - Administrative	\$71,584	\$2,511	\$74,095	\$0	\$74,095
94100 Ordinary Maintenance and Operations - Labor	\$0	\$6,841	\$6,841	\$0	\$6,841
94000 Total Maintenance	\$0	\$6,841	\$6,841	\$0	\$6,841
96110 Property Insurance	\$765	\$4,203	\$4,968	\$0	\$4,968
96100 Total insurance Premiums	\$765	\$4,203	\$4,968	\$0	\$4,968
96200 Other General Expenses	\$0	\$4,524	\$4,524	\$0	\$4,524
96210 Compensated Absences	\$3,894	\$0	\$3,894	\$0	\$3,894
96000 Total Other General Expenses	\$3,894	\$4,524	\$8,418	\$0	\$8,418
96900 Total Operating Expenses	\$76,243	\$18,079	\$94,322	\$0	\$94,322
97000 Excess of Operating Revenue over Operating Expenses	\$458,855	\$3,477	\$462,332	\$0	\$462,332
97300 Housing Assistance Payments	\$410,627	\$0	\$410,627	\$0	\$410,627
97350 HAP Portability-In	\$5,682	\$0	\$5,682	\$0	\$5,682
97400 Depreciation Expense	\$0	\$7,928	\$7,928	\$0	\$7,928
90000 Total Expenses	\$492,552	\$26,007	\$518,559	\$0	\$518,559
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$42,546	-\$4,451	\$38,095	\$0	\$38,095
11030 Beginning Equity	\$121,045	\$157,108	\$278,153	\$0	\$278,153
11170 Administrative Fee Equity	\$81,527	\$0	\$81,527	\$0	\$81,527
11180 Housing Assistance Payments Equity	\$82,065	\$0	\$82,065	\$0	\$82,065
11190 Unit Months Available	1500	0	1500	0	1500
11210 Number of Unit Months Leased	1445	0	1445	0	1445

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

January 30, 2014

Meigs Metropolitan Housing Authority
Meigs County
117 East Memorial Drive
Pomeroy, Ohio 45769

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 **Meigs Metropolitan Housing Authority**, Meigs County, Ohio (the Authority), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated January 30, 2014.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

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

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



Dave Yost • Auditor of State

MEIGS METROPOLITAN HOUSING AUTHORITY

MEIGS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 1, 2014**