

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
Regular Audit  
For the Year Ended September 30, 2012**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Meigs Metropolitan Housing Authority, Meigs 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 Meigs Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

March 18, 2013

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

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**INDEPENDENT ACCOUNTANTS' REPORT**

January 28, 2013

Meigs Metropolitan Housing Authority  
117 East Memorial Drive  
Pomeroy, OH 45769

To the Board of Commissioners:

We have audited the accompanying financial statements of the business-type activities of the **Meigs Metropolitan Housing Authority**, Meigs 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 Meigs Metropolitan Housing Authority, Meigs County, Ohio as of September 30, 2012, and the respective changes in financial position and the 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 January 28, 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 schedule presented on pages 19 and 20 is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. The financial data schedule is management's responsibility, and was derived from and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. This schedule was 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,

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

**Perry & Associates**  
Certified Public Accountants, A.C.



**MEIGS METROPOLITAN HOUSING AUTHORITY**

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

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

**FINANCIAL HIGHLIGHTS**

- Total revenues decreased by \$133,171 (or 21%) during 2012, and were \$490,183 and \$623,354 for 2012 and 2011, respectively.
- Total operating expenses increased by \$19,473 (or 3%) during 2012, and were \$606,817 and \$587,344 for 2012 and 2011, respectively.

**USING THIS ANNUAL REPORT**

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

<p><b>MD&amp;A</b> ~ Management Discussion and Analysis ~</p>
<p><b>Basic Financial Statements</b> ~ Statement of Net Assets ~ ~ Statement of Revenues, Expenses and Changes in Net Assets ~ ~ Statement of Cash Flows ~ ~ Notes to Basic Financial Statements ~</p>

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

**MEIGS METROPOLITAN HOUSING AUTHORITY**  
**MEIGS COUNTY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 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, Net of Related Debt: This component of Net Assets consists of all Net Capital Assets (net of accumulated depreciation), reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net 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 investment income.

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 and investment activities.

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

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

**MEIGS METROPOLITAN HOUSING AUTHORITY**  
**MEIGS COUNTY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 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	\$ 150,352	\$ 259,233	\$ (108,881)
Capital Assets	138,311	146,239	(7,928)
TOTAL ASSETS	<u>288,663</u>	<u>405,472</u>	<u>(116,809)</u>
Current and Other Liabilities	10,510	10,685	(175)
TOTAL LIABILITIES	<u>10,510</u>	<u>10,685</u>	<u>(175)</u>
Net Assets:			
Invested in Capital Assets	138,311	146,239	(7,928)
Restricted	35,249	223,478	(188,229)
Unrestricted	104,593	25,070	79,523
TOTAL NET ASSETS	<u>\$ 278,153</u>	<u>\$ 394,787</u>	<u>\$ (116,634)</u>

**MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS**

Capital assets decreased due to depreciation expense as shown in Table 4. Cash decreased by \$108,881 primarily due to decreased operating revenues during 2012. Net restricted assets decreased due to use of specified funding.

**MEIGS METROPOLITAN HOUSING AUTHORITY**  
**MEIGS 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 fiscal years.

	<u>2012</u>	<u>2011</u>	<u>Variance</u>
<b>Revenues</b>			
Tenant Rental Revenues	\$ 18,933	\$ 18,896	\$ 37
HUD PHA Grants/Operating Grants	463,031	600,476	(137,445)
MRDD Revenues	1,886	1,664	222
Investment Income/Other Revenues	6,333	2,318	4,015
TOTAL REVENUE	<u>490,183</u>	<u>623,354</u>	<u>(133,171)</u>
<b>Expenses</b>			
Administrative	63,056	92,559	(29,503)
Tenant Services	7,980	-	7,980
Ordinary Maintenance & Operations	9,020	182	8,838
General Expenses	14,733	7,223	7,510
Housing Assistance Payment	501,453	479,452	22,001
HAP Portability-in	2,647	-	2,647
Depreciation Expense	7,928	7,928	-
TOTAL EXPENSES	<u>606,817</u>	<u>587,344</u>	<u>19,473</u>
NET INCREASE (DECREASE)	<u>\$ (116,634)</u>	<u>\$ 36,010</u>	<u>\$ (152,644)</u>
Net Assets, Beginning of Year	<u>394,787</u>	<u>358,777</u>	<u>36,010</u>
Net Assets, End of Year	<u>\$ 278,153</u>	<u>\$ 394,787</u>	<u>\$ (116,634)</u>

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

Government operating grants decreased by \$137,445 from fiscal year 2011 to 2012, due to decreased government subsidy of rents. Other than these changes the Authority operated consistently between the years.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Unaudited**

**CAPITAL ASSETS**

**CAPITAL ASSETS**

As of year-end, the Authority had \$138,311 invested in a variety of capital assets (net of accumulated depreciation) as reflected in the following table, which represents a net decrease (depreciation) of \$7,928 from the end of last year.

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

	2012	2011
Land and Land Rights	\$ 24,690	\$ 24,690
Buildings and Improvements	218,005	218,005
Equipment	4,830	4,830
Accumulated Depreciation	(109,214)	(101,286)
<b>TOTAL</b>	<b>\$ 138,311</b>	<b>\$ 146,239</b>

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4**  
**CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE		\$ 146,239
Depreciation		(7,928)
<b>ENDING BALANCE</b>		<b>\$ 138,311</b>

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

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

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

**FINANCIAL CONTACT**

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

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2012**

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<i>Assets</i>	
Current Assets	
Cash - Unrestricted	\$ 110,833
Total Current Assets	110,833
Restricted Assets	
Restricted Cash - Housing Assistance	35,249
Restricted Cash - Family Self-Sufficiency	4,270
Total Restricted Assets	39,519
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	24,690
Depreciable Capital Assets, Net of Accumulated Depreciation	113,621
Total Capital Assets	138,311
Total Noncurrent Assets	138,311
<i>Total Assets</i>	\$ 288,663
<i>Liabilities</i>	
Current Liabilities	
Accrued Wages/Payroll Taxes Payable	\$ 1,380
Compensated Absences	4,860
Undistributed Credits - Family Self-Sufficiency	4,270
<i>Total Liabilities</i>	10,510
Net Assets	
Invested In Capital Assets	138,311
Restricted	35,249
Unrestricted	104,593
<i>Total Net Assets</i>	278,153
<i>Total Liabilities and Net Assets</i>	\$ 288,663

See accompanying notes to the basic financial statements.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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<i>Operating Revenues</i>	
Tenant Rental Revenues	\$ 18,933
HUD PHA Grants/Operating Grants	463,031
MRDD Revenue	1,886
Other	5,211
Total Operating Revenue	<u>489,061</u>
 <i>Operating Expenses</i>	
Administrative	63,056
Tenant Services	7,980
Ordinary Maintenance & Operation	9,020
General Expenses	14,733
Housing Assistance Payments	501,453
HAP Portability-in	2,647
Depreciation Expense	7,928
Total Operating Expenses	<u>606,817</u>
 Operating Income	 <u>(117,756)</u>
 <i>Non-Operating Revenue</i>	
Investment Income	<u>1,122</u>
Total Non-Operating Revenues	<u>1,122</u>
 Change in Net Assets	 (116,634)
 Net Assets, Beginning of Year	 <u>394,787</u>
 Net Assets, End of Year	 <u>\$ 278,153</u>

See accompanying notes to the basic financial statements.



**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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Cash flows from operating activities	
Receipts from tenants	\$ 18,933
Receipts from operating grants	463,031
Other operating receipts	7,097
Housing assistance payments	(501,453)
Salaries and related benefits	(71,036)
Payments for general and administrative expense	(26,575)
Net cash used for operating activities	<u>(110,003)</u>
Cash flows from investing activities	
Interest received on investments	<u>1,122</u>
Net cash provided by investing activities	1,122
Net increase in cash and cash equivalents	(108,881)
Cash at beginning of year	<u>259,233</u>
Cash at end of year	<u><u>\$ 150,352</u></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Operating Loss	\$ (117,756)
Adjustments to reconcile net (loss) to net cash provided by operating activities	
Increase(Decrease) In:	
Accrued Wages/Payroll Taxes Payable	222
Compensated Absences	(3,037)
Undistributed FSS Credits	2,640
Depreciation Expense	7,928
Net Cash Provided By Operating Activities	<u><u>\$ (110,003)</u></u>

See accompanying notes to the basic financial statements.

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

**1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY**

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

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

DESCRIPTION OF PROGRAMS

*A. HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8*

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

*B. MR/DD*

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

*C. Family Self Sufficiency (FSS) Program*

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

REPORTING ENTITY

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

The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization or (2) the Authority is legally entitled to or can otherwise access the organization's resources; (3) the Authority is legally obligated or has assumed responsibility to finance the deficits of, or provide fiscal support to, the organization; (4) the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the levying of taxes or issuance of debt. The Authority did not have any component units or other related organizations in 2012.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

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

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.

**D. BUDGETARY DATA**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. CASH AND CASH EQUIVALENTS**

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

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

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

**F. CAPITAL ASSETS**

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

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

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

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

**G. COMPENSATED ABSENCES**

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. OPERATING REVENUES and EXPENSES**

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

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

**I. USE OF ESTIMATES**

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

**J. NET 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. Unrestricted net assets represent the portion of net assets not restricted.

**3. CASH AND CASH EQUIVALENTS**

**Deposits**

At fiscal year end, the carrying amount of the Authority's deposits was \$150,352, and the bank balance was \$153,496. The entire bank balance was covered by federal deposit insurance.

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

**4. RESTRICTED ASSETS**

The restricted net assets of \$39,519, on the financial statements represent the following:

Excess Cash Advanced to the Housing Choice Voucher Program	\$ 35,249
by HUD for Housing Assistance Payments	4,270
FSS Escrow Funds	<u>4,270</u>
Total Restricted Cash	<u><u>39,519</u></u>

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

**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	\$ 24,690	\$ -	\$ -	\$ 24,690
Total Capital Assets Not Being Depreciated	24,690	-	-	24,690
Capital Assets Being Depreciated:				
Buildings and Improvements	218,005	-	-	218,005
Equipment	4,830	-	-	4,830
Total Capital Assets Being Depreciated	222,835	-	-	222,835
Accumulated Depreciation:				
Buildings and Improvements	(96,456)	(7,928)	-	(104,384)
Equipment	(4,830)	-	-	(4,830)
Total Depreciation	(101,286)	(7,928)	-	(109,214)
Net Capital Assets Being Depreciated	121,549	(7,928)	-	113,621
Net Capital Assets	\$ 146,239	\$ (7,928)	\$ -	\$ 138,311

**6. DEFINED BENEFIT PENSION PLAN**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan.

The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over 5 years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

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

**6. DEFINED BENEFIT PENSION PLAN (Continued)**

For the year ended September 30, 2012, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Authority's contribution rate for 2012 was 14.0 percent (of which 8.5 percent relates to pension contributions) of covered payroll.

The Authority's required contributions for pension obligations to the traditional and combined plans for the years ended September 30, 2012, 2011 and 2010 were \$5,428, \$7,739 and \$5,444 respectively; 100 percent has been contributed for 2012, 2011, and 2010.

**7. POSTEMPLOYMENT BENEFITS**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**A. PLAN DESCRIPTION**

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

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

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

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

**B. FUNDING POLICY**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

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

**7. POSTEMPLOYMENT BENEFITS (Continued)**

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. For 2012, the employer contribution allocated to the health care plan was 7.00 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended September 30, 2012, which were used to fund postemployment benefits, were \$13,027.

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

**8. COMPENSATED ABSENCES**

Sick leave and vacation policies are established by the Housing Authority Board of Directors. All permanent employees earn 4.6 hours sick leave for each 80 hours of service, 3.1 hours vacation time for each 80 hours of service for employees with 1 - 7 years service; and 4.6 hours vacation time for each 80 hours worked for employees with 8 - 14 years service. The Executive Director receives 4.6 hours vacation time for every 80 hours of service. Unused sick leave may be accumulated up to 240 hours and is paid to employees at the time of retirement. All permanent employees earn vacation hours based on length of service. Unused vacation leave will be paid to the employees at the time of separation. As of September 30, 2012, \$4,860 was accrued for unused sick leave and vacation.

**9. ECONOMIC DEPENDENCY**

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

**10. RISK MANAGEMENT**

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

The Authority pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**11. CONTINGENCIES**

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at September 30, 2012.



**MEIGS METROPOLITAN HOUSING AUTHORITY**  
**MEIGS COUNTY**  
**FINANCIAL DATA SCHEDULE**  
**AS OF SEPTEMBER 30,2012**

	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	TOTAL
111 Cash - Unrestricted	\$85,796	\$18,797	\$104,593	\$0	\$104,593
113 Cash - Other Restricted	\$35,249	\$0	\$35,249	\$0	\$35,249
115 Cash - Restricted for Payment of Current Liabilities	\$10,510	\$0	\$10,510	\$0	\$10,510
100 Total Cash	\$131,555	\$18,797	\$150,352	\$0	\$150,352
150 Total Current Assets	\$131,555	\$18,797	\$150,352	\$0	\$150,352
161 Land	\$0	\$24,690	\$24,690	\$0	\$24,690
162 Buildings	\$0	\$222,835	\$222,835	\$0	\$222,835
166 Accumulated Depreciation	\$0	-\$109,214	-\$109,214	\$0	-\$109,214
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$138,311	\$138,311	\$0	\$138,311
180 Total Non-Current Assets	\$0	\$138,311	\$138,311	\$0	\$138,311
190 Total Assets	\$131,555	\$157,108	\$288,663	\$0	\$288,663
321 Accrued Wage/Payroll Taxes Payable	\$1,380	\$0	\$1,380	\$0	\$1,380
322 Accrued Compensated Absences - Current Portion	\$4,860	\$0	\$4,860	\$0	\$4,860
345 Other Current Liabilities	\$4,270	\$0	\$4,270	\$0	\$4,270
310 Total Current Liabilities	\$10,510	\$0	\$10,510	\$0	\$10,510
300 Total Liabilities	\$10,510	\$0	\$10,510	\$0	\$10,510
508.1 Invested In Capital Assets, Net of Related Debt	\$0	\$138,311	\$138,311	\$0	\$138,311
511.1 Restricted Net Assets	\$35,249	\$0	\$35,249	\$0	\$35,249
512.1 Unrestricted Net Assets	\$85,796	\$18,797	\$104,593	\$0	\$104,593
513 Total Equity/Net Assets	\$121,045	\$157,108	\$278,153	\$0	\$278,153
600 Total Liabilities and Equity/Net Assets	\$131,555	\$157,108	\$288,663	\$0	\$288,663

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

	14.871				
	Housing	1 Business			
	Choice	Activities	Subtotal	ELIM	TOTAL
	Vouchers				
70400 Tenant Revenue - Other	\$0	\$18,933	\$18,933	\$0	\$18,933
70600 HUD PHA Operating Grants	\$463,031	\$0	\$463,031	\$0	\$463,031
71100 Investment Income - Unrestricted	\$0	\$85	\$85	\$0	\$85
71400 Fraud Recovery	\$2,285	\$0	\$2,285	\$0	\$2,285
71500 Other Revenue	\$4,812	\$0	\$4,812	\$0	\$4,812
72000 Investment Income - Restricted	\$1,037	\$0	\$1,037	\$0	\$1,037
70000 Total Revenue	\$471,165	\$19,018	\$490,183	\$0	\$490,183
91100 Administrative Salaries	\$40,706	\$1,664	\$42,370	\$0	\$42,370
91200 Auditing Fees	\$4,482	\$0	\$4,482	\$0	\$4,482
91500 Employee Benefit contributions - Administrative	\$7,785	\$0	\$7,785	\$0	\$7,785
91600 Office Expenses	\$8,339	\$0	\$8,339	\$0	\$8,339
91900 Other	\$0	\$80	\$80	\$0	\$80
91000 Total Operating - Administrative	\$61,312	\$1,744	\$63,056	\$0	\$63,056
92100 Tenant Services - Salaries	\$6,703	\$0	\$6,703	\$0	\$6,703
92300 Employee Benefit Contributions - Tenant	\$1,277	\$0	\$1,277	\$0	\$1,277
92500 Total Tenant Services	\$7,980	\$0	\$7,980	\$0	\$7,980
94100 Ordinary Maintenance and Operations - Labor	\$0	\$8,970	\$8,970	\$0	\$8,970
94200 Ordinary Maintenance and Operations - Materials	\$50	\$0	\$50	\$0	\$50
94000 Total Maintenance	\$50	\$8,970	\$9,020	\$0	\$9,020
96110 Property Insurance	\$375	\$3,277	\$3,652	\$0	\$3,652
96100 Total insurance Premiums	\$375	\$3,277	\$3,652	\$0	\$3,652
96200 Other General Expenses	\$0	\$4,142	\$4,142	\$0	\$4,142
96210 Compensated Absences	\$6,939	\$0	\$6,939	\$0	\$6,939
96000 Total Other General Expenses	\$6,939	\$4,142	\$11,081	\$0	\$11,081
96900 Total Operating Expenses	\$76,656	\$18,133	\$94,789	\$0	\$94,789
97000 Excess of Operating Revenue over Operating	\$394,509	\$885	\$395,394	\$0	\$395,394
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$501,453	\$0	\$501,453	\$0	\$501,453
97350 HAP Portability-In	\$2,647	\$0	\$2,647	\$0	\$2,647
97400 Depreciation Expense	\$0	\$7,928	\$7,928	\$0	\$7,928
90000 Total Expenses	\$580,756	\$26,061	\$606,817	\$0	\$606,817
10000 Excess (Deficiency) of Total Revenue Over	-\$109,591	-\$7,043	-\$116,634	\$0	-\$116,634
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$230,636	\$164,161	\$394,797	\$0	\$394,797
11170 Administrative Fee Equity	\$85,796	\$0	\$85,796	\$0	\$85,796
11180 Housing Assistance Payments Equity	\$35,249	\$0	\$35,249	\$0	\$35,249
11190 Unit Months Available	1500	0	1500	0	1500
11210 Number of Unit Months Leased	1458	0	1458	0	1458
11270 Excess Cash	\$0	\$0	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0	\$0	\$0

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

January 28, 2013

Meigs Metropolitan Housing Authority  
117 East Memorial Drive  
Pomeroy, OH 45769

To the Board of Commissioners:

We have audited the financial statements of the business-type activities of the **Meigs Metropolitan Housing Authority**, Meigs 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 January 28, 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, and others within the Authority. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

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

**Perry & Associates**  
Certified Public Accountants, A.C.



# Dave Yost • Auditor of State

**MEIGS METROPOLITAN HOUSING AUTHORITY**

**MEIGS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 28, 2013**