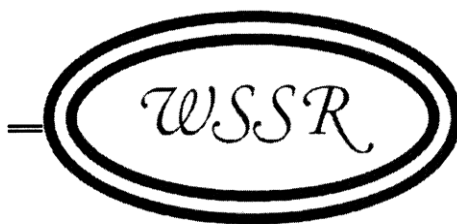


**FAYETTE METROPOLITAN HOUSING AUTHORITY**

Fayette County, Ohio

Financial Statements

For the Year Ended December 31, 2013



*Whited Seigneur Sams & Rahe, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

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# Dave Yost • Auditor of State

Board of Commissioners  
Fayette Metropolitan Housing Authority  
121 E East Street  
Washington Courthouse, OH 43160

We have reviewed the *Independent Auditor's Report* of the Fayette Metropolitan Housing Authority, Fayette County, prepared by Whited, Seigneur, Sams & Rahe CPAs, LLP, for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Fayette 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

July 14, 2014

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**FAYETTE METROPOLITAN HOUSING AUTHORITY**

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## INDEPENDENT AUDITOR'S REPORT

May 23, 2014

Members of the Board of Commissioners  
Fayette Metropolitan Housing Authority  
Washington Courthouse, OH 43160

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Fayette Metropolitan Housing Authority (the Authority), Fayette County, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for 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.

## **Opinions**

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, 2013, and the respective changes in its net position 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 10 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 that collectively comprise the Authority's basic financial statements. The accompanying supplemental financial data schedules presented on pages 22 through 25 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 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplemental financial data schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to 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 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 May 23, 2014 on our consideration of the Authority's internal control over financial reporting and on 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* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs, LLP

*Whited Seigneur Sams & Rahe*



**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2013**  
**(Unaudited)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Fayette 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 fiscal year challenges), and (d) identify individual 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 (beginning on page 11).

**FINANCIAL HIGHLIGHTS**

- During FY 2013, the Authority's Net Position decreased by \$34,710 (or 10%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type Net Position. Net Position was \$302,303 and \$337,013 for FY 2013 and FY 2012, respectively.
- The revenue increased by \$98,680 (or 5%) during FY 2013 and was \$2,012,770 and \$1,914,090 for 2013 and 2012, respectively.
- The total expenses for the Authority were decreased by \$103,210 (or 5%). Total expenses were \$2,047,480 and \$2,150,690 for 2013 and 2012, respectively.

**USING THIS ANNUAL REPORT**

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information":

<b>MD&amp;A</b>  ~ Management Discussion And Analysis ~
<b>Basic Financial Statements</b>  ~Authority-Wide Financial Statements~
<b>Other Required Supplementary Information</b>  ~ Required Supplementary Information~ (Other than MD&A)

The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide).

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2013**  
**(Unaudited)**

**Authority-Wide Financial Statements**

The Authority-wide financial statements (see pgs 11 – 13) are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority.

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

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

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

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

Finally, 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.

**Fund Financial Statements**

The Authority is accounted for as an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector.

Many of the programs maintained by the Authority are required by the Department of Housing Urban Development. Others are segregated to enhance accountability and control.

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2013**  
**(Unaudited)**

**The Authority's Programs**

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of adjusted household income.

Other Programs- In addition to the housing choice voucher program, the Authority also operates the following programs:

Section 8 New Construction Program – Provides housing assistance payments to participating owners on behalf of eligible tenants occupying the units under a lease agreement between the landlords and tenants.

Business Activities – represents non-HUD resources developed from a variety of activities.

**AUTHORITY-WIDE STATEMENT**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

**TABLE 1**  
**STATEMENT OF NET POSITION**

	<b>2013</b>	<b>(Restated) 2012</b>
Current and Other Assets	\$ 286,533	\$ 324,766
Capital Assets	<u>803,193</u>	<u>848,769</u>
Total Assets	1,089,726	1,173,535
Current Liabilities	73,117	70,102
Long-Term Liabilities	<u>705,151</u>	<u>750,637</u>
Total Liabilities	778,268	820,739
Deferred Inflows of Resources	<u>9,155</u>	<u>15,783</u>

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2013**  
**(Unaudited)**

**TABLE 1**  
**STATEMENT OF NET POSITION (CONTINUED)**

	<b>2013</b>	<b>(Restated) 2012</b>
Net Position:		
Net Investment in Capital Assets	\$ 66,537	\$ 66,573
Restricted	62,775	30,112
Unrestricted	<u>172,991</u>	<u>240,328</u>
 Total Net Position	 <u>302,303</u>	 <u>337,013</u>
 Total Liabilities, Deferred Inflows and Net Position	 <u>\$ 1,089,726</u>	 <u>\$ 1,173,535</u>

For more detailed information see the Statement of Net Position.

**Major Factors Affecting the Statement of Net Position**

Current assets were decreased by \$38,233 or 12% in fiscal year 2013 and liabilities also decreased during 2013 by \$42,471 or 5%.

Capital Assets were decreased by a net amount of \$45,576. The new purchases of equipment and the current year's depreciation will account for this year's decrease.

For more detail see "Capital Assets and Debt Administration" below.

The following table presents details on the change in Net Position.

**TABLE 2**  
**CHANGE OF TOTAL NET POSITION**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Net Investment in Capital Assets</b>
Beginning Balance- December 31, 2012 (restated)	\$ 240,328	\$ 30,112	\$ 66,573
Results of Operations	(34,710)	-	-
Adjustments:			
Prior Period Adjustment	192	(192)	-
Debt Retirements	(45,540)	-	45,540
Current year Depreciation Expense (1)	46,257	-	(46,257)
Disposition of assets	-	-	-
Capital Expenditure (2)	(681)	-	681
Transfer to Restricted Net Position	<u>(32,855)</u>	<u>32,855</u>	<u>-</u>
 Ending Balance- December 31, 2013	 <u>\$ 172,991</u>	 <u>\$ 62,775</u>	 <u>\$ 66,537</u>

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2013**  
**(Unaudited)**

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net position.  
(2) Capital expenditures represent an outflow of unrestricted net position, but are not treated as an expense against results of operations, and must be deducted.

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes in unrestricted net position provides a clearer change in financial well-being.

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

**TABLE 3**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<b>2013</b>	<b>(Restated) 2012</b>
<b><u>Revenues</u></b>		
Operating Grants	\$ 1,876,388	\$ 1,784,290
Investment Income	559	727
Tenant Revenue	121,197	135,066
Other Revenue	<u>14,626</u>	<u>(5,993)</u>
<b>Total Revenues</b>	<b>2,012,770</b>	<b>1,914,090</b>
 <b><u>Expenses</u></b>		
Administrative (Restated)	274,665	255,503
Tenant Services	33,568	33,236
Utilities	-	256
Maintenance	47,303	43,647
General & Interest Expenses	42,029	56,040
Housing Assistance Payments	1,603,658	1,713,036
Depreciation	<u>46,257</u>	<u>48,972</u>
<b>Total Expenses</b>	<b><u>2,047,480</u></b>	<b><u>2,150,690</u></b>
<b>Net Increase (Decrease)</b>	<b><u>\$ (34,710)</u></b>	<b><u>\$ (236,600)</u></b>

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

The HUD PHA & Operating Grants increased \$92,098 or 5% for 2013 because of slight increases to HCV Program and new TBA/EA from the city and county programs. Tenant Revenue decreased in 2013 by \$13,869 or 10%. Only 10 PHA owned units all year.

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2013**  
**(Unaudited)**

The net loss of \$34,710 for FY 2013 is allocated as follows: "Restricted" HAP funds for the Housing Choice Vouchers program, an increase of \$32,471; the "unrestricted" funds for the HCV program was a decrease of \$35,639; the Neighborhood Stabilization program a decrease of \$42,900; the Section 8 New Construction and Substantial Rehabilitation program an \$8,491 decrease; Supportive Housing program a decrease of \$9,595; the HOME programs totaled an increase of \$4,497 and an increase of \$24,947 for other business activities programs

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2013, the Authority had \$803,193 invested in capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$45,576 from the end of last year.

**TABLE 4**  
**CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)**

		(Restated)
	2013	2012
Land	\$ 205,375	\$ 205,375
Buildings	784,569	784,570
Furniture, Equipment & Machinery	136,831	136,150
Leasehold Improvements	69,359	69,358
Accumulated Depreciation	<u>(392,941)</u>	<u>(346,684)</u>
 Total	 <u>\$ 803,193</u>	 <u>\$ 848,769</u>

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 19 of the notes.

**TABLE 5**  
**CHANGE IN CAPITAL ASSETS**

Beginning Balance- December 31, 2012 (restated)	\$ 848,769
Additions	681
Depreciation expense	<u>(46,257)</u>
Ending Balance- December 31, 2013	<u>\$ 803,193</u>

**Debt Outstanding**

As of December 31, 2013, the Authority had \$746,636 debt (bonds, notes, etc.) outstanding compared to \$782,146 last year for a \$35,510 decrease.

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis (MD&A)**  
**December 31, 2013**  
**(Unaudited)**

**TABLE 6**  
**CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING**

Beginning Balance- December 31, 2012	\$ 782,146
Loan proceeds	10,187
Loan retirements	<u>(45,697)</u>
Ending Balance- December 31, 2013	<u><u>\$ 746,636</u></u>

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development;
- Local labor supply and demand, which can affect salary and wage rates;
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the amount of housing assistance; and
- Inflationary pressure on utility rates, supplies and other costs.

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Edith Stewart; Executive Director for the Fayette Metropolitan Housing Authority, at (740) 335-7525. Specific requests may be submitted to the Authority at 121 E. East Street, Washington Court House, OH 43160.

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Position-**  
**Proprietary Fund Type**  
**December 31, 2013**

**ASSETS**

**Current assets**

Cash and investments	\$ 197,795
Restricted cash	68,881
Receivable, net	19,857
Assets held for resale	-

**Total current assets** 286,533

**Noncurrent assets**

Capital Assets:	
Land	205,375
Buildings and Improvements	853,928
Equipment	136,831
Less: accumulated depreciation	<u>(392,941)</u>
Total capital assets	<u>803,193</u>

**TOTAL ASSETS** 1,089,726

**LIABILITIES**

**Current Liabilities**

Accounts Payable	9,265
Intergovernmental Payable	13,467
Tenant security deposits	2,794
Bonds, notes, and loans payable	<u>47,591</u>

**Total current liabilities** 73,117

**Noncurrent liabilities**

Bonds, notes, and loans payable	699,045
Noncurrent liabilities- other	<u>6,106</u>

**Total noncurrent liabilities** 705,151

**Total liabilities** 778,268

**DEFERRED INFLOWS OF RESOURCES**

Nonexchange transactions- HUD Grants	<u>9,155</u>
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**NET POSITION**

Net Investment in Capital Assets	66,537
Restricted	62,775
Unrestricted	172,991

**Total net position** \$ 302,303

The accompanying notes are an integral part of these financial statements.



**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position-**  
**Proprietary Fund Type**  
**Year Ended December 31, 2013**

---

<b>OPERATING REVENUE</b>	
Tenant revenue	\$ 121,197
Government operating grants	1,876,388
Other revenue	<u>57,526</u>
<b>Total operating revenue</b>	<b>2,055,111</b>
 <b>OPERATING EXPENSES</b>	
Administrative	274,665
Tenant Services	33,568
Utilities	-
Maintenance	47,303
General	2,182
Housing assistance payment	1,603,658
Depreciation	<u>46,257</u>
<b>Total operating expenses</b>	<b>2,007,633</b>
<b>Operating income (loss)</b>	<b><u>47,478</u></b>
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest and investment income	559
Interest expense	(39,847)
Loss on disposition of property	<u>(42,900)</u>
<b>Total nonoperating revenues (expenses)</b>	<b>(82,188)</b>
 Change in net position	 (34,710)
 Net position, beginning of year (restated)	 <u>337,013</u>
 Net position, end of year	 <u><u>\$ 302,303</u></u>

The accompanying notes are an integral part of these financial statements.

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows-**  
**Proprietary Fund Type**  
**Year Ended December 31, 2013**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from operating grants	\$ 1,910,080
Cash received from tenants and other sources	164,681
Cash payments for housing assistance payments	(1,603,658)
Cash payments for administrative and operating expenses	<u>(356,465)</u>
<b>Net Cash Used for Operating Activities</b>	<u>114,638</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>	
Principal payments	(19,736)
Issuance of additional debt	10,187
Acquisition of capital assets	(681)
Interest expense	<u>(39,847)</u>
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(50,077)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	<u>559</u>
<b>Net Cash Provided By Investing Activities</b>	<u>559</u>
Net Decrease in Cash and Investments	65,120
Cash and Investments Beginning of Year	<u>201,556</u>
Cash and Investments End of Year	<u><u>\$ 266,676</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 47,478
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used for Operating Activities:	
Forgiveness of debt	(25,833)
Depreciation	46,257
(Increase)Decrease in accounts receivable- HUD	59,051
(Increase)Decrease in accounts receivable- other	1,594
Increase(Decrease) in accounts payable	4,446
Increase(Decrease) in intergovernmental payable	(3,387)
Increase(Decrease) in deferred inflows of resources	(6,628)
Increase(Decrease) in noncurrent liabilities- FSS	<u>(7,969)</u>
Total Adjustments	<u>47,107</u>
Net Cash Used for Operating Activities	<u><u>\$ 114,638</u></u>

The accompanying notes are an integral part of these financial statements.

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Fayette Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds over which the Authority is financially accountable.

Measurement Focus and Basis of Accounting

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

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

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting (Continued)

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

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.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Description of Programs

The Authority uses a single enterprise fund to maintain its financial records on the accrual basis. The following are the various programs which are included in the enterprise fund:

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Description of Programs (Continued)

Housing Choice Voucher Program (HCVP)- Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. 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 Authority subsidizes the balance.

Section 8 New Construction Program- Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for very low income families at rents they can afford. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the occupant family's required rent due to the owner for the dwelling unit and the occupant family's required contribution towards rent. Assisted families must pay the highest of 30% of their monthly adjusted family income, 10% of gross family income, or the portion of welfare assistance designated for housing toward rent.

Other Business Activities- Represents non-HUD resources and derived from a variety of other activities mainly DD rentals.

Use of Estimates

The preparation of financial statements in accordance with GAAP 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

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash and Investments

Restricted cash and investments represents amounts received for restricted Section 8 HAP monies and family self-sufficiency savings.

Certain assets may be classified as restricted assets on the statement of net position, 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.

Accounts Receivables – net

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 uncollectable receivables was \$43,126 at December 31, 2013.

Due From/To Other Programs

Inter-program receivables and payables as of December 31, 2013 on the Financial Data Schedule have been eliminated on the Statement of Net Position.

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital Assets

Capital assets over the Authority's capitalization threshold of \$500 are recorded at cost and depreciated using the straight-line method over an estimated useful life of the assets. Donated capital assets are recorded at fair market value on the date of receipt. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life, are not capitalized. The following are the useful lives used for depreciation purposes:

Buildings- residential	27.5 years	Furniture	7 years
Buildings- non-residential	40 years	Equipment- dwelling	5 years
Building improvements	15 years	Equipment- non-dwelling	7 years
Land improvements	15 years	Vehicles	5 years
Leasehold improvements	15 years	Computer software & hardware	3 years

Budgetary Accounting

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

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is 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.

**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.

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.

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**2. DEPOSITS AND INVESTMENTS (CONTINUED)**

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, 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.

For fiscal year-end December 31, 2013, the carrying amount of the Authority's deposits was \$266,676 and its bank balances were \$267,487. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2013, deposits totaling \$250,000 were covered by Federal Depository Insurance, and \$17,487 were uninsured and not collateralized.

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.

**3. RESTRICTED CASH**

The restricted cash balance of \$68,881 at December 31, 2013 represents the following:

FSS escrow	\$ 6,106
Excess HAP cash	59,981
Tenant security deposits	<u>2,794</u>
	<u><u>\$ 68,881</u></u>

**4. CONTRACT SERVICES**

The Authority contracts with:

- Fayette County to obtain financial services for the Authority. The Authority does not have any employees; instead, services are subcontracted from Fayette County.
  
- Highland Metropolitan Housing Authority to provide management and financial reporting services. Compensation shall be based on the amount allowed by HUD for performing these services.
  
- Fayette County Board of Developmental Disabilities (DD) to provide a rent subsidy program for persons with developmental disabilities. To provide these services, the Authority acquired residential houses on behalf of the DD. The DD will maintain a legal interest in the property acquired with the community assistance funds and will compensate the Authority for housing expenses when vacancies occur in the properties.

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**5. CAPITAL ASSETS**

A summary of capital assets at December 31, 2013, by class is as follows:

	Balance 12/31/12*	Additions	Deletions	Balance 12/31/13
<b><u>Capital Assets Not Being Depreciated</u></b>				
Land	\$ 205,375	\$ -	\$ -	\$ 205,375
<b><u>Capital Assets Being Depreciated</u></b>				
Buildings	784,569	-	-	784,569
Furniture, Machinery, and Equipment- Dwelling	22,376	-	-	22,376
Furniture, Machinery, and Equipment- Administrative	113,774	681	-	114,455
Leasehold Improvements	<u>69,359</u>	<u>-</u>	<u>-</u>	<u>69,359</u>
<b>Subtotal Capital Assets Being Depreciated</b>	990,078	681	-	990,759
<b><u>Accumulated Depreciation</u></b>				
Buildings	(239,701)	(28,939)	-	(268,640)
Furniture, Machinery, and Equipment- Dwelling	(18,481)	(3,194)	-	(21,675)
Furniture, Machinery, and Equipment- Administrative	(78,782)	(9,789)	-	(88,571)
Leasehold Improvements	<u>(9,720)</u>	<u>(4,335)</u>	<u>-</u>	<u>(14,055)</u>
<b>Total Accumulated Depreciation</b>	<u>(346,684)</u>	<u>(46,257)</u>	<u>-</u>	<u>(392,941)</u>
<b>Capital Assets Being Depreciated, net</b>	<u>643,394</u>	<u>(45,576)</u>	<u>-</u>	<u>597,818</u>
<b>Total Capital Assets, net</b>	<u>\$ 848,769</u>	<u>\$ (45,576)</u>	<u>\$ -</u>	<u>\$ 803,193</u>

\* Restated

**6. ECONOMIC DEPENDENCY**

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

**7. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2013 the Authority maintained comprehensive insurance coverage with private carriers for real property and building contents. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.



**FAYETTE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**8. LONG-TERM DEBT**

The Authority has an obligation with the Ohio Department of Developmental Disabilities for which the Authority received a grant with the condition that the grant funds are used to acquire several properties. The properties are then to be rented to DODD clients for the next 15 years. As long as the Authority complies with this restriction, the grant funds are forgiven for each year that has expired. As of December 31, 2013, the Authority's long-term debt is as follows:

	<u>Bank Loan</u>	<u>DODD</u>	<u>Total</u>
Mortgage for 1120 S. Fayette St has been paid in full. The authority is still within the 15 year restricted timeframe of the DODD grant funds.	\$ -	\$ 12,617	\$ 12,617
Mortgage payable for property at 842 Lincoln Dr. in Washington Court House, Ohio. The loan was refinanced on 5/8/09. The current structure of this loan is set for 6.50% for 20 years due on 5/8/29. Payments of principal and interest of \$569 are due monthly.	65,929	6,455	72,384
Mortgage payable for property at 364 Carolyn Rd. in Washington Court House, Ohio. The current structure of this loan is set for a fixed rate of 7.00% for 30 years due on 9/11/31. Payments of principal and interest of \$491 are due monthly.	59,371	9,719	69,090
Mortgage payable for property at 834 Lincoln Dr. in Washington Court House, Ohio. The current structure of this loan is set for a fixed rate of 7.00% for 30 years due on 9/11/31. Payments of principal and interest of \$491 are due monthly.	59,371	4,978	64,349
Mortgage payable for property at 1103 Golfview Dr. in Washington Court House, Ohio. The loan was refinanced on 5/8/09. The current structure of this loan is set for 6.5% for 20 years due on 5/8/29. Payments of principal and interest of \$660 are due monthly.	76,549	10,052	86,601
Mortgage payable for property at 594 Leslie Trace in Washington Court House, Ohio. The loan was refinanced on 5/8/09. The current structure of this loan is set for 6.5% for 20 years due on 5/8/29. Payments of principal and interest of \$612 are due monthly.	70,991	8,918	79,909
Mortgage payable for property at 1029 S. Fayette St. in Washington Court House, Ohio. The current structure of this loan is set for 6.5% for 20 years due on 5/8/29. Payments of principal and interest of \$647 are due monthly.	75,028	3,194	78,222
Mortgage payable for property at 388 Leslie Trace in Washington Court House, Ohio. The loan was refinanced on 5/8/09. The current structure of this loan is set for 6.5% for 20 years due on 5/8/29. Payments of principal and interest of \$393 are due monthly.	45,616	29,372	74,988
Mortgage payable for property at 1412 Lindberg Ave. in Washington Court House, Ohio. The current structure of this loan is set for 5.5% interest rate for 25 years due on 3/28/33. Payments of principal and interest of \$279 are due monthly.	39,387	49,096	88,483
Mortgage payable for property at 1254 Dayton Ave. NW in Washington Court House, Ohio. The current structure of this loan is set for 6.5% interest rate for 20 years due on 7/8/30. Payments of principal and interest of \$739 are due monthly.	<u>89,325</u>	<u>30,667</u>	<u>119,992</u>
Total Outstanding Debt	\$ 581,568	\$ 165,068	\$ 746,636
Less: Current Portion	<u>(21,079)</u>	<u>(26,512)</u>	<u>(47,591)</u>
Total Long-Term Debt	<u>\$ 560,489</u>	<u>\$ 138,556</u>	<u>\$ 699,045</u>

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013**

**8. LONG-TERM DEBT (CONTINUED)**

The following is a summary of changes in long-term debt for the year ended December 31, 2013:

Description	Balance 12/31/12	Issued	Sale of Property	Principal Retirement	Balance 12/31/2013	Current Portion
Loan Payable - Bank	\$ 600,916	\$ -	\$ -	\$ (19,348)	\$ 581,568	\$ 21,079
DODD Grant Funds Unexpired	181,230	10,187	-	(26,349)	165,068	26,512
TOTAL	<u>\$ 782,146</u>	<u>\$ 10,187</u>	<u>\$ -</u>	<u>\$ (45,697)</u>	<u>\$ 746,636</u>	<u>\$ 47,591</u>

Maturities for the debt over the next five years is as follows:

	Mortgage	DODD	Total
2014	\$ 21,079	\$ 26,512	\$ 47,591
2015	22,497	26,290	48,787
2016	24,011	22,644	46,655
2017	25,627	18,439	44,066
2018	27,352	15,982	43,334
Thereafter	<u>461,002</u>	<u>55,201</u>	<u>516,203</u>
Total	<u>\$ 581,568</u>	<u>\$ 165,068</u>	<u>\$ 746,636</u>

**9. CONTINGENCIES**

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

**10. PRIOR PERIOD RESTATEMENT**

The Authority restated the beginning net position as follows:

Net position, December 31, 2012	\$ 331,822
Improvements made to DD rental property with DODD CCAP funds was not capitalized	<u>5,191</u>
Restated net position, January 1, 2013	<u>\$ 337,013</u>

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care
111 Cash - Unrestricted		\$103,620	\$16,441	\$15,577	\$6,306
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$66,087			
114 Cash - Tenant Security Deposits					
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$0	\$169,707	\$16,441	\$15,577	\$6,306
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects			\$10,058		
124 Accounts Receivable - Other Government		\$8,000			
125 Accounts Receivable - Miscellaneous		\$0			
126 Accounts Receivable - Tenants					
126.1 Allowance for Doubtful Accounts - Tenants					
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0		
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery		\$43,126			
128.1 Allowance for Doubtful Accounts - Fraud		-\$43,126			
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$8,000	\$10,058	\$0	\$0
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets					
143 Inventories					

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From		\$66,304			
145 Assets Held for Sale					
150 Total Current Assets	\$0	\$244,011	\$26,499	\$15,577	\$6,306
161 Land					
162 Buildings					
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration		\$97,478			
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$73,507			
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$23,971	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$23,971	\$0	\$0	\$0
190 Total Assets	\$0	\$267,982	\$26,499	\$15,577	\$6,306
200 Deferred Outflow of Resources					

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care
290 Total Assets and Deferred Outflow of Resources	\$0	\$267,982	\$26,499	\$15,577	\$6,306
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$4,235	\$3,850		
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion					
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs		\$331		\$13,136	
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits					
342 Unearned Revenue		\$2,849			\$6,306
343 Current Portion of Long-term Debt - Capital					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$0	\$7,415	\$3,850	\$13,136	\$6,306
351 Long-term Debt, Net of Current - Capital Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other		\$6,106			
354 Accrued Compensated Absences - Non Current					

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$6,106	\$0	\$0	\$0
300 Total Liabilities	\$0	\$13,521	\$3,850	\$13,136	\$6,306
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets		\$23,971			\$0
511.4 Restricted Net Position	\$0	\$59,981			\$0
512.4 Unrestricted Net Position	\$0	\$170,509	\$22,649	\$2,441	\$0
513 Total Equity - Net Assets / Position	\$0	\$254,461	\$22,649	\$2,441	\$0
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets /	\$0	\$267,982	\$26,499	\$15,577	\$6,306

Fayette Metropolitan Housing Authority (OH056)  
Washington CH, OH  
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$16,941	\$38,910	\$197,795		\$197,795
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted			\$66,087		\$66,087
114 Cash - Tenant Security Deposits		\$2,794	\$2,794		\$2,794
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$16,941	\$41,704	\$266,676	\$0	\$266,676
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects			\$10,058		\$10,058
124 Accounts Receivable - Other Government			\$8,000		\$8,000
125 Accounts Receivable - Miscellaneous			\$0		\$0
126 Accounts Receivable - Tenants		\$1,799	\$1,799		\$1,799
126.1 Allowance for Doubtful Accounts - Tenants		\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other			\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery			\$43,126		\$43,126
128.1 Allowance for Doubtful Accounts - Fraud			-\$43,126		-\$43,126
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$1,799	\$19,857	\$0	\$19,857
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets					
143 Inventories					
143.1 Allowance for Obsolete Inventories					

Fayette Metropolitan Housing Authority (OH056)  
Washington CH, OH  
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
144 Inter Program Due From			\$66,304	-\$66,304	\$0
145 Assets Held for Sale					
150 Total Current Assets	\$16,941	\$43,503	\$352,837	-\$66,304	\$286,533
161 Land		\$205,375	\$205,375		\$205,375
162 Buildings		\$784,569	\$784,569		\$784,569
163 Furniture, Equipment & Machinery - Dwellings		\$22,376	\$22,376		\$22,376
164 Furniture, Equipment & Machinery - Administration		\$16,977	\$114,455		\$114,455
165 Leasehold Improvements		\$69,359	\$69,359		\$69,359
166 Accumulated Depreciation		-\$319,434	-\$392,941		-\$392,941
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$779,222	\$803,193	\$0	\$803,193
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$779,222	\$803,193	\$0	\$803,193
190 Total Assets	\$16,941	\$822,725	\$1,156,030	-\$66,304	\$1,089,726
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$16,941	\$822,725	\$1,156,030	-\$66,304	\$1,089,726



Fayette Metropolitan Housing Authority (OH056)  
Washington CH, OH  
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$1,180	\$9,265		\$9,265
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion					
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs			\$13,467		\$13,467
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits		\$2,794	\$2,794		\$2,794
342 Unearned Revenue			\$9,155		\$9,155
343 Current Portion of Long-term Debt - Capital		\$47,591	\$47,591		\$47,591
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To		\$66,304	\$66,304	-\$66,304	\$0
348 Loan Liability - Current					
310 Total Current Liabilities	\$0	\$117,869	\$148,576	-\$66,304	\$82,272
351 Long-term Debt, Net of Current - Capital Projects/Mortgage		\$699,045	\$699,045		\$699,045
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other			\$6,106		\$6,106
354 Accrued Compensated Absences - Non Current					
355 Loan Liability - Non Current					

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$699,045	\$705,151	\$0	\$705,151
300 Total Liabilities	\$0	\$816,914	\$853,727	-\$66,304	\$787,423
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets		\$42,566	\$66,537		\$66,537
511.4 Restricted Net Position		\$2,794	\$62,775		\$62,775
512.4 Unrestricted Net Position	\$16,941	-\$39,549	\$172,991		\$172,991
513 Total Equity - Net Assets / Position	\$16,941	\$5,811	\$302,303	\$0	\$302,303
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets /	\$16,941	\$822,725	\$1,156,030	-\$66,304	\$1,089,726

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care
70300 Net Tenant Rental Revenue					
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants		\$1,331,609	\$67,361	\$313,684	\$45,620
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants	\$1,714				
71100 Investment Income - Unrestricted		\$437	\$11	\$39	
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$2,314			
71500 Other Revenue		\$55,212			
71600 Gain or Loss on Sale of Capital Assets	-\$42,900				
72000 Investment Income - Restricted			\$8	\$39	
70000 Total Revenue	-\$41,186	\$1,389,572	\$67,380	\$313,762	\$45,620
91100 Administrative Salaries					

Fayette Metropolitan Housing Authority (OH056)  
 Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care
91200 Auditing Fees		\$3,251	\$264	\$1,162	\$141
91300 Management Fee		\$149,903	\$14,487	\$34,488	\$3,023
91310 Book-keeping Fee		\$2,369	\$234	\$974	\$108
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative					
91600 Office Expenses		\$26,706	\$2,638	\$10,979	\$1,218
91700 Legal Expense					
91800 Travel		\$1,827	\$180	\$751	\$83
91810 Allocated Overhead					
91900 Other		\$9,335	\$922	\$3,838	\$425
91000 Total Operating - Administrative	\$0	\$193,391	\$18,725	\$52,192	\$4,998
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other		\$33,568			
92500 Total Tenant Services	\$0	\$33,568	\$0	\$0	\$0
93100 Water					
93200 Electricity					
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and	\$1,714	\$4,109	\$406	\$1,689	\$187
94300 Ordinary Maintenance and Operations Contracts					
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$1,714	\$4,109	\$406	\$1,689	\$187
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance					
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance		\$231	\$23	\$95	\$11
96100 Total insurance Premiums	\$0	\$231	\$23	\$95	\$11
96200 Other General Expenses					
96210 Compensated Absences					
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$0	\$0	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,714	\$231,299	\$19,154	\$53,976	\$5,196
97000 Excess of Operating Revenue over Operating Expenses	-\$42,900	\$1,158,273	\$48,226	\$259,786	\$40,424
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$1,152,586	\$56,095	\$266,794	\$40,424
97350 HAP Portability-In		\$2,275			
97400 Depreciation Expense		\$6,580	\$622	\$2,587	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$1,714	\$1,392,740	\$75,871	\$323,357	\$45,620
10010 Operating Transfer In					
10020 Operating transfer Out					

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$42,900	-\$3,168	-\$8,491	-\$9,595	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$42,900	\$257,821	\$31,140	\$12,036	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction		-\$192			
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$194,480			
11180 Housing Assistance Payments Equity		\$59,981			

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care
11190 Unit Months Available		3564	204	900	
11210 Number of Unit Months Leased		3059	199	848	
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					



Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$121,197	\$121,197		\$121,197
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$0	\$121,197	\$121,197		\$121,197
70600 HUD PHA Operating Grants	\$90,000		\$1,848,274		\$1,848,274
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants		\$26,400	\$28,114		\$28,114
71100 Investment Income - Unrestricted	\$11	\$14	\$512		\$512
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery			\$2,314		\$2,314
71500 Other Revenue			\$55,212		\$55,212
71600 Gain or Loss on Sale of Capital Assets			-\$42,900		-\$42,900
72000 Investment Income - Restricted			\$47		\$47
70000 Total Revenue	\$90,011	\$147,611	\$2,012,770		\$2,012,770
91100 Administrative Salaries					
91200 Auditing Fees			\$4,818		\$4,818

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14,239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
91300 Management Fee		\$3,364	\$205,265		\$205,265
91310 Book-keeping Fee		\$1,930	\$5,615		\$5,615
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative					
91600 Office Expenses	\$30	\$35	\$41,606		\$41,606
91700 Legal Expense					
91800 Travel			\$2,841		\$2,841
91810 Allocated Overhead					
91900 Other			\$14,520		\$14,520
91000 Total Operating - Administrative	\$30	\$5,329	\$274,665		\$274,665
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other			\$33,568		\$33,568
92500 Total Tenant Services	\$0	\$0	\$33,568		\$33,568
93100 Water					
93200 Electricity					
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
93000 Total Utilities	\$0	\$0	\$0		\$0
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and		\$39,198	\$47,303		\$47,303
94300 Ordinary Maintenance and Operations Contracts					
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$0	\$39,198	\$47,303		\$47,303
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0		\$0
96110 Property Insurance		\$1,822	\$1,822		\$1,822
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance			\$360		\$360
96100 Total insurance Premiums	\$0	\$1,822	\$2,182		\$2,182
96200 Other General Expenses					
96210 Compensated Absences					
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$0	\$0		\$0
96710 Interest of Mortgage (or Bonds) Payable		\$39,847	\$39,847		\$39,847
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$39,847	\$39,847		\$39,847
96900 Total Operating Expenses	\$30	\$86,196	\$397,565		\$397,565
97000 Excess of Operating Revenue over Operating Expenses	\$89,981	\$61,415	\$1,615,205		\$1,615,205
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$85,484		\$1,601,383		\$1,601,383
97350 HAP Portability-In			\$2,275		\$2,275
97400 Depreciation Expense		\$36,468	\$46,257		\$46,257
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$85,514	\$122,664	\$2,047,480		\$2,047,480
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					

Fayette Metropolitan Housing Authority (OH056)  
Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$4,497	\$24,947	-\$34,710		-\$34,710
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$12,444	-\$24,519	\$331,822		\$331,822
11040 Prior Period Adjustments, Equity Transfers and Correction		\$5,383	\$5,191		\$5,191
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity			\$194,480		\$194,480
11180 Housing Assistance Payments Equity			\$59,981		\$59,981
11190 Unit Months Available		120	4788		4788

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2013

	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	ELIM	Total
11210 Number of Unit Months Leased		120	4226		4226
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<i>Direct Programs:</i>		
Supportive Housing for Persons with Disabilities	14.181	\$ 313,694
Section 8 New Construction and Substantial Rehabilitation	14.182	67,361
Shelter Plus Care	14.238	45,620
Section 8 Housing Choice Vouchers	14.871	<u>1,331,609</u>
<b>Total Direct Awards</b>		<u>1,758,284</u>
<i>Pass through the Fayette County Commissioners:</i>		
HOME Investment Partnership Program	14.239	90,000
Neighborhood Stabilization Program (Recovery Act)	14.256	<u>1,714</u>
<b>Total Pass through Programs</b>		<u>91,714</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>1,849,998</u>
<b>Total Federal Expenditures</b>		<u>\$ 1,849,998</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.



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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**

May 23, 2014

Members of the Board of Directors  
Fayette 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 Fayette Metropolitan Housing Authority, Fayette County, Ohio, (the Authority) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 23, 2014.

**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 opinions 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 internal control 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.



## **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 performed 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

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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**

May 23, 2014

Members of the Board of Directors  
Fayette Metropolitan Housing Authority

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

We have audited Fayette 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, 2013. 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 programs.

***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 federal 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 each of its major federal programs for the year ended December 31, 2013.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying schedule of findings and questioned costs as item 2013-001. Our opinion on each major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## 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

*Whited Seigneur Sams & Rahe*

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505  
DECEMBER 31, 2013**

**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?	Yes
(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?	No

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

None.

**3. FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS**

Finding 2013-001                      Material Noncompliance  
U. S. Department of Housing and Urban Development  
CFDA #14.871 Section 8 Housing Choice Vouchers

*Requirement:* 24 CFR section 982.517- The PHA must maintain an up-to-date utility allowance schedule. The PHA must review utility rate data for each utility category each year and must adjust its utility allowance schedule if there has been a rate change of 10 percent or more for a utility category or fuel type since the last time the utility allowance schedule was revised. The Authority's Section 8 Housing Program Administrative Plan, in accordance with HUD requirements, also requires an annual review of utility rates.

*Condition:* A utility rate review was not conducted during 2013.

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505  
DECEMBER 31, 2013**

**3. FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

*Possible Effect:* If rates changed by 10 percent or more, a revised allowance schedule should have been prepared. This could have affected the utility allowances provided to program participants.

*Recommendation:* The Authority should perform a utility rate review annually.

*Management's Response:* No response was provided by management.

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# Dave Yost • Auditor of State

**FAYETTE METROPOLITAN HOUSING AUTHORITY**

**FAYETTE 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  
JULY 24, 2014**