

**AUDITED BASIC FINANCIAL STATEMENTS**  
**OF THE**  
**MORGAN METROPOLITAN HOUSING AUTHORITY**  
**JULY 1, 2013 – JUNE 30, 2014**







# Dave Yost • Auditor of State

Board of Directors  
Morgan Metropolitan Housing Authority  
4580 North State Route 376 NW  
McConnelsville, Ohio 43756

We have reviewed the *Independent Auditor's Report* of the Morgan Metropolitan Housing Authority, Morgan County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2013 through June 30, 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 Morgan 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

December 5, 2014

**This page intentionally left blank.**

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION – PROPRIETARY FUND	10
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUND	11
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	12
NOTES TO THE BASIC FINANCIAL STATEMENTS	13
SUPPLEMENTAL DATA:	
ENTITY WIDE BALANCE SHEET SUMMARY – FDS SCHEDULE SUBMITTED TO HUD	22
ENTITY WIDE REVENUE AND EXPENSE SUMMARY – FDS SCHEDULE SUBMITTED TO HUD	24
COST CERTIFICATION	27
SCHEDULE OF FEDERAL AWARDS EXPENDITURES AND NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES	28
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	29
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	31
SCHEDULE OF FINDINGS – <i>OMB CIRCULAR A-133 § .505</i>	33



## INDEPENDENT AUDITOR'S REPORT

Morgan Metropolitan Housing Authority  
Morgan County  
4580 North State Route 376 NW  
McConnelsville, Ohio 43756

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Morgan Metropolitan Housing Authority, Morgan County, Ohio (the Authority), as of and for the fiscal year ended June 30, 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.

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

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Morgan Metropolitan Housing Authority, Morgan County, Ohio, as of June 30, 2014, and the changes in financial position and cash flows for the fiscal 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 Schedules and Cost Certification are presented for purpose of additional analysis as required by the Department of Housing and Urban Development, and are not a required part of the basic financial statements.

The Schedule of Federal Awards Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedules and certification are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules and certification to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules and certification 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 November 11, 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.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
November 11, 2014



**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

It is a privilege to present for you the financial picture of the Morgan Metropolitan Housing Authority. The Morgan 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 changes), 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 follow.

FINANCIAL HIGHLIGHTS

- Net position was \$2,161,313 and \$2,191,155 for 2014 and 2013, respectively. The statements reflect a decrease in total net position of \$29,842 (or 1%), during 2014. This decrease is reflective of the fiscal year's activities.
- The total revenues were \$1,058,292 and \$1,000,197 for 2014 and 2013, respectively. The statements reflect a increase in total revenues of \$58,095 (or 6%), during 2014.
- The total expenses were \$1,088,134 and \$1,095,637 for 2014 and 2013, respectively. The statements reflect a decrease in total expenses of \$7,503 (or 1%), during 2014.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

<b>MD&amp;A</b> ~ Management's Discussion and Analysis ~
<b>Basic Financial Statements</b> ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
<b>Other Required Supplementary Information</b> ~ Required Supplementary Information (other than the MD&A) ~

The focus is on the Authority as a single enterprise fund. This format will allow the user to address relevant questions, broaden a basis for comparison (fiscal year to fiscal year or Authority to Authority) and enhance the Authority's accountability.

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

**BASIC FINANCIAL STATEMENTS**

The basic financial statements 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, equal "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):

Investment in Capital Assets: This component of Net Position consists of all 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. The Authority does not have outstanding debt related to capital assets as of June 30, 2014.

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 do not meet the definition of "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 operating grant revenue and rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue, such as capital grant revenue and interest income.

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, and from capital and related financing activities.

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

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

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

Housing Choice Voucher Program (HCV) – 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.

Resident Opportunities and Self Sufficiency (ROSS) – A grant program that provides funds for job training and supportive services to help residents of public housing transition from welfare to work. ROSS also provides funding to link elderly/disabled residents to critical services which can help them continue to live independently.

Business Activities – The Business Activity Fund was set up to separate the non-HUD activities from the HUD funded programs. This fund is mainly used to account for the management fees received from the Housing Opportunities and Personal Empowerment (HOPE) Board for managing rental property for tenants with developmental disabilities.

State & Local – The State & Local fund was set up to track grant money received for low income housing programs through state and local sources.

**Statement of Net Position**

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

**STATEMENT OF NET POSITION**

	<u>2014</u>	<u>2013</u>
Current Assets	\$196,928	\$248,881
Capital Assets, Net	<u>2,042,025</u>	<u>2,018,754</u>
Total Assets	<u>2,238,953</u>	<u>2,267,635</u>
Current Liabilities	60,748	53,950
Non-Current Liabilities	<u>16,892</u>	<u>22,530</u>
Total Liabilities	<u>77,640</u>	<u>76,480</u>
Net Position:		
Investment in Capital Assets	2,042,025	2,018,754
Restricted	0	21,796
Unrestricted	<u>119,288</u>	<u>150,605</u>
Total Net Position	<u>\$2,161,313</u>	<u>\$2,191,155</u>

For more detailed information see page 10 for the Statement of Net Position.

**Major factors affecting the Statement of Net Position:** Total Assets decreased by \$28,682. Liabilities increased by \$1,160. Capital Assets increased by \$23,271 due to capital improvements exceeding depreciation expense. Restricted net position decreased by \$21,796 because the Authority used reserves to cover funding shortfalls in the HCV program. Finally, unrestricted net position decreased by \$31,317 because of the decrease in tenant rents and the increases in housing assistance payment, utilities and maintenance.

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

**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.

	<u>2014</u>	<u>2013</u>
Revenues		
Tenant Revenue	\$ 62,118	\$ 71,686
Operating Grants	835,213	825,981
Capital Grants	133,937	75,116
Fraud Recovery	2,610	3,285
Interest	394	3,171
Other Revenues	<u>24,020</u>	<u>20,958</u>
Total Revenue	<u>1,058,292</u>	<u>1,000,197</u>
Expenses		
Administrative	193,832	207,811
Tenant Services	10,671	7,210
Utilities	99,983	84,291
Insurance	18,595	18,048
Maintenance	132,290	125,281
General	18,871	16,597
Interest	0	110
Housing Assistance Payments	503,226	477,956
Depreciation	<u>110,666</u>	<u>158,333</u>
Total Expenses	<u>1,088,134</u>	<u>1,095,637</u>
Change in Net Position	(29,842)	(95,440)
Net Position at July 1	<u>2,191,155</u>	<u>2,286,595</u>
Net Position at June 30	\$ <u>2,161,313</u>	\$ <u>2,191,155</u>

**Major factors affecting the Statement of Revenue, Expenses, and Changes in Net Position include:** HUD funding shortfalls continue to adversely affect the revenue of all Authority's programs. The Housing Choice Voucher program has seen the largest decline in funding. The Authority has attempted to decrease the administrative expenses of our programs due to the funding shortfall. Utility costs, namely water and sewer, continue to increase dramatically.

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

**CAPITAL ASSETS**

As of fiscal year-end, the Authority had \$2,042,025 invested in net capital assets as reflected in the following schedule which represents a net increase (addition less depreciation) of \$23,271 from the end of last fiscal year.

**CAPITAL ASSETS AT FISCAL YEAR-END  
(NET OF ACCUMULATED DEPRECIATION)**

	<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 279,150	\$ 279,150
Buildings	4,165,275	4,054,936
Equipment – Administrative	86,140	86,140
Equipment – Dwellings	120,886	97,288
Leasehold Improvements	342,941	342,941
Accumulated Depreciation	<u>(2,952,367)</u>	<u>(2,841,701)</u>
Total	\$ <u>2,042,025</u>	\$ <u>2,018,754</u>

The following reconciliation summarizes the change in Capital Assets. Capital fund projects were the main factors affecting a change in capital assets. See Note 4 for more detail over Capital Assets.

**CHANGE IN CAPITAL ASSETS**

	<u>Business Type Activities</u>
Beginning Balance	\$2,018,754
Additions	133,937
Depreciation	<u>(110,666)</u>
Ending Balance	<u>\$2,042,025</u>

During the fiscal year 2014, the Authority had no disposals of capital assets.

**DEBT OUTSTANDING**

As of June 30, 2014, the Authority has no outstanding debt.

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 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, recession and employment trends, which can affect resident incomes and therefore the demand for housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

**IN CONCLUSION**

Morgan 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 Jenna Moody, Executive Director of the Morgan Metropolitan Housing Authority at (740) 962-4930.

Respectfully submitted,

Jenna Moody, Executive Director

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2014**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$ 136,047
Restricted Cash	34,817
Receivable, Net	10,252
Inventories, Net	6,812
Prepaid Items	<u>9,000</u>
Total Current Assets	<u>196,928</u>

Non-Current Assets:

Capital Assets:

Nondepreciable Capital Assets	279,150
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>1,762,875</u>
Total Capital Assets	<u>2,042,025</u>

Total Non-Current Assets	<u>2,042,025</u>
--------------------------	------------------

<b>Total Assets</b>	<u><u>2,238,953</u></u>
---------------------	-------------------------

**Liabilities**

Current Liabilities:

Accounts Payable	4,337
Accrued Wages and Payroll Taxes	14,376
Intergovernmental Payable	631
Tenant Security Deposits	24,525
Accrued Compensated Absences	6,374
Unearned Revenue	2,241
Accrued Liabilities-Other	<u>8,264</u>
Total Current Liabilities	<u>60,748</u>

Non-Current Liabilities:

Accrued Compensated Absences	6,600
FSS and ROSS Liability	<u>10,292</u>

Total Non-Current Liabilities	<u>16,892</u>
-------------------------------	---------------

<b>Total Liabilities</b>	<u><u>77,640</u></u>
--------------------------	----------------------

**Net Position**

Investment in Capital Assets	2,042,025
Unrestricted	<u>119,288</u>

<b>Total Net Position</b>	<u><u>\$ 2,161,313</u></u>
---------------------------	----------------------------

The notes to the basic financial statements are an integral part of the statements.

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Operating Revenues</b>		
Tenant Revenue		\$ 62,118
Operating Grants		835,213
Fraud Recovery		2,610
Other Revenues		<u>24,020</u>
<b>Total Operating Revenue</b>		<u>923,961</u>
<b>Operating Expenses</b>		
Administrative	193,832	
Tenant Services	10,671	
Utilities	99,983	
Insurance	18,595	
Maintenance	132,290	
General	18,871	
Housing Assistance Payments	503,226	
Depreciation	<u>110,666</u>	
<b>Total Operating Expenses</b>		<u>1,088,134</u>
Operating Loss		<u>(164,173)</u>
<b>Nonoperating Revenues</b>		
Interest Revenue		394
HUD Capital Grants		<u>133,937</u>
<b>Total Nonoperating Revenues</b>		<u>134,331</u>
Change in Net Position		(29,842)
Net Position at July 1, 2013		<u>2,191,155</u>
<b>Net Position at June 30, 2014</b>		<u><u>\$ 2,161,313</u></u>

The notes to the basic financial statements are an integral part of this statement.



**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Cash flows from operating activities:**

Cash received from tenants	\$ 55,046
Cash received from other sources	26,630
Cash received from HUD and other grant sources	826,794
Cash payments for administrative	(462,957)
Cash payments for housing assistance payments	(503,226)

Net cash used in operating activities	(57,713)
---------------------------------------	----------

**Cash flows from capital and related financing activities:**

Capital funds received	133,937
Purchases of capital assets	(133,937)

Net cash used in capital and related financing activities	-
---	---

**Cash flows from investing activities:**

Interest received	394
-------------------	-----

Net cash provided by investing activities	394
---	-----

Net change in cash and cash equivalents	(57,319)
---	----------

Cash and cash equivalents at July 1, 2013	228,183
---	---------

<b>Cash and cash equivalents at June 30, 2014</b>	<b>\$ 170,864</b>
---	-------------------

**Reconciliation of operating loss to net cash used in operating activities:**

Operating loss	\$ (164,173)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	110,666
Changes in assets and liabilities:	
Accounts receivable, net	(6,208)
Inventories, net	961
Prepaid items	(119)
Accounts payable	1,850
Accrued wages and payroll taxes	5,456
Other liabilities	(6,146)

<b>Net cash used in operating activities</b>	<b>\$ (57,713)</b>
--	--------------------

The notes to the basic financial statements are an integral part of this statement.

**MORGAN METROPOLITAN HOUSING AUTHORITY**  
**MORGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Summary of Significant Accounting Policies

The financial statements of the Morgan Metropolitan Housing Authority (the “Authority”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s accounting policies are described below.

Reporting Entity

The 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 financial statements comply with the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. Financial accountability is defined by the component unit being fiscally dependent on the Authority. The Authority is not a component unit of any larger entity.

Basis of Presentation

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

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

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

Measurement Focus

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

Enterprise Fund

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs. The following are the various programs which are included in the single enterprise fund:

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

Housing Choice Voucher Program (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 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.

Resident Opportunities and Self Sufficiency Program (ROSS) – A grant program that provides funds for job training and supportive services to help residents of public housing transition from welfare to work. ROSS also provides funding to link elderly/disabled residents to critical services which can help them continue to live independently.

Business Activities – The Business Activity Fund was set up to separate the non-HUD activities from the HUD funded programs. This fund is mainly used to account for the management fees received from the county for managing a HOPE project.

State & Local – The State & Local fund was set up to track grant money received for low income housing programs through state and local sources.

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB Statement No. 33 identifies four classes of nonexchange transactions as follows:

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

PHA grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions. GASB Statement No. 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as unearned revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

Unearned Revenue

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the fiscal year in which the services are consumed.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority's capitalization policy is \$1,750. The following are the estimated useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15
Land improvements	15

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Cash and Cash Equivalents

For cash flow reporting purposes, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Due From/To Other Programs

On the basic financial statements, receivables and payables resulting from the short-term interprogram loans are eliminated.

Accrued Liabilities

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

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both 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.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

Estimates

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

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable and fraud recovery receivable balances at the end of the fiscal year. The allowance for doubtful accounts was \$6,581 at June 30, 2014.

Inventories

Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was \$760 at June 30, 2014.

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Net Position

Net position represents the difference between assets and liabilities. Investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. There was no related debt as of June 30, 2014. Net position is recorded as restricted when there are limitations imposed on their use either by internal or external restrictions. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did not have net position restricted by enabling legislation at June 30, 2014.

Operating/Nonoperating 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. Nonoperating revenues are HUD capital grants and interest income. HUD capital grants are the amounts received by the Authority for capital improvements and administration of the public housing programs.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debt and housing assistance payments.

**2. CASH AND CASH EQUIVALENTS**

Funds are deposited into non-interest bearing checking accounts or interest bearing savings accounts. All monies are deposited into banks as determined by the Authority. Security shall be furnished for all accounts in the Authority's name.

At fiscal year end, the carrying amount of the Authority's deposits was \$170,814 and the bank balance was \$176,160. In addition, \$50 was maintained in petty cash funds which is included in cash and cash equivalents presented on the statement of net position. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosure*, as of June 30, 2014, \$250,000 was covered by Federal Depository Insurance and \$0 was exposed to custodial risk.

Based on the Authority having only demand deposits at June 30, 2014, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

**3. RESTRICTED CASH**

The following restricted cash balance on the financial statements consists of the following:

Tenant Security Deposits	\$ 24,525
ROSS Escrow Funds	5,945
FSS Escrow Funds	<u>4,347</u>
Total Restricted Cash	<u>\$ 34,817</u>

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**4. CAPITAL ASSETS**

The following is a summary of capital assets at June 30, 2014:

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2014</u>
<b>Capital Assets Not Depreciated</b>				
Land	\$ 279,150	\$ 0	\$ 0	\$ 279,150
<b>Total Capital Assets Not Depreciated</b>	<u>279,150</u>	<u>0</u>	<u>0</u>	<u>279,150</u>
<b>Capital Assets Depreciated</b>				
Building and Improvements	4,397,877	110,339	0	4,508,216
Furniture and Equipment	<u>183,428</u>	<u>23,598</u>	<u>0</u>	<u>207,026</u>
<b>Total Capital Assets Depreciated</b>	<u>4,581,305</u>	<u>133,937</u>	<u>0</u>	<u>4,715,242</u>
<b>Accumulated Depreciation</b>				
Building and Improvements	(2,680,373)	(102,936)	0	(2,783,309)
Equipment	<u>(161,328)</u>	<u>(7,730)</u>	<u>0</u>	<u>(169,058)</u>
<b>Total Accumulated Depreciation</b>	<u>(2,841,701)</u>	<u>(110,666)</u>	<u>0</u>	<u>(2,952,367)</u>
<b>Total Capital Assets Depreciated, Net</b>	<u>1,739,604</u>	<u>(110,666)</u>	<u>0</u>	<u>1,762,875</u>
<b>Total Capital Assets, Net</b>	<u>\$ 2,018,754</u>	<u>\$ 23,271</u>	<u>\$ 0</u>	<u>\$ 2,042,025</u>

**5. LONG-TERM LIABILITIES**

Long-term liabilities are summarized as follows:

<u>Description</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
FSS Escrow Liability	\$ 3,877	\$ 5,825	\$(5,355)	\$4,347	\$ 0
ROSS Escrow Liability	<u>12,216</u>	<u>9,063</u>	<u>(15,334)</u>	<u>5,945</u>	<u>0</u>
Total Escrow Liability	<u>16,093</u>	<u>14,888</u>	<u>(20,689)</u>	<u>10,292</u>	<u>0</u>
Compensated Absence Payable	<u>13,229</u>	<u>12,451</u>	<u>(12,706)</u>	<u>12,974</u>	<u>6,374</u>
<b>Total</b>	<b><u>\$ 29,322</u></b>	<b><u>\$ 27,339</u></b>	<b><u>\$(33,395)</u></b>	<b><u>\$ 23,266</u></b>	<b><u>\$ 6,374</u></b>

The Authority is involved in the Family Self-Sufficiency program through the Housing Choice Vouchers Program. The noncurrent liability-other of \$10,292 represents escrow money held in escrow for residents participating in the Family Self-Sufficiency Program and the ROSS program. Each month contributions are deposited into the Authority's savings account on behalf of the program participants. Participants enter into an initial five year contract (with an option for a two year extension upon Authority's approval). At the end of the contract, the participant either meet their program goals and may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs in the Family Self-Sufficiency program, the money earned is used by the Authority to reinvest into the Housing Choice Voucher Program.

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**6. DEFINED BENEFIT PENSION PLAN**

*Plan Description* – All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined pension plan.
2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage 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-retirement health care coverage. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

*Funding Policy* – The Authority and covered employees contribute at actuarially determined rates for fiscal year 2014, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority's required contributions to OPERS for the years ended June 30, 2014, 2013, and 2012, were \$21,978, \$23,076, and \$20,719, respectively. These costs have been charged to the employee fringe benefit account. All required payments of contributions have been made through June 30, 2014.

*Other Post Retirement Benefits* – In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have ten 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-Retirement 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.

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

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 1% during calendar year 2013 (latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS Actuary. The OPERS Board of



**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**6. DEFINED BENEFIT PENSION PLAN – CONTINUED**

Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contributions made to fund post-employment benefits were approximately \$1,569.

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

**7. FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended June 30, 2014, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis. The audited version of the entity wide balance sheet summary and entity wide revenue and expense summary are included as supplemental data. The schedules are presented in the manner prescribed by U. S. Department of Housing and Urban Development.

**8. CONTINGENT LIABILITIES**

Under the terms of Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

**9. RISK MANAGEMENT**

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. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three fiscal years.

**10. RELATED PARTY TRANSACTIONS**

An employee of the Authority has relatives that own HUD properties and receive Section 8 payments. The employee has received a conflict of interest waiver from HUD.

One of the board members is a pastor of a church renting facility space from the Authority.

**This page intentionally left blank.**

MORGAN METROPOLITAN HOUSING AUTHORITY  
 ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD  
 JUNE 30, 2014

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$127,443		\$3,750		\$4,854	\$136,047		\$136,047
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	\$5,945		\$4,347			\$10,292		\$10,292
114 Cash - Tenant Security Deposits	\$24,525					\$24,525		\$24,525
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$157,913	\$0	\$8,097	\$0	\$4,854	\$170,864	\$0	\$170,864
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects		\$4,154				\$4,154		\$4,154
124 Accounts Receivable - Other Government				\$1,482		\$1,482		\$1,482
125 Accounts Receivable - Miscellaneous			\$353		\$913	\$1,266		\$1,266
126 Accounts Receivable - Tenants	\$7,439					\$7,439		\$7,439
126.1 Allowance for Doubtful Accounts - Tenants	-\$5,425					-\$5,425		-\$5,425
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery			\$2,492			\$2,492		\$2,492
128.1 Allowance for Doubtful Accounts - Fraud			-\$1,156			-\$1,156		-\$1,156
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,014	\$4,154	\$1,689	\$1,482	\$913	\$10,252	\$0	\$10,252
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$8,550		\$450			\$9,000		\$9,000
143 Inventories	\$7,572					\$7,572		\$7,572
143.1 Allowance for Obsolete Inventories	-\$760					-\$760		-\$760
144 Inter Program Due From	\$5,659					\$5,659	-\$5,659	\$0
145 Assets Held for Sale								
150 Total Current Assets	\$180,948	\$4,154	\$10,236	\$1,482	\$5,767	\$202,587	-\$5,659	\$196,928
161 Land	\$274,650		\$4,500			\$279,150		\$279,150
162 Buildings	\$4,090,925		\$74,350			\$4,165,275		\$4,165,275
163 Furniture, Equipment & Machinery - Dwellings	\$120,886					\$120,886		\$120,886
164 Furniture, Equipment & Machinery - Administration	\$65,468		\$20,672			\$86,140		\$86,140
165 Leasehold Improvements	\$342,941					\$342,941		\$342,941
166 Accumulated Depreciation	-\$2,922,047		-\$30,320			-\$2,952,367		-\$2,952,367
167 Construction in Progress								
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,972,823	\$0	\$69,202	\$0	\$0	\$2,042,025	\$0	\$2,042,025
171 Notes, Loans and Mortgages Receivable - Non-Current								
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								

173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$1,972,823	\$0	\$69,202	\$0	\$0	\$2,042,025	\$0	\$2,042,025	
190 Total Assets	\$2,153,771	\$4,154	\$79,438	\$1,482	\$5,767	\$2,244,612	-\$5,659	\$2,238,953	
200 Deferred Outflow of Resources									
290 Total Assets and Deferred Outflow of Resources	\$2,153,771	\$4,154	\$79,438	\$1,482	\$5,767	\$2,244,612	-\$5,659	\$2,238,953	
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$3,999		\$338			\$4,337		\$4,337	
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$12,895		\$1,481			\$14,376		\$14,376	
322 Accrued Compensated Absences - Current Portion	\$5,087		\$1,287			\$6,374		\$6,374	
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government			\$631			\$631		\$631	
341 Tenant Security Deposits	\$24,525					\$24,525		\$24,525	
342 Unearned Revenue	\$1,418				\$823	\$2,241		\$2,241	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities									
346 Accrued Liabilities - Other	\$8,209		\$55			\$8,264		\$8,264	
347 Inter Program - Due To		\$4,154		\$1,482	\$23	\$5,659	-\$5,659	\$0	
348 Loan Liability - Current									
310 Total Current Liabilities	\$56,133	\$4,154	\$3,792	\$1,482	\$846	\$66,407	-\$5,659	\$60,748	
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other	\$5,945		\$4,347			\$10,292		\$10,292	
354 Accrued Compensated Absences - Non Current	\$5,103		\$1,497			\$6,600		\$6,600	
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$11,048	\$0	\$5,844	\$0	\$0	\$16,892	\$0	\$16,892	
300 Total Liabilities	\$67,181	\$4,154	\$9,636	\$1,482	\$846	\$83,299	-\$5,659	\$77,640	
400 Deferred Inflow of Resources									
508.4 Net Investment in Capital Assets	\$1,972,823		\$69,202			\$2,042,025		\$2,042,025	
511.4 Restricted Net Position									
512.4 Unrestricted Net Position	\$113,767	\$0	\$600	\$0	\$4,921	\$119,288		\$119,288	
513 Total Equity - Net Assets / Position	\$2,086,590	\$0	\$69,802	\$0	\$4,921	\$2,161,313	\$0	\$2,161,313	
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$2,153,771	\$4,154	\$79,438	\$1,482	\$5,767	\$2,244,612	-\$5,659	\$2,238,953	

MORGAN METROPOLITAN HOUSING AUTHORITY  
 ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD  
 JUNE 30, 2014

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$61,726					\$61,726		\$61,726
70400 Tenant Revenue - Other	\$392					\$392		\$392
70500 Total Tenant Revenue	\$62,118	\$0	\$0	\$0	\$0	\$62,118		\$62,118
70600 HUD PHA Operating Grants	\$243,337	\$45,695	\$541,916			\$830,948		\$830,948
70610 Capital Grants	\$133,937					\$133,937		\$133,937
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue								
70800 Other Government Grants				\$4,265		\$4,265		\$4,265
71100 Investment Income - Unrestricted	\$351		\$43			\$394		\$394
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery	\$108		\$2,502			\$2,610		\$2,610
71500 Other Revenue	\$14,205		\$6,448		\$3,367	\$24,020		\$24,020
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted								
70000 Total Revenue	\$454,056	\$45,695	\$550,909	\$4,265	\$3,367	\$1,058,292		\$1,058,292
91100 Administrative Salaries	\$45,177	\$27,511	\$20,755		\$565	\$94,008		\$94,008
91200 Auditing Fees	\$2,955		\$3,332			\$6,287		\$6,287
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing	\$287		\$42			\$329		\$329
91500 Employee Benefit contributions - Administrative	\$27,113	\$18,184	\$13,339			\$58,636		\$58,636
91600 Office Expenses					\$127	\$127		\$127
91700 Legal Expense	\$3,840					\$3,840		\$3,840
91800 Travel	\$14		\$839			\$853		\$853
91810 Allocated Overhead								
91900 Other	\$17,265		\$11,024		\$1,463	\$29,752		\$29,752
91000 Total Operating - Administrative	\$96,651	\$45,695	\$49,331	\$0	\$2,155	\$193,832		\$193,832
92000 Asset Management Fee								
92100 Tenant Services - Salaries			\$4,458			\$4,458		\$4,458
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services			\$2,798			\$2,798		\$2,798
92400 Tenant Services - Other			\$3,415			\$3,415		\$3,415
92500 Total Tenant Services	\$0	\$0	\$10,671	\$0	\$0	\$10,671		\$10,671

93100 Water	\$84,275		\$65			\$84,340	\$84,340
93200 Electricity	\$11,309		\$450			\$11,759	\$11,759
93300 Gas	\$3,779		\$105			\$3,884	\$3,884
93400 Fuel							
93500 Labor							
93600 Sewer							
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	\$99,363	\$0	\$620	\$0	\$0	\$99,983	\$99,983
94100 Ordinary Maintenance and Operations - Labor	\$41,977			\$3,787	\$496	\$46,260	\$46,260
94200 Ordinary Maintenance and Operations - Materials and Other	\$8,158		\$20		\$270	\$8,448	\$8,448
94300 Ordinary Maintenance and Operations Contracts	\$36,516		\$7,027			\$43,543	\$43,543
94500 Employee Benefit Contributions - Ordinary Maintenance	\$33,561			\$478		\$34,039	\$34,039
94000 Total Maintenance	\$120,212	\$0	\$7,047	\$4,265	\$766	\$132,290	\$132,290
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$17,539		\$1,056			\$18,595	\$18,595
96120 Liability Insurance							
96130 Workmen's Compensation							
96140 All Other Insurance							
96100 Total insurance Premiums	\$17,539	\$0	\$1,056	\$0	\$0	\$18,595	\$18,595
96200 Other General Expenses	\$161					\$161	\$161
96210 Compensated Absences	\$10,560		\$2,144			\$12,704	\$12,704
96300 Payments in Lieu of Taxes			\$631			\$631	\$631
96400 Bad debt - Tenant Rents	\$5,375					\$5,375	\$5,375
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$16,096	\$0	\$2,775	\$0	\$0	\$18,871	\$18,871
96710 Interest of Mortgage (or Bonds) Payable							
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$349,861	\$45,695	\$71,500	\$4,265	\$2,921	\$474,242	\$474,242
97000 Excess of Operating Revenue over Operating Expenses	\$104,195	\$0	\$479,409	\$0	\$446	\$584,050	\$584,050
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments			\$503,226			\$503,226	\$503,226

97350 HAP Portability-In								
97400 Depreciation Expense	\$104,246		\$6,420			\$110,666		\$110,666
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$454,107	\$45,695	\$581,146	\$4,265	\$2,921	\$1,088,134		\$1,088,134
10010 Operating Transfer In								
10020 Operating transfer Out								
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$51	\$0	-\$30,237	\$0	\$446	-\$29,842		-\$29,842
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$2,086,641	\$0	\$100,039	\$0	\$4,475	\$2,191,155		\$2,191,155
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0					\$0		\$0
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity			\$69,802			\$69,802		\$69,802
11180 Housing Assistance Payments Equity			\$0			\$0		\$0
11190 Unit Months Available	720		1680			2400		2400
11210 Number of Unit Months Leased	705		1680			2385		2385
11270 Excess Cash	\$80,298					\$80,298		\$80,298
11610 Land Purchases	\$0					\$0		\$0
11620 Building Purchases	\$133,937					\$133,937		\$133,937
11630 Furniture & Equipment - Dwelling Purchases	\$0					\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0					\$0		\$0
11650 Leasehold Improvements Purchases	\$0					\$0		\$0
11660 Infrastructure Purchases	\$0					\$0		\$0
13510 CFFP Debt Service Payments	\$0					\$0		\$0
13901 Replacement Housing Factor Funds	\$0					\$0		\$0

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY  
COST CERTIFICATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**OH16P066  
501-12**

Original Funds Approved	<u>\$67,062</u>
Funds Expended/Disbursed	<u>\$67,062</u>

1. The actual cost certification was signed on April 11, 2014.
2. All costs have been paid through June 30, 2014 and there are no outstanding liabilities.
3. The final costs on the certification agree to the Authority's records.
4. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed has expired.



**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass-Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	\$ 243,337
Resident Opportunity and Supportive Services - Service Coordinators	N/A	14.870	45,695
Section 8 Housing Choice Vouchers	N/A	14.871	541,916
Public Housing Capital Fund	N/A	14.872	133,937
Total Federal Award Expenditures			<u>\$ 964,885</u>

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the accrual basis of accounting.



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

Morgan Metropolitan Housing Authority  
Morgan County  
4580 North State Route 376 NW  
McConnelsville, Ohio 43756

To the Board of Directors:

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 Morgan Metropolitan Housing Authority, Morgan County, (the Authority) as of and for the fiscal year ended June 30, 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 November 11, 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.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

***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.

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
November 11, 2014



**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**

Morgan Metropolitan Housing Authority  
Morgan County  
4580 North State Route 376 NW  
McConnelsville, Ohio 43756

To the Board of Directors:

***Report on Compliance for the Major Federal Program***

We have audited the Morgan 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 the Morgan Metropolitan Housing Authority's major federal program for the fiscal year ended June 30, 2014. The *Summary of Audit Results* in the accompanying schedule of 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 program.

***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.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
(740) 345-6611  
1-800-523-6611  
FAX (740) 345-5635

***Opinion on the Major Federal Program***

In our opinion, the Morgan 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 fiscal year ended June 30, 2014.

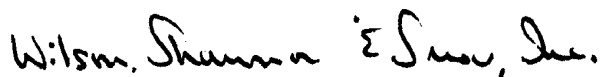
***Report on Internal Control Over Compliance***

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.



Newark, Ohio  
November 11, 2014

**MORGAN METROPOLITAN HOUSING AUTHORITY  
MORGAN COUNTY**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Program (list):</b>	Section 8 Housing Choice Vouchers/CFDA #14.871
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.



# Dave Yost • Auditor of State

## MORGAN COUNTY METROPOLITAN HOUSING AUTHORITY

### MORGAN 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  
DECEMBER 18, 2014