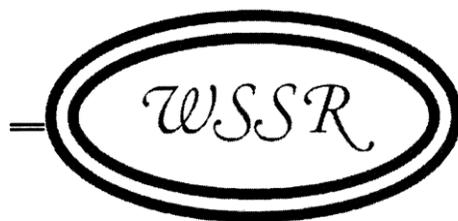


PICKAWAY METROPOLITAN HOUSING AUTHORITY

Pickaway County, Ohio

Financial Statements

For the Year Ended December 31, 2012



Whited Seigneur Sams & Rabe, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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Dave Yost • Auditor of State

Board of Commissioners
Pickaway Metropolitan Housing Authority
176 Rustic Drive
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of the Pickaway Metropolitan Housing Authority, Pickaway County, prepared by Whited, Seigneur, Sams & Rahe CPAs, LLP, for the audit period January 1, 2012 through December 31, 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 Pickaway 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

October 3, 2013

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PICKAWAY METROPOLITAN HOUSING AUTHORITY

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Independent Auditor's Report

July 26, 2013

Members of the Board of Commissioners
Pickaway Metropolitan Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Pickaway Metropolitan Housing Authority (the Authority), Pickaway County, which comprise the statement of net assets as of December 31, 2012, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Authority, as of December 31, 2012, and the respective changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplemental financial data schedules presented on pages 22 through 25 and the statement and certification of actual modernization cost presented on page 27 are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, Office of the Inspector General and are not a required part of the financial statements. The schedule of expenditures of federal awards provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is presented for purpose of and is not a required part of the basic financial statements.

The statement and certification of actual modernization cost, supplemental financial data schedules and schedule of expenditures of federal awards are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of actual modernization cost, supplemental financial data schedules and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs, LLP

A handwritten signature in cursive script that reads "Whited Seigneur Sams & Rahe".

PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012

It is a privilege to present for you the financial picture of Pickaway Metropolitan Housing Authority. The Pickaway 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.

FINANCIAL HIGHLIGHTS

- The revenue increased by \$37,267 (or .81%) during 2012, and was \$4,611,966 and \$4,574,699 for 2012 and 2011, respectively.
- The total expenses increased by \$235,859 (or 5.14%). Total expenses were \$4,827,902 and \$4,592,043 for 2012 and 2011, respectively.

BASIC FINANCIAL STATEMENTS

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

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

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 (formerly equity) 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 Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted 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". This account resembles the old operating reserves account.

The basic financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and 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 Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012

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

Projects (PH & CF) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvement. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Business Activities (OBA) – This is the miscellaneous activities of the authority that currently include housing activities outside the scope of the conventional and housing choice voucher programs. Management contracts for non-profit elderly projects.

Shelter Plus Care (S+C) – This program is designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation or in emergency shelters. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities.

HOME Investment Partnerships Program (CHIP grant) – This program provides formula grants to State and localities that communities use-often in partnerships with local nonprofit groups to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

Rural Rental Housing Loans (WT) – This is a multiple family housing project funded by the United States Department of Agriculture. Each month subsidy is paid to the authority and the USDA deducts the mortgage payment from that subsidy. The rental assistance part of the subsidy is reflected as federal expenditures for this program.

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

PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

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

TABLE 1

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 1,708,687	\$ 1,676,582
Capital assets	5,301,881	5,530,379
TOTAL ASSETS	7,010,568	7,206,961
Current liabilities	145,204	133,927
Long-term liabilities	879,244	870,978
TOTAL LIABILITIES	1,024,448	1,004,905
Net assets:		
Invested in capital assets, net of related debt	4,495,260	4,717,824
Restricted	722,768	681,895
Unrestricted	768,092	802,337
TOTAL NET ASSETS	\$ 5,986,120	\$ 6,202,056

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

The only significant account that changed during the year was capital assets. The detail of the changes in this account can be located at Table 4 of the MDA.

There was also an increase in liabilities for 2012 due to accrued payroll for 10 days in 2012 that was paid in 2013.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012

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 year.

	<u>2012</u>	<u>2011</u>
Revenues		
Tenant revenue - rents and other	\$ 318,165	\$ 284,441
Operating subsidies and grants	3,934,243	4,050,235
Capital grants	187,755	179,171
Investment income/other revenues	171,803	60,852
TOTAL REVENUE	4,611,966	4,574,699
Expenses		
Administration	761,279	650,039
Tenant services	1,910	659
Utilities	111,158	101,892
Maintenance	206,232	197,384
General/PILOT/Insurance	75,641	131,815
Housing assistance payment	3,211,186	3,067,281
Depreciation	421,986	420,504
Interest expense	15,740	14,254
Bad debt/fraud losses	22,770	8,215
TOTAL EXPENSES	4,827,902	4,592,043
Operating transfer in	105,909	-
Operating transfer out	(105,909)	-
NET (DECREASE)	\$ (215,936)	\$ (17,344)

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

Revenues increased due to other revenues in the other business activity due to for an increase in management fees.

Expenses increased due mainly to increases in the housing assistance payments and an increase in bad debt/fraud loss due to tenants that were terminated from the programs owing debt. The board of commissioners approved writing off the debt.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of yearend, the Authority had \$5,301,881 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of \$228,498 from the end of last year.

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

	2012	2011
Land and land rights	\$ 684,414	\$ 684,414
Buildings	11,107,846	10,923,365
Equipment - administrative	211,290	205,527
Equipment - dwellings	149,467	146,223
Leasehold improvements	63,715	63,715
Accumulated depreciation	(6,914,851)	(6,492,865)
TOTAL	\$ 5,301,881	\$ 5,530,379

The following reconciliation summarizes the change in Capital Assets.

TABLE 4
CHANGE IN CAPITAL ASSETS

BEGINNING BALANCE		\$ 5,530,379
Additions		193,488
Depreciation		(421,986)
	ENDING BALANCE	\$ 5,301,881
Capital improvements on Williamsport Terrace amounted to:		\$ 3,244

DEBT ADMINISTRATION

The Authority's debt is listed as current and long-term debt on the statement of net assets and is a loan in the Williamsport Terrace project a FHA project. Total outstanding debt was \$806,621.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012

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

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Kim Hartinger, Executive Director of the Pickaway Metropolitan Housing Authority at (740) 477-2514.

Respectfully submitted,

Kim Hartinger
Executive Director

Pickaway Metropolitan Housing Authority
Statement of Net Assets -
Proprietary Fund Type
December 31, 2012

ASSETS

Current Assets

Cash and cash equivalents	\$	657,274
Restricted cash and cash equivalents		551,532
Investments		239,186
Restricted investments		110,037
Receivables, net		82,086
Inventories, net		17,451
Prepaid expenses and other assets		51,121
TOTAL CURRENT ASSETS		1,708,687

Noncurrent Assets

Capital assets:

Land		684,414
Building and equipment		11,532,318
Less accumulated depreciation		(6,914,851)
		5,301,881

TOTAL NONCURRENT ASSETS 5,301,881

TOTAL ASSETS 7,010,568

LIABILITIES

Current Liabilities

Accounts payable		8,664
Accrued liabilities		83,095
Intergovernmental payables		10,829
Tenant security deposits		26,285
Deferred revenue		9,831
Bonds, notes and loans payable		6,500
TOTAL CURRENT LIABILITIES		145,204

Noncurrent Liabilities

Bonds, notes and loans payable		800,121
Accrued compensated absences non-current		53,394
Noncurrent liabilities - other		25,729

TOTAL NONCURRENT LIABILITIES 879,244

TOTAL LIABILITIES 1,024,448

NET ASSETS

Invested in capital assets, net of related debt		4,495,260
Restricted net assets		722,768
Unrestricted net assets		768,092
TOTAL NET ASSETS	\$	5,986,120

See accompanying notes and auditor's report

Pickaway Metropolitan Housing Authority
Statement of Revenues, Expenses and Change in Net Assets -
Proprietary Fund Type
Year Ended December 31, 2012

OPERATING REVENUE	
Tenant revenue	\$ 318,165
Government operating grants	3,934,243
Other revenues	<u>168,517</u>
TOTAL OPERATING REVENUE	4,420,925
 OPERATING EXPENSES	
Administrative	761,279
Tenant services	1,910
Utilities	111,158
Maintenance	206,232
Insurance	41,025
PILOT	11,512
General	23,104
Housing assistance payments	3,211,186
Bad debts	22,770
Depreciation	<u>421,986</u>
TOTAL OPERATING EXPENSES	<u>4,812,162</u>
OPERATING (LOSS)	(391,237)
 NON-OPERATING REVENUE (EXPENSE)	
Interest and investment revenue	3,286
Interest expense	<u>(15,740)</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>(12,454)</u>
(LOSS) BEFORE CAPITAL GRANTS AND TRANSFERS	(403,691)
 CAPITAL GRANTS - HUD	 <u>187,755</u>
CHANGE IN NET ASSETS	(215,936)
 NET ASSETS BEGINNING OF YEAR	 <u>6,202,056</u>
NET ASSETS END OF YEAR	<u><u>\$ 5,986,120</u></u>

See accompanying notes and auditor's report

Pickaway Metropolitan Housing Authority
Statement of Cash Flows -
Proprietary Fund Type
Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 315,561
Cash received from HUD and other governments	3,937,833
Cash received from other operating sources	153,008
Cash payments for housing assistance payments	(3,211,186)
Cash payments for administrative and operating expenses	<u>(1,178,910)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,306
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid	(5,934)
Capital grants	187,755
Interest expense	(15,740)
Acquisition of capital assets	<u>(193,488)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(27,407)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	3,286
Investment activity/reclassifications	<u>171,602</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	174,888
NET CHANGE IN CASH AND CASH EQUIVALENTS	163,787
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,045,019</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 1,208,806</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating (loss)	\$ (391,237)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	421,986
(Increase) decrease in:	
Receivables - net of allowance	(15,422)
Prepaid expenses and other assets	(18,771)
Inventories - net of allowance	(5,727)
Increase (decrease) in:	
Accounts payable	(8,994)
Intergovernmental payables	(1,398)
Tenant security deposits	440
Accrued liabilities	(1,319)
Accrued compensated absences	3,326
Other liabilities	23,591
Deferred revenues	<u>9,831</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 16,306</u></u>

See accompanying notes and auditor's report

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Pickaway Metropolitan Housing Authority (PMHA or Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of low-rent housing programs. An Annual Contributions Contract (ACC) was signed by the Pickaway Metropolitan Housing Authority under the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability are the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority does not have any component units included in their financial statements.

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 and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for as proprietary fund type in a single enterprise fund.

Use of Estimates

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

Cash and cash equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Tenant Receivables – Recognition of Bad Debts

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for bad debts for tenant related receivables was \$4,057 at December 31, 2012.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Due From/To Other Programs

The following is the detail to reconcile to the Federal Data Schedule (FDS) submitted to HUD. These are eliminated for the basic financial statements:

	O.B.A./CHIP	Shelter Plus Care	W.T.	Total
Due From	\$ 11,874	\$ -	\$ -	\$ 11,874
Due To	\$ (3,073)	\$ (7,262)	\$ (1,539)	\$ (11,874)

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The capitalization policy amount is \$2,500.

Useful Lives:	Buildings	27.5 – 40 years
	Buildings and Leasehold Improvements	15
	Furniture and Equipment	7
	Autos	5
	Computers	3

Depreciation is recorded on the straight-line method.

Investments

Investments are stated at fair value. Non-negotiable certificates of deposit and money market investments are stated at cost. Cost-based measurers of fair value were applied to non-negotiable certificates of deposit and money market investments.

Restricted Cash and Investments

Restricted cash and investments represents amounts received for the home ownership program, restricted HAP monies, 5H funds, and tenant security deposits.

Certain assets may be classified as restricted assets on the Statement of Net Assets, because their use is restricted by contracts or agreements with outside third parties and lending institutions, or laws and regulations of other governments. It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board of Commissioners or through external restrictions imposed by creditors, grantors, or laws, or regulations of other governments. Restricted net assets are HAP (NRA) \$323,756, WT replacement reserve \$45,292 and 5-H funds \$353,720 for a total of \$722,768.

Inventories

The Authority's inventory is comprised of maintenance materials and supplies. Inventories are stated at cost. The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expense when used. The allowance for obsolete inventory was \$1,970 at December 31, 2012.

2. DEPOSITS AND INVESTMENTS

Deposits

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
Year Ended December 31, 2012

2. DEPOSITS AND INVESTMENTS- CONTINUED

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, but surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The carrying amount of the Authority's deposits was \$1,558,029 at December 31, 2012. The corresponding bank balances were \$1,566,180. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," as of December 31, 2012, \$917,944 was covered by federal depository insurance, while \$648,236 was exposed to custodial risk.

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

Book balances at December 31, 2012 were as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Public housing	\$ 554,479	\$ 172,031	\$ 726,510
Section 8	551,880	177,192	729,072
Rural rental housing	72,028	-	72,028
Business activities	10,253	-	10,253
CHIP	12,834	-	12,834
SPC	7,332	-	7,332
	<u>1,208,806</u>	<u>349,223</u>	<u>1,558,029</u>
TOTAL	<u>\$ 1,208,806</u>	<u>\$ 349,223</u>	<u>\$ 1,558,029</u>
Restricted cash and cash equivalents:		Restricted investments:	
Tenant security deposits - PH	\$ 18,750		\$ -
Tenant security deposits - WT	5,395		-
Rural rental housing	45,292		-
5-H funds	132,610		110,037
FSS funds	25,729		-
HAP reserve	323,756		-
TOTAL RESTRICTED CASH AND CASH EQUIVALENTS	<u>\$ 551,532</u>	TOTAL RESTRICTED INVESTMENTS	<u>\$ 110,037</u>

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
Year Ended December 31, 2012

2. DEPOSITS AND INVESTMENTS- CONTINUED

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority’s depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority’s practice to do business with more than one depository.

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

3. CAPITAL ASSETS

A summary of capital assets at December 31, 2012, by class is as follows:

	<u>Balance 12/31/11</u>	<u>Additions</u>	<u>Disposals/ Reclassifications</u>	<u>Balance 12/31/12</u>
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	\$ 684,414	\$ -	\$ -	\$ 684,414
CAPITAL ASSETS, BEING DEPRECIATED				
Buildings and improvements	10,923,365	184,481	-	11,107,846
Furniture and equipment - dwelling	146,223	3,244	-	149,467
Furniture and equipment - administrative	205,527	5,763	-	211,290
Leasehold improvements	63,715	-	-	63,715
Total	<u>11,338,830</u>	<u>193,488</u>	<u>-</u>	<u>11,532,318</u>
ACCUMULATED DEPRECIATION				-
Buildings and improvements	(6,206,461)	(385,773)	-	(6,592,234)
Furniture and equipment - dwelling	(87,497)	(18,155)	-	(105,652)
Furniture and equipment - administrative	(163,174)	(13,901)	-	(177,075)
Land improvements	(2,919)	(98)	-	(3,017)
Leasehold improvements	(32,814)	(4,059)	-	(36,873)
Total	<u>(6,492,865)</u>	<u>(421,986)</u>	<u>-</u>	<u>(6,914,851)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 5,530,379</u>	<u>\$ (228,498)</u>	<u>\$ -</u>	<u>\$ 5,301,881</u>

4. ADMINISTRATIVE FEE

The Authority receives an “administrative fee” as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts.

5. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

- a. The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan.
- b. 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.

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
Year Ended December 31, 2012

5. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM- CONTINUED

- c. The Combined Plan – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr/shtml> or by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. The 2012 member contribution rates were 10 percent of covered payroll for members and 14 percent of covered payroll for employers. The Authority's required contributions for the years ended December 31, 2012, 2011, and 2010 were \$80,177, \$103,248, and \$107,710 respectively. All required payments of contributions have been made through December 31, 2012.

6. POST EMPLOYMENT BENEFITS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B Premium reimbursement, to qualifying members of both the Traditional Pension and 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 Pension 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, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2012 and 2011, the employer contributions allocated to the health care plan was 5.5 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 years ended December 31, 2012 and 2011, which were used to fund post-employment benefits, were \$31,498 and \$21,954, respectively.

The Health care Preservation Plan (HCPP) adopted by the OPERS Retirement Board September 9, 2004, was effective 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.

7. COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws. All permanent employees will earn 4.0 hours sick leave per 80 hours of service. Unused sick leave may be accumulated without limit. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
Year Ended December 31, 2012

7. COMPENSATED ABSENCES- CONTINUED

At December 31, 2012, based on the vesting method \$89,821 was accrued by the Authority for unused vacation and sick time. This balance is the combined total of long-term compensated absences of \$53,394 and short-term which is included in accrued liabilities of \$36,427.

	Beginning Balance 12/31/11	Earned	Used	Ending Balance 12/31/12	Due in One Year
Compensated absences payable	\$ 86,495	\$ 17,604	\$ (14,278)	\$ 89,821	\$ 36,427

8. ECONOMIC DEPENDENCY

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

9. RISK MANAGEMENT

The Authority is covered for property damage, general liability, automobile 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 39 Ohio housing authorities, of which the Authority is a member. SHARP is a member of the Public Entity Risk Consortium (PERC), a self-insurance pool owned by its members. PERC provides SHARP specific excess coverage above its net retained limits. Deductibles and coverage limits are summarized below:

Type of Coverage	Deductible	Coverage Limits
Property	\$1,500	\$250,000,000
Automobile Physical Damage	500	(per occurrence)
Boiler and Machinery	1,000	500,000,000
Liability:		
General	0	2,000,000
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. Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

10. ACCRUED LIABILITIES

The following is the detail of accrued liabilities at December 31, 2012:

Accrued payroll and payroll taxes	\$	37,013
Accrued compensated absences - current		36,427
Other accrued liabilities		9,655
TOTAL ACCRUED LIABILITIES	\$	83,095

Pickaway Metropolitan Housing Authority
Notes to the Basic Financial Statements
Year Ended December 31, 2012

11. LONG-TERM DEBT

The Authority manages a multiple family housing project funded by the Department of Agriculture under its rural housing service. The following is a summary of activity occurring during 2012:

	Beginning Balance 12/31/11	Additions	Payments	Ending Balance 12/31/12
Mortgage				
Issued May 10, 1985				
Interest Rate 11.875%	\$ 513,040	\$ -	\$ 4,316	\$ 508,724
Rehab loan				
The Savings Bank				
Construction	299,515	-	1,618	297,897
	<u>\$ 812,555</u>	<u>\$ -</u>	<u>\$ 5,934</u>	<u>\$ 806,621</u>
		Less: current maturities		6,500
				<u>\$ 800,121</u>

As of December 31, 2012, long-term debt maturities are as follows:

2013	\$ 6,552
2014	7,241
2015	8,010
2016	8,870
2017	9,830
2018 & Thereafter	766,118
LONG-TERM DEBT	\$ 806,621

Mortgage – Annual payments required vary: based on a calculation performed on a monthly basis; using the standard loan payment amount, overages on tenant accounts and the rental assistance requested.

Rehab loan – The maximum construction loan was \$300,000. The current interest rate is 4.625%, the loan was finalized April 19, 2011. Monthly payments are \$637.30.

12. SUBSEQUENT EVENTS

There were no subsequent events noted to be disclosed through July 26, 2013, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

13. OPERATING LEASES

In March 2011, the Authority entered into a lease agreement for a postage machine. Terms of the lease call for 60 monthly payments of \$261.

Future minimum payments for lease obligations are as follows for years ending December 31st:

2013	\$ 3,132
2014	3,132
2015	3,132
2016	783
Thereafter	-
Total	\$ 10,179

The Authority had \$3,132 of expenses relating to operating leases for the year ending December 31, 2012.

SUPPLEMENTAL INFORMATION

Pickaway Metropolitan Housing Authority
Statement of Net Assets
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	14.238 Shelter Plus Care	1 Business Activities	14.239 HOME Investment Partnerships Program	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$403,119	\$202,395	\$21,341	\$7,332	\$10,253	\$12,834	\$657,274		\$657,274
113 Cash - Other Restricted	\$132,610	\$349,485	\$45,292				\$527,387		\$527,387
114 Cash - Tenant Security Deposits	\$18,750		\$5,395				\$24,145		\$24,145
100 Total Cash	\$554,479	\$551,880	\$72,028	\$7,332	\$10,253	\$12,834	\$1,208,806	\$0	\$1,208,806
125 Accounts Receivable - Miscellaneous			\$80		\$56,169		\$56,249		\$56,249
126 Accounts Receivable - Tenants	\$1,636		\$1,984		\$2,235		\$5,855		\$5,855
126.1 Allowance for Doubtful Accounts - Tenants	-\$842	\$0	-\$115		\$0		-\$957		-\$957
128 Fraud Recovery	\$4,249	\$18,537					\$22,786		\$22,786
128.1 Allowance for Doubtful Accounts - Fraud	-\$300	-\$2,800					-\$3,100		-\$3,100
129 Accrued Interest Receivable	\$397	\$837			\$19		\$1,253		\$1,253
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$5,140	\$16,574	\$1,949	\$0	\$58,423	\$0	\$82,086	\$0	\$82,086
131 Investments - Unrestricted	\$61,994	\$177,192					\$239,186		\$239,186
132 Investments - Restricted	\$110,037						\$110,037		\$110,037
142 Prepaid Expenses and Other Assets	\$25,669	\$22,497	\$1,958		\$997		\$51,121		\$51,121
143 Inventories	\$15,670	\$2,614			\$1,137		\$19,421		\$19,421
143.1 Allowance for Obsolete Inventories	-\$1,600	-\$260			-\$110		-\$1,970		-\$1,970
144 Inter Program Due From					\$11,874		\$11,874	-\$11,874	\$0
150 Total Current Assets	\$771,389	\$770,497	\$75,935	\$7,332	\$82,574	\$12,834	\$1,720,561	-\$11,874	\$1,708,687
161 Land	\$560,154		\$18,940		\$105,320		\$684,414		\$684,414
162 Buildings	\$9,465,782		\$1,350,677		\$291,387		\$11,107,846		\$11,107,846
163 Furniture, Equipment & Machinery - Dwellings	\$130,870		\$4,653		\$13,944		\$149,467		\$149,467
164 Furniture, Equipment & Machinery - Administration	\$122,751	\$88,539					\$211,290		\$211,290
165 Leasehold Improvements	\$63,715						\$63,715		\$63,715
166 Accumulated Depreciation	-\$6,331,250	-\$59,544	-\$437,123		-\$86,934		-\$6,914,851		-\$6,914,851
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,012,022	\$28,995	\$937,147	\$0	\$323,717	\$0	\$5,301,881	\$0	\$5,301,881
180 Total Non-Current Assets	\$4,012,022	\$28,995	\$937,147	\$0	\$323,717	\$0	\$5,301,881	\$0	\$5,301,881
190 Total Assets	\$4,783,411	\$799,492	\$1,013,082	\$7,332	\$406,291	\$12,834	\$7,022,442	-\$11,874	\$7,010,568

See independent auditor's report

Pickaway Metropolitan Housing Authority
Statement of Net Assets
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	14.238 Shelter Plus Care	1 Business Activities	14.239 HOME Investment Partnerships Program	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$6,823		\$1,821		\$20		\$8,664		\$8,664
321 Accrued Wage/Payroll Taxes Payable	\$13,713	\$23,131			\$169		\$37,013		\$37,013
322 Accrued Compensated Absences - Current Portion	\$21,451	\$14,762			\$214		\$36,427		\$36,427
333 Accounts Payable - Other Government	\$10,829						\$10,829		\$10,829
341 Tenant Security Deposits	\$18,750		\$5,395		\$2,140		\$26,285		\$26,285
342 Deferred Revenues				\$70		\$9,761	\$9,831		\$9,831
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0		\$6,500				\$6,500		\$6,500
346 Accrued Liabilities - Other	\$5,787	\$1,338	\$2,402		\$128		\$9,655		\$9,655
347 Inter Program - Due To			\$1,539	\$7,262		\$3,073	\$11,874	-\$11,874	\$0
310 Total Current Liabilities	\$77,353	\$39,231	\$17,657	\$7,332	\$2,671	\$12,834	\$157,078	-\$11,874	\$145,204
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0		\$800,121				\$800,121		\$800,121
353 Non-current Liabilities - Other		\$25,729					\$25,729		\$25,729
354 Accrued Compensated Absences - Non Current	\$30,174	\$22,894			\$326		\$53,394		\$53,394
350 Total Non-Current Liabilities	\$30,174	\$48,623	\$800,121	\$0	\$326	\$0	\$879,244	\$0	\$879,244
300 Total Liabilities	\$107,527	\$87,854	\$817,778	\$7,332	\$2,997	\$12,834	\$1,036,322	-\$11,874	\$1,024,448
508.1 Invested In Capital Assets, Net of Related Debt	\$4,012,022	\$28,995	\$130,526		\$323,717		\$4,495,260		\$4,495,260
511.1 Restricted Net Assets	\$353,720	\$323,756	\$45,292		\$0		\$722,768		\$722,768
512.1 Unrestricted Net Assets	\$310,142	\$358,887	\$19,486	\$0	\$79,577	\$0	\$768,092		\$768,092
513 Total Equity/Net Assets	\$4,675,884	\$711,638	\$195,304	\$0	\$403,294	\$0	\$5,986,120	\$0	\$5,986,120
600 Total Liabilities and Equity/Net Assets	\$4,783,411	\$799,492	\$1,013,082	\$7,332	\$406,291	\$12,834	\$7,022,442	-\$11,874	\$7,010,568

See independent auditor's report

Pickaway Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	14.238 Shelter Plus Care	1 Business Activities	14.239 HOME Investment Partnerships Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$202,163		\$74,295		\$25,930		\$302,388		\$302,388
70400 Tenant Revenue - Other	\$12,312		\$3,465				\$15,777		\$15,777
70500 Total Tenant Revenue	\$214,475	\$0	\$77,760	\$0	\$25,930	\$0	\$318,165	\$0	\$318,165
70600 HUD PHA Operating Grants	\$355,886	\$3,431,430		\$94,828		\$52,099	\$3,934,243		\$3,934,243
70610 Capital Grants	\$187,755						\$187,755		\$187,755
71100 Investment Income - Unrestricted	\$657	\$821	\$24		\$158		\$1,660		\$1,660
71400 Fraud Recovery		\$15,026					\$15,026		\$15,026
71500 Other Revenue	\$6,292	\$51,966			\$101,953		\$160,211	-\$6,720	\$153,491
72000 Investment Income - Restricted	\$997	\$629					\$1,626		\$1,626
70000 Total Revenue	\$766,062	\$3,499,872	\$77,784	\$94,828	\$128,041	\$52,099	\$4,618,686	-\$6,720	\$4,611,966
91100 Administrative Salaries	\$123,285	\$218,118		\$2,816	\$21,284	\$2,073	\$367,576		\$367,576
91200 Auditing Fees	\$2,523	\$2,995	\$319		\$239		\$6,076		\$6,076
91300 Management Fee			\$6,720		\$117,819		\$124,539	-\$6,720	\$117,819
91310 Book-keeping Fee			\$1,887		\$1,209		\$3,096		\$3,096
91400 Advertising and Marketing	\$1,534	\$1,500	\$203		\$35		\$3,272		\$3,272
91500 Employee Benefit contributions - Administrative	\$37,279	\$58,332			\$9,705		\$105,316		\$105,316
91600 Office Expenses	\$11,266	\$71,348	\$1,507		\$425		\$84,546		\$84,546
91700 Legal Expense	\$7,114	\$307	\$1,348		\$5		\$8,774		\$8,774
91800 Travel	\$5,775	\$2,975	\$253		\$100		\$9,103		\$9,103
91810 Allocated Overhead					\$18,588		\$18,588		\$18,588
91900 Other	\$26,723	\$1,221	\$4,932		\$4,213	\$24	\$37,113		\$37,113
91000 Total Operating - Administrative	\$215,499	\$356,796	\$17,169	\$2,816	\$173,622	\$2,097	\$767,999	-\$6,720	\$761,279
92400 Tenant Services - Other	\$1,910						\$1,910		\$1,910
92500 Total Tenant Services	\$1,910	\$0	\$0	\$0	\$0	\$0	\$1,910	\$0	\$1,910
93100 Water	\$75,710		\$12,662		\$57		\$88,429		\$88,429
93200 Electricity	\$11,609		\$1,396		\$126		\$13,131		\$13,131
93300 Gas	\$6,549		\$303		\$234		\$7,086		\$7,086
93800 Other Utilities Expense	\$345		\$1,086		\$1,081		\$2,512		\$2,512
93000 Total Utilities	\$94,213	\$0	\$15,447	\$0	\$1,498	\$0	\$111,158	\$0	\$111,158
94100 Ordinary Maintenance and Operations - Labor	\$43,073				\$5,469		\$48,542		\$48,542
94200 Ordinary Maintenance and Operations - Materials and Other	\$58,820						\$58,820		\$58,820
94300 Ordinary Maintenance and Operations Contracts	\$60,539		\$15,794		\$2,004		\$78,337		\$78,337
94500 Employee Benefit Contributions - Ordinary Maintenance	\$20,533						\$20,533		\$20,533
94000 Total Maintenance	\$182,965	\$0	\$15,794	\$0	\$7,473	\$0	\$206,232	\$0	\$206,232
96110 Property Insurance	\$20,184		\$2,001		\$1,018		\$23,203		\$23,203
96120 Liability Insurance	\$3,016	\$1,851					\$4,867		\$4,867
96130 Workmen's Compensation		\$6,559					\$6,559		\$6,559
96140 All Other Insurance	\$3,523	\$2,873					\$6,396		\$6,396
96100 Total insurance Premiums	\$26,723	\$11,283	\$2,001	\$0	\$1,018	\$0	\$41,025	\$0	\$41,025

See independent auditor's report

Pickaway Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Assets
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	14.238 Shelter Plus Care	1 Business Activities	14.239 HOME Investment Partnerships Program	Subtotal	ELIM	Total
96200 Other General Expenses				\$8,678	\$148		\$8,826		\$8,826
96210 Compensated Absences	\$14,278						\$14,278		\$14,278
96300 Payments in Lieu of Taxes	\$11,512						\$11,512		\$11,512
96400 Bad debt - Tenant Rents	\$14,327	\$6,092	\$2,351				\$22,770		\$22,770
96000 Total Other General Expenses	\$40,117	\$6,092	\$2,351	\$8,678	\$148	\$0	\$57,386	\$0	\$57,386
96710 Interest of Mortgage (or Bonds) Payable			\$15,741				\$15,741		\$15,741
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$15,741	\$0	\$0	\$0	\$15,741	\$0	\$15,741
96900 Total Operating Expenses	\$561,427	\$374,171	\$68,503	\$11,494	\$183,759	\$2,097	\$1,201,451	-\$6,720	\$1,194,731
97000 Excess of Operating Revenue over Operating Expenses	\$204,635	\$3,125,701	\$9,281	\$83,334	-\$55,718	\$50,002	\$3,417,235	\$0	\$3,417,235
97300 Housing Assistance Payments		\$3,030,830		\$83,334		\$50,002	\$3,164,166		\$3,164,166
97350 HAP Portability-In		\$47,020					\$47,020		\$47,020
97400 Depreciation Expense	\$354,437	\$11,645	\$43,206		\$12,697		\$421,985		\$421,985
90000 Total Expenses	\$915,864	\$3,463,666	\$111,709	\$94,828	\$196,456	\$52,099	\$4,834,622	-\$6,720	\$4,827,902
10010 Operating Transfer In	\$23,909				\$82,000		\$105,909		\$105,909
10020 Operating transfer Out	-\$23,909	-\$82,000					-\$105,909		-\$105,909
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	-\$82,000	\$0	\$0	\$82,000	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$149,802	-\$45,794	-\$33,925	\$0	\$13,585	\$0	-\$215,936	\$0	-\$215,936
11020 Required Annual Debt Principal Payments	\$0	\$0	\$6,500	\$0	\$0	\$0	\$6,500		\$6,500
11030 Beginning Equity	\$4,825,686	\$757,432	\$229,229	\$0	\$389,709	\$0	\$6,202,056		\$6,202,056
11170 Administrative Fee Equity		\$387,882					\$387,882		\$387,882
11180 Housing Assistance Payments Equity		\$323,756					\$323,756		\$323,756
11190 Unit Months Available	1296	7620	192	215	48		9371		9371
11210 Number of Unit Months Leased	1279	7535	185	208	42		9249		9249
11270 Excess Cash	\$367,093						\$367,093		\$367,093
11620 Building Purchases	\$184,480						\$184,480		\$184,480
11640 Furniture & Equipment - Administrative Purchases	\$3,275						\$3,275		\$3,275

See independent auditor's report

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
Public and Indian Housing	14.850	\$ 305,240
Public Housing Capital Fund Program (Cluster)		
Public Housing Capital Fund	14.872	<u>238,401</u>
Total Public Housing Capital Fund Program		238,401
Shelter Plus Care	14.238	94,828
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	<u>3,431,430</u>
Total Housing Voucher Cluster		3,431,430
HOME Investment Partnerships Program	14.870	<u>52,099</u>
Total Direct Awards		<u>4,121,998</u>
Total U.S. Department of Housing and Urban Development		<u>4,121,998</u>
Total Federal Expenditures		<u>\$ 4,121,998</u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
DECEMBER 31, 2012**

1. The total amount of Modernization Cost of the Modernization Grant, is as shown below:

<u>Modernization Project Number: OH16P059501-09</u>	
Original Funds Approved	\$ 197,922
Funds Disbursed	197,922
Funds Expended (Actual Modernization Cost)	197,922
Amount to be Recaptured	0
Excess of Funds Disbursed	0

<u>Modernization Project Number: OH16P059501-10</u>	
Original Funds Approved	\$ 196,067
Funds Disbursed	196,067
Funds Expended (Actual Modernization Cost)	196,067
Amount to be Recaptured	0
Excess of Funds Disbursed	0

2. All modernization work in connection with the Comprehensive Grant has been completed.
3. The entire Actual Modernization Cost or liabilities therefore incurred by the MHA have been fully paid.
4. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. The time in which such liens could be filed has expired.

Whited Seigneur Sams & Rahe, LLP

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

July 26, 2013

Members of the Board of Commissioners
Pickaway Metropolitan Housing Authority

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, of Pickaway Metropolitan Housing Authority, Pickaway County, Ohio, (the Authority) as of and for the year ended December 31, 2012, which comprise the statement of net assets as of December 31, 2012, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon date July 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of the 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

A handwritten signature in cursive script that reads "Whited Seigneur Sams & Rahe".

Whited Seigneur Sams & Rahe, LLP

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

July 26, 2013

Members of the Board of Commissioners
Pickaway Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Pickaway Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2012. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

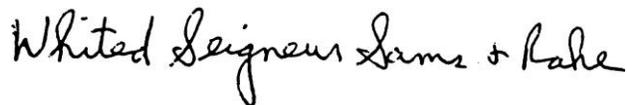
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP



**PICKAWAY METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505
DECEMBER 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Dave Yost • Auditor of State

PICKAWAY METROPOLITAN HOUSING AUTHORITY

PICKAWAY 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
OCTOBER 17, 2013**