

**IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
Single Audit
For the Year Ended September 30, 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Commissioners
Ironton Metropolitan Housing Authority
720 Washington Street
Ironton, Ohio 45638

We have reviewed the *Independent Accountant's Report* of the Ironton Metropolitan Housing Authority, Lawrence County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period October 1, 2011 through September 30, 2012. 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 Ironton 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

April 17, 2013

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**IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

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

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

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

INDEPENDENT ACCOUNTANTS' REPORT

March 22, 2013

Ironton Metropolitan Housing Authority
Lawrence County
720 Washington Street
Ironton, OH 45638

To the Board of Commissioners:

We have audited the accompanying financial statements of the business-type activities of the **Ironton Metropolitan Housing Authority**, Lawrence County, Ohio (the "Authority"), as of and for the year ended September 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Ironton Metropolitan Housing Authority, Lawrence County, Ohio, as of September 30, 2012, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2013, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*; you should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements taken as a whole. The financial data schedules presented on pages 20 through 22 and the actual modernization cost certificate presentation on page 23 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. The schedule of federal awards expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplemental financial data schedules, actual cost modernization certificate, and the schedule of federal awards expenditures are management's responsibility, and were derived from and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. These schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Perry & Associates
Certified Public Accountants, A.C.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2012

MANAGEMENT’S DISCUSSION AND ANALYSIS
Unaudited

It is a privilege to present for you the financial picture of Ironton Metropolitan Housing Authority. The Ironton 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’s 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 will begin on page 9.

FINANCIAL HIGHLIGHTS

- Total revenues decreased by \$277,551 (or 13.27%) during 2012, and were \$1,812,778 and \$2,090,329 for 2012 and 2011, respectively.
- Total expenses decreased by \$66,054 (or 0.34%). Total expenses were \$1,862,969 and \$1,929,023 for 2012 and 2011, 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 Assets ~ ~ Statement of Revenues, Expenses, and Changes in Net Assets ~ ~ 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.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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

Net Assets, Invested in Capital Assets: This component of Net Assets consists of all Net Capital Assets (net of accumulated depreciation).

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

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt," or "Restricted Net Assets."

The basic financial statements also include a Statement of Revenues, Expenses, and Changes in Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

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

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:

Public Housing Program – The public housing program is designed to provide low-cost housing within Lawrence County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Capital Fund Program (CFP) – Substantially all additions to land, structures, and equipment are accomplished through modernization programs (included in the financial statements under the public housing program). Modernization funds replace or materially upgrade deteriorated portions of existing Authority property.

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.

**IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY**

FOR THE YEAR ENDED SEPTEMBER 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

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

**TABLE 1
STATEMENT OF NET ASSETS**

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Current and Other Assets	\$ 2,314,981	\$ 2,499,212	\$ (184,231)
Capital Assets, Net	<u>5,638,261</u>	<u>5,483,850</u>	<u>154,411</u>
TOTAL ASSETS	<u>7,953,242</u>	<u>7,983,062</u>	<u>(29,820)</u>
Current and Other Liabilities	144,442	140,961	3,481
Long-term liabilities	<u>174,257</u>	<u>157,367</u>	<u>16,890</u>
TOTAL LIABILITIES	<u>318,699</u>	<u>298,328</u>	<u>20,371</u>
Net Assets:			
Invested in Capital Assets	5,638,261	5,483,850	154,411
Restricted	28,339	33,534	(5,195)
Unrestricted	<u>1,967,943</u>	<u>2,167,350</u>	<u>(199,407)</u>
TOTAL NET ASSETS	<u>\$ 7,634,543</u>	<u>\$ 7,684,734</u>	<u>\$ (50,191)</u>

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Capital assets increased due to additions exceeding depreciation expense as shown in Table 4. Current and other assets decreased by \$184,231 primarily due to expenses exceeding revenues. Long term liabilities increased by \$16,890 due to additional compensated absences for the Authority in 2012.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY

FOR THE YEAR ENDED SEPTEMBER 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS
 Unaudited

TABLE 2
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

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

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Revenues			
Tenant Revenue - Rents and Other	\$ 752,452	\$ 722,652	\$ 29,800
Operating Subsidies and Grants	446,265	885,072	(438,807)
Capital Grants	533,974	410,209	123,765
Investment Income/Other Revenues	80,087	72,396	7,691
TOTAL REVENUE	<u>1,812,778</u>	<u>2,090,329</u>	<u>(277,551)</u>
Expenses			
Administrative	231,000	190,227	40,773
Tenant services	0	2,893	(2,893)
Utilities	315,410	319,562	(4,152)
Ordinary Maintenance and Operations	584,990	685,298	(100,308)
General	89,992	86,073	3,919
Housing Assistance Payment	244,745	247,441	(2,696)
Depreciation	396,832	397,529	(697)
TOTAL EXPENSES	<u>1,862,969</u>	<u>1,929,023</u>	<u>(66,054)</u>
NET INCREASE (DECREASE)	<u>(50,191)</u>	<u>161,306</u>	<u>(211,497)</u>
Net Assets, Beginning of Year	<u>7,684,734</u>	<u>7,523,428</u>	<u>161,306</u>
Net Assets, End of Year	<u>\$ 7,634,543</u>	<u>\$ 7,684,734</u>	<u>\$ (50,191)</u>

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

Operating subsidies and grants decreased by \$438,807 from 2011 to 2012, due to decreased government subsidy of rents and less occupancy. Administrative expenses increased by \$40,733 due to a slight increase in personnel which increased salaries and benefits in 2012 in the administrative area. Utilities expensed decreased \$4,152 from 2011 to 2012 due to less usage. Ordinary maintenance and operation expenses decreased \$100,308 from 2011 to 2012 due to less maintenance being required during 2012. Capital grants increased by \$123,765 from 2011 to 2012 due to additional ongoing construction during 2012. Other than these changes the Authority operated consistently between the years.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS
 Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year end, the Authority had \$5,638,261 invested in a variety of capital assets (net of accumulated depreciation) as reflected in the following schedule, which represents a net increase (addition, deductions and depreciation) of \$154,411 from the end of last year.

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

	2012	2011
Construction in Progress	\$ 788,687	\$ 239,597
Land and Land Rights	500,242	500,242
Buildings and Improvements	12,790,113	12,790,113
Equipment - Administrative	208,942	208,942
Equipment - Dwellings	240,554	241,402
Accumulated Depreciation	<u>(8,890,277)</u>	<u>(8,496,446)</u>
TOTAL	<u>\$ 5,638,261</u>	<u>\$ 5,483,850</u>

The following reconciliation summarizes the change in Capital Assets.

TABLE 4
CHANGE IN CAPITAL ASSETS

BEGINNING BALANCE		\$ 5,483,850
Additions (Net)		551,243
Depreciation		<u>(396,832)</u>
ENDING BALANCE		<u>\$ 5,638,261</u>

This year's major additions are:

Capital improvements (CFP) still in progress at the Authority's Public Housing complexes		\$ 549,090
TOTAL ADDITIONS		<u>\$ 549,090</u>

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

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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

Ironton 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 Jim Johnson, Executive Director of the Ironton Metropolitan Housing Authority at 740-532-8658.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPE- ENTERPRISE FUND
AS OF SEPTEMBER 30, 2012

	<u>ENTERPRISE</u>
<i>Assets</i>	
Current Assets:	
Cash - Unrestricted	\$ 2,200,582
Cash - Restricted	28,339
Accounts Receivable:	
Tenants - Dwelling Rents, Net of Allowance for Doubtful Accounts	40,611
Accrued Interest Receivable	433
Prepaid Expenses and Other Assets	45,016
Total Current Assets:	2,314,981
Noncurrent Assets:	
Capital Assets:	
Nondepreciable Capital Assets	1,288,929
Depreciable Capital Assets, Net of Accumulated Depreciation	4,349,332
Total Noncurrent Assets:	5,638,261
<i>Total Assets</i>	\$ 7,953,242
<i>Liabilities</i>	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	\$ 16,456
Compensated Absences	12,989
Tenant Security Deposits	55,179
Monies Held for Matured Bonds and Interest	15,238
Intergovernmental Payable	44,580
Total Current Liabilities:	144,442
Long Term Liabilities:	
Compensated Absences	174,257
Total Long Term Liabilities:	174,257
<i>Total Liabilities</i>	318,699
Net Assets:	
Invested In Capital Assets	5,638,261
Restricted	28,339
Unrestricted	1,967,943
<i>Total Net Assets</i>	7,634,543
<i>Total Liabilities and Net Assets</i>	\$ 7,953,242

See accompanying notes to the basic financial statements.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPE- ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>ENTERPRISE</u>
<i>Operating Revenues</i>	
Tenant Rental Revenues	\$ 730,094
Tenant Revenue - Other	22,358
Government Operating Grants	446,265
Other	73,834
Total Operating Revenues	1,272,551
<i>Operating Expenses</i>	
Administrative	231,000
Utilities	315,410
Ordinary Maintenance & Operation	584,990
General Expenses	89,992
Housing Assistance Payments	244,745
Depreciation Expense	396,832
Total Operating Expenses	1,862,969
Operating Loss	(590,418)
<i>Non-Operating Revenue</i>	
Capital Grants	533,974
Investment Income - Unrestricted	6,253
Total Non-Operating Revenues	540,227
Change in Net Assets	(50,191)
Net Assets, Beginning of Year	7,684,734
Net Assets, End of Year	\$ 7,634,543

See accompanying notes to the basic financial statements.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>ENTERPRISE</u>
Cash flows from operating activities:	
Receipts from tenants	\$ 738,347
Receipts from operating grants	446,265
Other operating receipts	73,834
Housing assistance payments	(244,745)
Payments for general and administrative expense	(1,226,138)
Net cash used by operating activities	<u>(212,437)</u>
Cash flows from capital and related financing activities:	
Construction and acquisitions of capital assets	(551,243)
Capital grants	533,974
Net cash flow used by capital and related financing activities	<u>(17,269)</u>
Cash flows from investing activities:	
Interest received on investments	6,395
Net cash provided by investing activities	<u>6,395</u>
Net increase in cash and cash equivalents	(223,311)
Cash at beginning of year	2,452,232
Cash at end of year	<u>\$ 2,228,921</u>
 CASH FLOWS FROM OPERATING ACTIVITIES	
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	\$ (590,418)
Adjustments to reconcile net (loss) to net cash used by operating activities	
(Increase)Decrease In:	
Accounts Receivable	(13,197)
Prepaid Expenses and Other Assets	(26,025)
Increase(Decrease) In:	
Accounts Payable	
Accrued Wages/Payroll Taxes Payable	4,732
Compensated Absences	12,274
Tenant Security Deposits	(908)
Intergovernmental Payable	4,273
Depreciation Expense	396,832
Net Cash Provided By Operating Activities	<u>\$ (212,437)</u>

See accompanying notes to the basic financial statements.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY

The Ironton Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code.

The Ironton 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. PUBLIC HOUSING PROGRAM

The public housing program is designed to provide low-cost housing within Lawrence County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. CAPITAL FUND PROGRAM (CFP)

The Capital Fund Program also is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

C. 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.

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, public housing, Section 8, and modernization programs. 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 2012.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ironton 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 below.

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.

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds, Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

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 net total assets.

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.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

The Authority has investments in the form of certificates of deposits. Except for nonparticipating investment contracts, investments are reported at fair value which is based upon quoted market prices. Nonparticipating investment contracts such as certificates of deposit are reported at cost.

For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Assets, investments of the Authority with an original maturity of six months or less at the time they are purchased by the Authority are considered to be cash equivalents. Investments with an initial maturity of more than six months are reported as investments.

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 Authority uses a capitalization threshold of \$200.

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	20-40 years
Building Improvements	20 years
Equipment, Furniture and Fixtures	5-10 years
Other Equipment and Machinery	3-10 years

Capital assets acquired from resources externally restricted for capital acquisition (e.g. capital grants) are recorded as revenue in the benefiting proprietary fund. Depreciation on these assets is recorded as an expense.

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond September 30, 2012, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

I. TAX LIABILITY

The Authority is by law exempt from all federal, state, and local taxes and assessments. The Authority has elected to pay a Payment in Lieu of Taxes (PILOT) based principally on a percentage of tenant dwelling income received from HUD-assisted programs.

J. INTERGOVERNMENTAL REVENUES

Grants, entitlements or shared revenues received for enterprise fund operating purposes are recognized in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as revenue.

K. 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.

L. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets-net of related debt 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. Restricted net assets represent the portion of net assets restricted for Housing Assistance Payments. Unrestricted net assets represent the portion of net assets not restricted.

M. RESTRICTED ASSETS

The Authority has recorded restricted assets to account for the cash held by the Authority which is restricted by HUD for Housing Assistance Payments.

N. MONIES HELD FOR MATURED BONDS AND INTEREST

The Authority received \$15,238 during a prior period from a bank who was the fiscal agent for matured bonds and coupons from old debt issues. The District has recorded such monies as a liability as of September 30, 2012.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

3. DEPOSITS AND INVESTMENTS

Cash on Hand

At year end, the Authority had \$300 in un-deposited cash on hand which is included on the financial statements of the Authority as part of "cash - unrestricted."

Deposits

At year end, the carrying amount of the Authority's deposits was \$2,228,921, and the bank balance was \$2,244,298. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of September 30, 2012, \$410,372 of the Authority's bank balance was covered by Federal Depository Insurance and \$1,833,926 was uninsured and collateralized with securities held by the pledging financial institution's trust department in the Authority's name.

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.

4. RECEIVABLES

Receivables at September 30, 2012, consisted of accounts receivable from tenants for rent and materials, miscellaneous receivables which includes late charges and utilities owed to the Authority by the tenants and accrued interest receivable.

5. CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended September 30, 2012, follows:

	Balance - 09/30/11	Additions	Deletions	Balance - 09/30/12
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 500,242	\$ -	\$ -	\$ 500,242
Construction in Progress	239,597	549,090	-	788,687
Total Capital Assets Not Being Depreciated	739,839	549,090	-	1,288,929
Capital Assets Being Depreciated:				
Buildings and Improvements	12,790,113	-	-	12,790,113
Equipment-Dwellings	241,402	2,153	(3,001)	240,554
Equipment-Administrative	208,942	-	-	208,942
Total Capital Assets Being Depreciated	13,240,457	2,153	(3,001)	13,239,609
Accumulated Depreciation:				
Buildings and Improvements	(8,107,333)	(383,397)	-	(8,490,730)
Equipment-Dwellings	(181,446)	(12,160)	3,001	(190,605)
Equipment-Administrative	(207,667)	(1,275)	-	(208,942)
Total Accumulated Depreciation	(8,496,446)	(396,832)	3,001	(8,890,277)
Net Capital Assets Being Depreciated	4,744,011	(394,679)	-	4,349,332
Net Capital Assets	\$ 5,483,850	\$ 154,411	\$ -	\$ 5,638,261

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

6. DEFINED BENEFIT PENSION PLAN

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

All Ironton Metropolitan Housing Authority full time employees participate in the Public Employees Retirement System of Ohio ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Plan—a cost sharing, multiple-employer defined benefit 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, employer contributions are invested by OPERS 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 and disability benefits, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to, OPERS, 277 East Town Street, Columbus, Ohio 42315-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. The member contribution rates were 10.0% for 2012, 2011, and 2010 for the Authority. The employer contribution rates were 14.0% of covered payroll for the Authority for 2012, 2011 and 2010. The Authority's contributions to OPERS for the years ended September 30, 2012, 2011, and 2010 were \$34,578, \$36,482, and \$31,689, respectively, which were equal to the required contributions for those years.

7. POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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 provides retirement, disability, and survivor benefits as well as postretirement health care coverage 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 postemployment health care coverage.

In order to qualify for post-retirement 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.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

7. POSTEMPLOYMENT BENEFITS (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, 2011 and 2010, the Authority contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14% of covered payroll. 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 the traditional plan was 4.0% for calendar year 2012. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contributions that were used to fund post-employment benefits for 2012, 2011, and 2010, were \$9,879, \$14,332, and \$11,884, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

8. OTHER EMPLOYEE BENEFITS

Compensated Absences: Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation on the employee’s anniversary date. Vacation time can be carried over for one year, but must be taken in the year following the year earned. Employees are paid for earned, unused vacation leave at the time of termination.

Sick leave is earned at a rate of 4.60 hours per pay period (2 weeks). Employees who retire are paid for their earned, unused sick leave hours up to a maximum of 30 days, or the full balance may be transferred to another governmental agency. Such payment shall be based on the employee’s rate of pay at the time of retirement. At September 30, 2012 the current amount of unpaid compensated absences was \$12,989 and the noncurrent amount was \$174,257.

The changes in the Authority’s long-term liabilities during 2012 were as follows:

	Balance at 9/30/2011	Increase	Decrease	Balance at 9/30/2012	Amount Due In One Year
Compensated Absences	\$174,972	\$25,469	\$13,195	\$187,246	\$12,989
Total Long-Term Liabilities	<u>\$174,972</u>	<u>\$25,469</u>	<u>\$13,195</u>	<u>\$187,246</u>	<u>\$12,989</u>

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$1,500	\$250,000,000
Automobile Physical Damage	500	(per occurrence)
Boiler and Machinery	1,000	50,000,000
Liability:		6,000,000
General	0	included
Automobile	0	included
Public Officials	0	included
Law Enforcement	0	included
Professional Liability	5,000	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, Dental, Vision, and Life insurance is offered to Authority employees through a commercial insurance company, McNelly, Patrick & Associates. Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

11. CONTINGENCIES

A. Grants

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 is 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, 2012.

B. Litigation

The Authority is party to legal proceedings. The Authority is of the opinion that the ultimate disposition of claims will not have a material adverse effect, if any, on the financial condition of the Authority.

Supplemental Information

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FINANCIAL DATA SCHEDULE
AS OF SEPTEMBER 30, 2012

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	TOTAL
111 Cash - Unrestricted	\$1,870,708	\$329,874	\$2,200,582	\$0	\$2,200,582
113 Cash - Other Restricted	\$0	\$28,339	\$28,339	\$0	\$28,339
100 Total Cash	\$1,870,708	\$358,213	\$2,228,921	\$0	\$2,228,921
126 Accounts Receivable - Tenants	\$41,611	\$0	\$41,611	\$0	\$41,611
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,000	\$0	-\$1,000		-\$1,000
129 Accrued Interest Receivable	\$338	\$95	\$433		\$433
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$40,949	\$95	\$41,044	\$0	\$41,044
142 Prepaid Expenses and Other Assets	\$41,982	\$3,034	\$45,016	\$0	\$45,016
144 Inter Program Due From	\$47,895	\$0	\$47,895	-\$47,895	\$0
150 Total Current Assets	\$2,001,534	\$361,342	\$2,362,876	-\$47,895	\$2,314,981
161 Land	\$500,242	\$0	\$500,242	\$0	\$500,242
162 Buildings	\$12,790,114	\$0	\$12,790,114	\$0	\$12,790,114
163 Furniture, Equipment & Machinery - Dwellings	\$242,962	\$0	\$242,962	\$0	\$242,962
164 Furniture, Equipment & Machinery - Administration	\$204,974	\$1,560	\$206,534	\$0	\$206,534
166 Accumulated Depreciation	-\$8,888,717	-\$1,560	-\$8,890,277	\$0	-\$8,890,277
167 Construction in Progress	\$788,686	\$0	\$788,686		\$788,686
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,638,261	\$0	\$5,638,261	\$0	\$5,638,261
190 Total Assets	\$7,639,795	\$361,342	\$8,001,137	-\$47,895	\$7,953,242
321 Accrued Wage/Payroll Taxes Payable	\$16,456	\$0	\$16,456	\$0	\$16,456
322 Accrued Compensated Absences - Current Portion	\$12,080	\$909	\$12,989		\$12,989
333 Accounts Payable - Other Government	\$44,580	\$0	\$44,580	\$0	\$44,580
341 Tenant Security Deposits	\$55,179	\$0	\$55,179	\$0	\$55,179
345 Other Current Liabilities	\$15,238		\$15,238		\$15,238
347 Inter Program - Due To	\$0	\$47,895	\$47,895	-\$47,895	\$0
310 Total Current Liabilities	\$143,533	\$48,804	\$192,337	-\$47,895	\$144,442
354 Accrued Compensated Absences - Non Current	\$162,059	\$12,198	\$174,257	\$0	\$174,257
350 Total Non-Current Liabilities	\$162,059	\$12,198	\$174,257	\$0	\$174,257
300 Total Liabilities	\$305,592	\$61,002	\$366,594	-\$47,895	\$318,699
508.1 Invested In Capital Assets, Net of Related Debt	\$5,638,261	\$0	\$5,638,261	\$0	\$5,638,261
511.1 Restricted Net Assets	\$0	\$28,339	\$28,339	\$0	\$28,339
512.1 Unrestricted Net Assets	\$1,695,942	\$272,001	\$1,967,943	\$0	\$1,967,943
513 Total Equity/Net Assets	\$7,334,203	\$300,340	\$7,634,543	\$0	\$7,634,543
600 Total Liabilities and Equity/Net Assets	\$7,639,795	\$361,342	\$8,001,137	-\$47,895	\$7,953,242

Note: This Statement of Net Assets by Program includes interprogram due to/from of \$47,895, which are removed from the entity wide Statement of Net Assets on page 9.

**IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	TOTAL
70300 Net Tenant Rental Revenue	\$730,094	\$0	\$730,094	\$0	\$730,094
70400 Tenant Revenue - Other	\$22,358	\$0	\$22,358	\$0	\$22,358
70600 HUD PHA Operating Grants	\$172,014	\$274,251	\$446,265	\$0	\$446,265
70610 Capital Grants	\$533,974	\$0	\$533,974	\$0	\$533,974
71100 Investment Income - Unrestricted	\$5,812	\$0	\$5,812	\$0	\$5,812
71500 Other Revenue	\$72,582	\$1,253	\$73,835	\$0	\$73,835
72000 Investment Income - Restricted	\$0	\$441	\$441	\$0	\$441
70000 Total Revenue	\$1,536,834	\$275,945	\$1,812,779	\$0	\$1,812,779
91100 Administrative Salaries	\$106,871	\$13,342	\$120,213	\$0	\$120,213
91200 Auditing Fees	\$7,956	\$1,404	\$9,360	\$0	\$9,360
91500 Employee Benefit contributions - Administrative	\$68,082	\$3,572	\$71,654	\$0	\$71,654
91900 Other	\$29,979	\$4,979	\$34,958	\$0	\$34,958
91000 Total Operating - Administrative	\$212,888	\$23,297	\$236,185	\$0	\$236,185
93100 Water	\$117,969	\$0	\$117,969	\$0	\$117,969
93200 Electricity	\$170,183	\$246	\$170,429	\$0	\$170,429
93300 Gas	\$27,012	\$0	\$27,012	\$0	\$27,012
93000 Total Utilities	\$315,164	\$246	\$315,410	\$0	\$315,410
94100 Ordinary Maintenance and Operations - Labor	\$130,918	\$0	\$130,918	\$0	\$130,918
94200 Ordinary Maintenance and Operations - Materials	\$28,742	\$0	\$28,742	\$0	\$28,742
94300 Ordinary Maintenance and Operations Contracts	\$312,834	\$25,700	\$338,534	\$0	\$338,534
94500 Employee Benefit Contributions - Ordinary	\$81,611	\$0	\$81,611	\$0	\$81,611
94000 Total Maintenance	\$554,105	\$25,700	\$579,805	\$0	\$579,805
96140 All Other Insurance	\$30,393	\$0	\$30,393	\$0	\$30,393
96100 Total insurance Premiums	\$30,393	\$0	\$30,393	\$0	\$30,393

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	TOTAL
96300 Payments in Lieu of Taxes	\$44,580	\$0	\$44,580	\$0	\$44,580
96400 Bad debt - Tenant Rents	\$15,019	\$0	\$15,019	\$0	\$15,019
96000 Total Other General Expenses	\$59,599	\$0	\$59,599	\$0	\$59,599
96900 Total Operating Expenses	\$1,172,149	\$49,243	\$1,221,392	\$0	\$1,221,392
97000 Excess of Operating Revenue over Operating	\$364,685	\$226,702	\$591,387	\$0	\$591,387
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$244,745	\$244,745	\$0	\$244,745
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$0
97400 Depreciation Expense	\$396,832	\$0	\$396,832	\$0	\$396,832
90000 Total Expenses	\$1,568,981	\$293,988	\$1,862,969	\$0	\$1,862,969
10000 Excess (Deficiency) of Total Revenue Over	-\$32,147	-\$18,043	-\$50,190	\$0	-\$50,190
11030 Beginning Equity	\$7,366,350	\$31,638	\$7,397,988	\$0	\$7,397,988
11170 Administrative Fee Equity	\$0	\$272,001	\$272,001	\$0	\$272,001
11180 Housing Assistance Payments Equity	\$0	\$28,339	\$28,339	\$0	\$28,339
11190 Unit Months Available	3,012	1,008	4,020	0	4,020
11210 Number of Unit Months Leased	2,922	821	3,743	0	3,743
11270 Excess Cash	\$1,718,340	\$0	\$1,718,340	\$0	\$1,718,340
11620 Building Purchases	\$533,974	\$0	\$533,974	\$0	\$533,974

**IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2012
ACTUAL MODERNIZATION COST CERTIFICATES**

Modernization Project Number : OH16P019501-11

Original Funds Approved:	\$ 379,235
Funds Disbursed:	\$ 9,600
Funds Expended (Actual Modernization Cost):	\$ 9,600
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

Modernization Project Number : OH16P019501-10

Original Funds Approved:	\$ 456,427
Funds Disbursed:	\$ 325,467
Funds Expended (Actual Modernization Cost):	\$ 325,467
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

Modernization Project Number : OH16P019501-09

Original Funds Approved:	\$ 460,745
Funds Disbursed:	\$ 446,413
Funds Expended (Actual Modernization Cost):	\$ 446,413
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

**IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	2012 FEDERAL EXPENDITURES
<i><u>DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></i>		
Low Rent Public Housing	14.850a	\$ 172,014
Section 8 Housing Choice Vouchers	14.871	274,251
Public Housing Capital Fund	14.872	<u>533,974</u>
TOTAL - FEDERAL AWARDS EXPENDITURES		<u><u>\$ 980,239</u></u>

See accompanying notes to the Schedule of Federal Awards Expenditures.

**IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

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

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

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

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

March 22, 2013

Ironton Metropolitan Housing Authority
Lawrence County
720 Washington Street
Ironton, OH 45638

To the Board of Commissioners:

We have audited the financial statements of the business-type activities of the **Ironton Metropolitan Housing Authority**, Lawrence County, Ohio (the Authority), as of and for the year ended September 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents and have issued our report thereon dated March 22, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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*.

We intend this report solely for the information and use of management, members of the Board of Commissioners, federal awarding agencies, and others within the Authority. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

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

Perry & Associates
Certified Public Accountants, A.C.

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Certified Public Accountants, A.C.

www.perrycpas.com

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

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

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

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

March 22, 2013

Ironton Metropolitan Housing Authority
Lawrence County
720 Washington Street
Ironton, OH 45638

To the Board of Commissioners:

Compliance

We have audited the compliance of the **Ironton Metropolitan Housing Authority**, Lawrence County, Ohio (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended September 30, 2012. The summary of auditor's results section of the accompanying schedule of audit findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Authority's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to 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 that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with these requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could directly and materially affect the Authority's major federal program for the year ended September 30, 2012.

Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance, but not for the purpose of opining 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, members of the Board of Commissioners, federal awarding agencies, and others within the Authority. It is not intended for anyone other than these specified parties.

Respectfully submitted,



Perry & Associates
Certified Public Accountants, A.C.

**IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Public Housing Capital Fund CFDA # 14.872
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	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

IRONTON METROPOLITAN HOUSING AUTHORITY

LAWRENCE 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
MAY 9, 2013**