



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

GALLIA METROPOLITAN HOUSING AUTHORITY  
GALLIA COUNTY

SINGLE AUDIT

For the Year Ended December 31, 2013  
Fiscal Year Audited Under GAGAS: 2013





# Dave Yost • Auditor of State

Board of Commissioners  
Gallia Metropolitan Housing Authority  
381 Buck Ridge Road  
Bidwell, Ohio 45614

We have reviewed the *Independent Auditor's Report* of the Gallia Metropolitan Housing Authority, Gallia County, prepared by Balestra, Harr & Scherer, CPAs, Inc., 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 Gallia 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

August 7, 2014

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**Gallia Metropolitan Housing Authority**  
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*For the Year Ended December 31, 2013*

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# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## Independent Auditor's Report

Gallia Metropolitan Housing Authority  
381 Buck Ridge Road  
Bidwell, Ohio 45614

To the Board of Commissioners

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Gallia Metropolitan Housing Authority, Gallia 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 as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

### **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 Gallia Metropolitan Housing Authority, Gallia County, Ohio, as of December 31, 2013, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole. The supplemental financial data schedule provides additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. The Schedule of Federal Awards Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplemental Financial Data Schedule and the Schedule of Federal Awards Expenditures are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the supplemental financial data schedule and the Schedule of Federal Awards Expenditures to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule, and the 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 June 6, 2014, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
June 6, 2014

**Gallia Metropolitan Housing Authority**  
Management's Discussion and Analysis  
December 31, 2013

Unaudited

The Gallia 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 position, and (d) identify individual fund issues or concerns.

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

**Financial Highlights**

- The Authority's Net Position decreased by \$83,091 (or 1.39%) during 2013, resulting from the operations of the Authority. Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. Net Position was \$5,898,262 and \$5,981,353 for 2013 and 2012 respectively.
- Revenues increased by \$277,983 (or 20.24%) during 2013, and were \$1,651,110 and \$1,373,127 for 2013 and 2012 respectively.
- The total expenses of all Authority programs decreased by \$120,552 (or 6.50%). Total expenses were \$1,734,201 and \$1,854,753 for 2013 and 2012 respectively.

**Using This Annual Report**

This 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's Discussion and Analysis ~
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<b>Basic Financial Statement</b> ~Authority Financial Statements ~
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<b>Other Required Supplementary Information</b> ~Required Supplementary Information ~ (Other than the MD&A)
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**Authority Financial Statements**

The Authority financial statements 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.

**Gallia Metropolitan Housing Authority**  
Management's Discussion and Analysis  
December 31, 2013

Unaudited

The Statement is presented in the format where assets minus liabilities, equals “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 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 Net Position: 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 Net Position: Consists of Net Position that do not meet the definition of “Net Position Invested in Capital Assets, Net of Related or Debt”, or “Restricted Net Position”.

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

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Position is the “Change in Net Position”, which is similar to Net Income or Loss.

### **Fund Financial Statements**

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

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

### **The Authority’s Programs**

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

**Gallia Metropolitan Housing Authority**  
Management's Discussion and Analysis  
December 31, 2013

Unaudited

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 household income.

**Authority Statements**

**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>2012</b>
Current and Other Assets	\$ 539,293	\$ 496,445
Capital Assets	5,473,807	5,595,745
Total Assets	\$ 6,013,100	\$ 6,092,190
Current Liabilities	\$ 71,054	\$ 64,838
Long-Term Liabilities	43,784	45,999
Total Liabilities	114,838	110,837
Net Position		
Net Investment in Capital Assets	5,473,807	5,595,745
Restricted Net Position	279,396	302,774
Unrestricted Net Position	145,059	82,834
Total Net Position	5,898,262	5,981,353
Total Liabilities and Net Position	\$ 6,013,100	\$ 6,092,190

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

During 2013, current and other assets increased by \$42,848 and total liabilities increased by \$4,001. The current and other assets, primarily cash and investments, decreased due to results from operation. Total liabilities decrease is due to outstanding payables at year end.

**Gallia Metropolitan Housing Authority**  
Management's Discussion and Analysis  
December 31, 2013

Unaudited

Capital assets also changed, decreasing from \$5,595,745 to \$5,473,807. The \$121,938 decrease may be contributed primarily to current year depreciation expense less purchase of current year assets plus a prior period adjustment to properly state the assets.

Table 2  
Change of Net Position

	Unrestricted	Investment in Capital Assets	Restricted
Beginning Balance - December 31, 2012	\$ 82,834	\$ 5,595,745	\$ 302,774
Results of Operation	(83,091)	-	-
Adjustments:			
Current year Depreciation Expense (1)	421,839	(421,839)	-
Capital Expenditure (2)	(300,912)	300,912	-
Net Results of Disposition of Assets (3)	1,011	(1,011)	-
Retirement of Debt	-	-	-
Transfer to Restricted Net Position	23,378	-	(23,378)
Prior Period Adjustment	-	-	-
	<u>          -</u>	<u>          -</u>	<u>          -</u>
Ending Balance - December 31, 2013	<u>\$ 145,059</u>	<u>\$ 5,473,807</u>	<u>\$ 279,396</u>

- (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 therefore must be deducted
- (3) The Net Result of the Disposition of Assets is the combined effect of removing the value of an asset that is sold and its' associated Accumulated Depreciation. While this asset removal has a small effect on the Unrestricted Net Position, the large effect is seen in the Gain/Loss on the Sale of the asset in the Results of Operation in this instance.

While the results of operations are 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 Business-Type Activities.

**Gallia Metropolitan Housing Authority**  
Management's Discussion and Analysis  
December 31, 2013

Unaudited

Table 3  
Statement of Revenues, Expenses and Changes in Net Position

	<b>2013</b>	<b>2012</b>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 95,400	\$ 138,835
Operating Subsidies	1,253,743	1,205,013
Capital Grants	285,244	-
Investment Income	136	226
Other Revenues	16,587	29,053
<b>Total Revenues</b>	<b>1,651,110</b>	<b>1,373,127</b>
<b><u>Expenses</u></b>		
Administrative	300,543	372,829
Tenant Services	8,862	9,748
Utilities	123,460	141,898
Maintenance	244,178	219,317
Protective Services	7,158	258
General and Interest Expenses	51,738	54,303
Casualty Losses	-	24,885
Housing Assistance Payments	575,412	620,262
Loss on Disposal of Assets	1,011	-
Depreciation	421,839	411,253
<b>Total Expenses</b>	<b>1,734,201</b>	<b>1,854,753</b>
<b>Net Increases (Decreases)</b>	<b>\$ (83,091)</b>	<b>\$ (481,626)</b>

**Major Factors Affecting the Statement of Revenue, Expenses and Changes in Position**

Total revenue increased compared to the prior year by \$277,983. The increase was due to HUD operating revenue and capital revenue increases by \$333,974.

The expenses decreased by \$120,552 in current year. The decrease was due to casualty loss change of \$24,885; housing assistance payment of \$24,885 and cost saving efforts taking in administrative category of \$72,286 and utilities of \$18,438.

**Capital Assets**

As of yearend, the Authority had \$5,473,807 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease due to current year addition less depreciation expense. See table 5 for detail of current year change.

**Gallia Metropolitan Housing Authority**  
Management's Discussion and Analysis  
December 31, 2013

Unaudited

Table 4  
Capital Assets at Year-End  
(Net of Depreciation)

	<b>2013</b>	<b>2012</b>
Land and Land Rights	\$ 869,068	\$ 869,068
Buildings	13,206,649	12,905,737
Equipment	384,253	421,139
Accumulated Depreciation	(8,986,163)	(8,600,199)
 Total	 \$ 5,473,807	 \$ 5,595,745

The following reconciliation summarizes the change in Capital Assets, which presented in detail on the notes to the financial statements.

Table 5  
Change in Capital Assets

Beginning Balance - December 31, 2012	\$ 5,595,745
Current Year Additions	300,912
Current Year Depreciation Expense	(421,839)
Current Year Dispositions, net of depreciation	(1,011)
 Ending Balance - December 31, 2013	 \$ 5,473,807
 Current year Additions are summarized as follows:	
Capital Improvement	\$ 300,912
 Total 2013 Additions	 \$ 300,912

**Debt Outstanding**

As of year-end, the Authority had no outstanding debt.

**Gallia Metropolitan Housing Authority**  
Management's Discussion and Analysis  
December 31, 2013

Unaudited

**Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to 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

**Financial Contact**

The individual to be contacted regarding this report is Les Young, Executive Director of the Gallia Metropolitan Housing Authority, at (740) 446-0251. Specific requests may be submitted to the Gallia Metropolitan Housing Authority at 381 Buck Ridge Road Bidwell, Ohio 45614.



**Gallia Metropolitan Housing Authority**  
Statement of Net Position  
For the Year Ended December 31, 2013

	ENTERPRISE FUND
<b><i>Assets</i></b>	
Cash and cash equivalents	\$ 191,013
Restricted cash and cash equivalents	306,245
Receivables, net	7,925
Prepaid Expense	13,121
Inventory, net	20,989
<b><i>Total current assets</i></b>	<b>539,293</b>
Capital assets:	
Land	869,068
Building and equipment	13,590,902
Less accumulated depreciation	(8,986,163)
Total capital assets	<b>5,473,807</b>
<b>Total Assets</b>	<b>\$ 6,013,100</b>
<b><i>Liabilities</i></b>	
Accounts Payable:	\$ 19,513
Accrued liabilities	12,761
Accrued compensated absences current	15
Accrued compensated absences non-current	10,946
Tenant Security Deposits	26,834
Tenant prepaid rent	985
<b><i>Total current liabilities</i></b>	<b>71,054</b>
<b>Noncurrent liabilities</b>	
Accrued compensated absences Non-current	43,784
<b><i>Total noncurrent liabilities</i></b>	<b>43,784</b>
<b>Total liabilities</b>	<b>\$ 114,838</b>
<b><i>Net Position</i></b>	
Net Investment in Capital Assets	\$ 5,473,807
Restricted Net Position	279,396
Unrestricted Net Position	145,059
<b>Total Net Position</b>	<b>\$ 5,898,262</b>

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

**Gallia Metropolitan Housing Authority**  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended December 31, 2013

	ENTERPRISE FUND
<b><i>OPERATING REVENUES</i></b>	
Tenant Revenue	\$ 95,400
Government operating grants	1,253,743
Other Revenue	16,587
<b>Total Operating Revenue</b>	<b>1,365,730</b>
<b><i>OPERATING EXPENSES</i></b>	
Administrative	300,543
Tenant services	8,862
Utilities	123,460
Maintenance	244,178
Protective services	7,158
General and Insurance	51,738
Housing assistance payment	575,412
Depreciation	421,839
<b>Total Operating Expenses</b>	<b>1,733,190</b>
<b>Operating loss</b>	<b>(367,460)</b>
<b><i>NONOPERATING REVENUES (EXPENSES)</i></b>	
Interest and investment revenue	136
<b>Total Nonoperating Revenues (Expenses)</b>	<b>136</b>
Income (loss) before contributions and transfers	(367,324)
Capital Grants	285,244
Loss from sale of capital assets	(1,011)
Change in Net Position	284,233
Total Net Position - beginning	5,981,353
<b>Total Net Position - ending</b>	<b>\$ 5,898,262</b>

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

**Gallia Metropolitan Housing Authority**  
Statement of Cash Flows  
For the Year Ended December 31, 2013

	ENTERPRISE FUND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating grants received	\$ 1,253,743
Tenant revenue received	96,258
Other revenue received	18,086
General and administrative expnses paid	(732,769)
Housing assistance payments	(575,412)
	<b>59,906</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest	136
	<b>136</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Capital grant funds received	285,244
Property and equipment purchased	(300,912)
	<b>(15,668)</b>
<b>Net Cash Provided By Capital Financing Activities</b>	<b>(15,668)</b>
Net increase (decrease) in cash	44,374
Cash and cash equivalents - Beginning Of Year	452,884
	<b>\$ 497,258</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net Operating Loss	\$ (367,460)
Adjustments to Reconcile Net Income/(Loss) to Net Cash Provided by Operating Activities:	
Depreciation	421,839
(Increases) Decrease in Accounts Receivable	7,108
(Increases) Decrease in Prepaid Assets	(7,759)
(Increases) Decrease in Inventory	2,177
Increases (Decrease) in Accounts Payable	11,737
Increases (Decrease) in Accrued Compensated Absence	(2,768)
Increases (Decrease) in Accrued Expenses Payable	(3,647)
Increases (Decrease) in Deferred Revenue	251
Increases (Decreases) in Tenant Security Deposits	(1,572)
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 59,906</b>

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

**Gallia Metropolitan Housing Authority**  
Notes to The Basic Financial Statements  
For The Year Ended December 31, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Summary of Significant Accounting Policies**

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

**Reporting Entity**

The Gallia 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 financial 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.

**Gallia Metropolitan Housing Authority**  
Notes to The Basic Financial Statements  
For The Year Ended December 31, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Basis of Presentation**

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

**Fund Accounting**

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

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

**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.

**Measurement Focus/Basis of Accounting**

The Authority's basic financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Authority's accounting policies are described below.

**Description of Programs**

The following are the various programs which are included in the single enterprise fund:

**Gallia Metropolitan Housing Authority**  
Notes to The Basic Financial Statements  
For The Year Ended December 31, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Public Housing Program**

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

**B. Capital Fund Program**

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

**C. Housing Choice Voucher Program**

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2013 totaled \$136.

**Capital Assets**

Capital assets are 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.

Useful Lives:	
Buildings	40 years
Building & Site Improvements	15 years
Furniture & Equipment	7 years
Vehicles	5 years

Depreciation is recorded on the straight-line method.

**Net Position**

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 improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**Gallia Metropolitan Housing Authority**  
Notes to The Basic Financial Statements  
For The Year Ended December 31, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Housing Authority's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available.

**Operating Revenues and Expenses**

Operating Revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant rental revenue, grants received from HUD and other miscellaneous revenues. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting the definition are reported as non-operating.

**Capital Contributions**

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

**Cash and Cash Equivalents**

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

**Compensated Absences**

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

**Gallia Metropolitan Housing Authority**  
Notes to The Basic Financial Statements  
For The Year Ended December 31, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual operating budgets for all its HUD funded programs.

The budget for its programs is prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal yearend. The Board of Commissioners adopts the budget through passage of a budget resolution.

**Accounting and Reporting for Non-exchange Transactions**

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

**Estimates**

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

**NOTE 2: DEPOSITS AND INVESTMENTS**

Deposits

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

- A. 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 withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.



**Gallia Metropolitan Housing Authority**  
Notes to The Basic Financial Statements  
For The Year Ended December 31, 2013

**NOTE 2: DEPOSITS AND INVESTMENTS (continued)**

C. 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 certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal yearend December 31, 2013, the carrying amount of the Authority’s deposits totaled \$497,258 and its bank balance was \$522,165. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of December 31, 2013, \$272,165 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

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 bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

**NOTE 3: RESTRICTED CASH**

Restricted cash as of December 31, 2013 represent money held that can only be used for specific purpose or money held on behalf of the tenants:

Cash advance by HUD that is to be used for the Housing Assistance Payments	\$39,606
Tenant security deposit	26,834
Proceeds from sale of a house	<u>239,790</u>
Total Restricted Cash Balance	<u>\$306,230</u>

**NOTE 4: 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.

**Gallia Metropolitan Housing Authority**  
Notes to The Basic Financial Statements  
For The Year Ended December 31, 2013

**NOTE 4: RISK MANAGEMENT (continued)**

During fiscal year ending December 31, 2013 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

**NOTE 5: CAPITAL ASSETS**

A summary of property and equipment at December 31, 2013, by class is as follows:

	<b>Balance 12/31/2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2013</b>
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 869,068	\$ -	\$ -	\$ 869,068
<b>Total Capital Assets Not Being Depreciated</b>	869,068	-	-	869,068
<b>Capital Assets Being Depreciated:</b>				
Buildings	12,905,737	300,913	-	13,206,650
Furnt, Mach and Equip	421,139	-	(36,887)	384,252
<b>Total Capital Assets Being Depreciated:</b>	13,326,876	300,913	(36,887)	13,590,902
<b>Accumulated Depreciation:</b>				
Buildings	(8,277,151)	(397,115)	-	(8,674,266)
Furnt, Mach and Equip	(323,049)	(24,724)	35,876	(311,897)
<b>Total Accumulated Depreciation</b>	(8,600,200)	(421,839)	35,876	(8,986,163)
<b>Total Capital Assets being Depreciated, net</b>	4,726,676	(120,926)	(1,011)	4,604,739
<b>Total Capital Assets, net</b>	\$ 5,595,744	\$ (120,926)	\$ (1,011)	\$ 5,473,807

**NOTE 6: DEFINED PENSION PLANS AND POSTRETIREMENT BENEFIT**

RETIREMENT SYSTEM PENSION PLAN

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

1. The Traditional Plan - a cost sharing, multiple-employer defined benefit pension plan.

**Gallia Metropolitan Housing Authority**  
Notes to The Basic Financial Statements  
For The Year Ended December 31, 2013

**NOTE 6: DEFINED PENSION PLANS AND POSTRETIREMENT BENEFIT (continued)**

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

OPERS provides retirement and disability benefits, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, making a written request to OPERS, 277 East Town Street, Columbus, Ohio 42315-4562 or by calling (614) 222-6701 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans. The 2013 member contribution rates were 10.0% and the employer contribution rate was 14.0%.

The Authority's required contributions to OPERS for the years ended December 31, 2013, 2012 and 2011 were \$34,335, \$39,891, and \$43,865, respectively. Ninety percent was contributed for the 2013 year. All contributions were made for the two years prior.

**NOTE 7: POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

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

OPERS maintains a cost-sharing, multiple-employer defined benefit 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 does not qualify for ancillary benefits, including post-employment health care coverage.

**Gallia Metropolitan Housing Authority**  
Notes to The Basic Financial Statements  
For The Year Ended December 31, 2013

**NOTE 7: POSTEMPLOYMENT BENEFITS (continued)**

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

**B. Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to the health care plan was 4.0 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, 2013, 2012 and 2011, which were used to fund post-employment benefits, were \$2,453, \$15,671, and \$31,333, respectively.

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

**Gallia Metropolitan Housing Authority**  
Notes to The Basic Financial Statements  
For The Year Ended December 31, 2013

**NOTE 8: COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of December 31, 2013, the accrual for compensated absences totaled \$54,730 and has been included in the accrued liabilities account balance in the accompanying Statement of Net Position. The Authority considers all compensated absences payable as due within one year.

The following is a summary of changes in compensated absence for the year ended December 31, 2013:

<u>Description</u>	<u>Balance 12/31/2012</u>	<u>Net Decrease</u>	<u>Balance 12/31/2013</u>	<u>Due Within One Year</u>
Compensated Absence	\$ 57,498	\$ 2,768	\$ 54,730	\$ 10,946

**NOTE 9: CONTINGENCIES**

**Grants**

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2013.

**Litigations and Claims**

In the normal course of operations the PHA may be subject to litigation and claims. At December 31, 2013 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

**Gallia Metropolitan Housing Authority**  
Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2013

<u>Federal Grantor/Sub-Grantor/ Program Title:</u>	<u>Federal CFDA Number</u>	<u>2013 Federal Expenditures</u>
Direct from U.S. Department Housing and Urban Development:		
Public and Indian Housing	14.850	\$ 554,891
Public Housing Capital Fund	14.872	\$ 362,661
Section 8 Housing Choice Vouchers	14.871	<u>650,122</u>
<b>Total Expenditure of Federal Award</b>		<u><u>\$ 1,567,674</u></u>

Notes to the Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2013

**Note 1: Summary of Significant Accounting Policies**

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

**Gallia Metropolitan Housing Authority**  
Statement of Net Position by Program  
For the Year Ended December 31, 2013

	Section 8 Voucher	Public Housing	Enterprise Fund
<b>ASSETS</b>			
Cash - Unrestricted	\$ -	\$ 191,013	\$ 191,013
Cash - Restricted	39,606	239,790	279,396
Cash - Tenant Security Deposits	-	26,834	26,834
Cash - Restricted for Payment of Current Liabilities	15	-	15
Accounts Receivable:			
Miscellaneous		5,919	5,919
Tenants		2,236	2,236
Allowance for Doubtful Accounts - Tenants		(1,354)	(1,354)
Fraud Recovery	5,382	-	5,382
Allowance for Doubtful Accounts - Fraud	(4,258)	-	(4,258)
Investments - Restricted	-	-	-
Inventories	-	23,319	23,319
Allowance for Obsolete Inventories	-	(2,330)	(2,330)
Prepaid Expense	163	12,958	13,121
Capital Assets:			
Non-depreciable Capital Assets	-	869,068	869,068
Depreciable Capital Assets	-	4,604,739	4,604,739
Capital Assets, net	-	5,473,807	5,473,807
<b>Total Assets</b>	<b>\$ 40,908</b>	<b>\$ 5,972,192</b>	<b>\$ 6,013,100</b>
<b>Liabilities</b>			
Accrued Wages/Payroll Taxes Payable	\$ 1,947	\$ 10,814	\$ 12,761
Accounts Payable:			
<= 90 Days Past Due	-	19,513	19,513
Compensated Absences Current	2,523	8,423	10,946
Accounts Payable - HUD PHA Programs	15	-	15
Tenant Security Deposits	-	26,834	26,834
Tenant prepaid rent	-	985	985
Compensated Absences Non-current	10,091	33,693	43,784
<b>Total Liabilities</b>	<b>14,576</b>	<b>100,262</b>	<b>114,838</b>
<b>Net Position</b>			
Net Invested in Capital Assets	-	5,473,807	5,473,807
Restricted Net Position	39,606	239,790	279,396
Unrestricted Net Position	(13,274)	158,333	145,059
<b>Total Net Position</b>	<b>26,332</b>	<b>5,871,930</b>	<b>5,898,262</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 40,908</b>	<b>\$ 5,972,192</b>	<b>\$ 6,013,100</b>

**Gallia Metropolitan Housing Authority**  
Statement of Revenues, Expenses, and Changes in Net Position by Program  
For the Year Ended December 31, 2013

	Section 8 Voucher	Public Housing	Enterprise Fund
<b>Revenues</b>			
Tenant Revenues:			
Net Tenant Rental Revenue	\$ -	\$ 87,343	\$ 87,343
	-	8,057	8,057
Total Tenant Revenue	-	95,400	95,400
HUD PHA Grants/Operating Grants	634,952	618,791	1,253,743
Capital Grants	-	285,244	285,244
Investment Income - Unrestricted	14	42	56
Fraud Recovery	1,816	276	2,092
Other Revenue	6,374	8,121	14,495
Gain or (Loss) on Sale of Capital Assets	-	(1,011)	(1,011)
Investment Income - Restricted	-	80	80
Total Revenue	643,156	1,006,943	1,650,099
<b>Expenses</b>			
Administrative:			
Administrative Salaries	49,421	99,584	149,005
Auditing Fees	-	7,882	7,882
Employee Benefit Contributions	19,170	56,627	75,797
Office Expenses	2,813	20,445	23,258
Legal Expense	-	6,143	6,143
Travel	200	4,456	4,656
Other Operating	3,539	30,263	33,802
Total Administrative	75,143	225,400	300,543
Tenant Services:			
Tenant Services - Salaries	-	5,307	5,307
Employee Benefit Contributions	-	3,555	3,555
Total Tenant Services	-	8,862	8,862
Utilities:			
Water	-	42,812	42,812
Electric	-	22,488	22,488
Gas	-	1,629	1,629
Sewer	-	56,531	56,531
Total Utilities	-	123,460	123,460
Ordinary Maintenance & Operation			
Labor	-	101,928	101,928
Materials and other	-	60,649	60,649
Contract Costs	-	48,702	48,702
Employee Benefit Contributions	-	32,899	32,899
Total Ordinary Maintenance Operation	-	244,178	244,178
Protective Services - Labor	-	5,828	5,828
Protective Services - Other Contract Costs	-	261	261
Employee Benefit Contributions - Protective Services	-	1,069	1,069
Total Protective Services	-	7,158	7,158
General Expenses:			
Insurance Premiums	2,376	39,918	42,294
Total General Expenses	2,376	39,918	42,294
Other Expenses:			
Other General Expenses	-	74	74
Bad Debt - Tenant Rents	4,258	5,112	9,370
Housing Assistance Payments	570,018	-	570,018
HAP Profitability-In	5,394	-	5,394
Depreciation Expense	-	421,839	421,839
Total Other Expense	579,670	427,025	1,006,695
Total Operating Expenses	657,189	1,076,001	1,726,032
Change in Net Position	(14,033)	(69,058)	(75,933)
Net Position Beginning of Year	(124,343)	6,105,696	5,981,353
Total Net Position at End of Year	\$ (138,376)	\$ 6,036,638	\$ 5,905,420



**Gallia Metropolitan Housing Authority**  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2012

Capital Fund Program Number OH16P047-501-00

1. The Program Costs are as follows:

Funds Approved	\$273,844
Funds Expended	<u>273,844</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$273,844
Funds Expended	<u>273,844</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on September 27, 2001.
4. The final costs on the certification agree to the Authority's records.

**Gallia Metropolitan Housing Authority**  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2013

Capital Fund Program Number OH16P047-501-01

1. The Program Costs are as follows:

Funds Approved	\$278,299
Funds Expended	<u>278,299</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$278,299
Funds Expended	<u>278,299</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on February 10, 2002.
4. The final costs on the certification agree to the Authority's records.

**Gallia Metropolitan Housing Authority**  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2013

Capital Fund Program Number OH16P010-501-02

1. The Program Costs are as follows:

Funds Approved	\$289,936
Funds Expended	<u>289,936</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$289,936
Funds Expended	<u>289,936</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on April 5, 2004.
4. The final costs on the certification agree to the Authority's records.

**Gallia Metropolitan Housing Authority**  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2013

Capital Fund Program Number OH16P047-501-03

1. The Program Costs are as follows:

Funds Approved	\$238,555
Funds Expended	<u>238,555</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$238,555
Funds Expended	<u>238,555</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on September 29, 2006.
4. The final costs on the certification agree to the Authority's records.

**Gallia Metropolitan Housing Authority**  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2013

Capital Fund Program Number OH16P047-501-08

1. The Program Costs are as follows:

Funds Approved	\$210,144
Funds Expended	<u>210,144</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$210,144
Funds Expended	<u>210,144</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on June 8, 2010.
4. The final costs on the certification agree to the Authority's records.

**Gallia Metropolitan Housing Authority**  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2013

Capital Fund Program Number OH16P047-501-09

4. The Program Costs are as follows:

Funds Approved	\$206,460
Funds Expended	<u>206,460</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$206,460
Funds Expended	<u>206,460</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

5. All costs have been paid and there are no outstanding obligations.
6. The Final Financial Status Report was signed and filed on June 8, 2010.
4. The final costs on the certification agree to the Authority's records.

**Gallia Metropolitan Housing Authority**  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2013

Capital Fund Program Number OH16P047-501-09

7. The Program Costs are as follows:

Funds Approved	\$266,000
Funds Expended	<u>266,000</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$266,000
Funds Expended	<u>266,000</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

8. All costs have been paid and there are no outstanding obligations.
9. The Final Financial Status Report was signed and filed on August 1, 2012.
4. The final costs on the certification agree to the Authority's records.

**Gallia Metropolitan Housing Authority**  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2013

Capital Fund Program Number OH16P047-90999

1. The Program Costs are as follows:

Funds Approved	\$186,850
Funds Expended	<u>186,850</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$186,850
Funds Expended	<u>186,850</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on August 13, 2001.
4. The final costs on the certification agree to the Authority's records.



**Gallia Metropolitan Housing Authority**  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2013

Capital Fund Program Number OH16P047-502-03

4. The Program Costs are as follows:

Funds Approved	\$47,543
Funds Expended	<u>47,543</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$47,543
Funds Expended	<u>47,543</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

5. All costs have been paid and there are no outstanding obligations.
6. The Final Financial Status Report was signed and filed on October 12, 2006.
4. The final costs on the certification agree to the Authority's records.



# Balestra, Harr & Scherer, CPAs, Inc.

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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Gallia Metropolitan Housing Authority  
381 Buck Ridge Road  
Bidwell, Ohio 45614

Board of Commissioners

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities, of Gallia Metropolitan Housing Authority, Gallia 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 June 6, 2014.

### Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

#### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
June 6, 2014



# Balestra, Harr & Scherer, CPAs, Inc.

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## Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Gallia Metropolitan Housing Authority  
381 Buck Ridge Road  
Bidwell, Ohio 45614

Board of Commissioners

### Report on Compliance for Each Major Federal Program

We have audited the Gallia Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Gallia Metropolitan Housing Authority's major federal programs for the year ended December 31, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Authority's major federal programs.

#### Management's Responsibility

The Authority's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Gallia Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

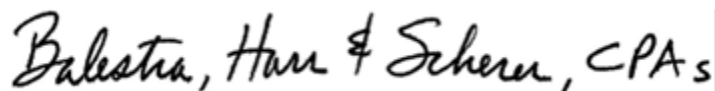
### **Report on Internal Control Over Compliance**

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
June 6, 2014

**Gallia Metropolitan Housing Authority**

*Schedule of Findings*

*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 weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies in reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal 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):	Low Rent Public Housing CFDA# 14.850, Public Housing Capital Fund Program CFDA #14.872
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**Gallia Metropolitan Housing Authority**

*Schedule of Findings*

*OMB Circular A-133 Section .505*

*December 31, 2013*

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

None

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

None

**Gallia Metropolitan Housing Authority**

*Schedule of Prior Audit Findings*

December 31, 2013

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<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2012-001	Significant Deficiency: Financial Reporting	Yes	Corrected





# Dave Yost • Auditor of State

**GALLIA METROPOLITAN HOUSING AUTHORITY**

**GALLIA 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  
AUGUST 19, 2014**