

**LICKING METROPOLITAN  
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2013**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

Board of Directors  
Licking Metropolitan Housing Authority  
144 West Main Street  
Newark, OH 43055

We have reviewed the *Independent Auditor's Report* of the Licking Metropolitan Housing Authority, Licking County, prepared by James G. Zupka, CPA, 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 Licking 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

June 16, 2014

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**LICKING METROPOLITAN HOUSING AUTHORITY  
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Licking Metropolitan Housing Authority  
Newark, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Licking Metropolitan Housing Authority, Ohio 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 Authority'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 Authority'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 opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Licking Metropolitan Housing Authority, Ohio, as of December 31, 2013, and the changes in financial position, and cash flows thereof 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 and 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 an opinion on the financial statements that collectively comprise the Licking Metropolitan Housing Authority, Ohio's basic financial statements. The Statement of Modernization Costs - Completed and the Financial Data Schedules are presented for purposes of additional analysis and are not 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 Statement of Modernization Cost - Completed, the Financial Data Schedules and the 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 Statement of Modernization Cost-Completed, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report date May 5, 2014, on our consideration of the Licking Metropolitan Housing Authority, Ohio'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 Licking Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.

**James G. Zupka**  
CPA, President

Digitally signed by James G. Zupka, CPA,  
President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2014.05.29 15:52:32 -04'00'

James G. Zupka, CPA, Inc.  
Certified Public Accountants

May 5, 2014



**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

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Licking Metropolitan Housing Authority’s (LMHA) *Management Discussion and Analysis* is designed to:

- a) Assist the reader in focusing on significant financial issues.
- b) Provide an overview of the Authority’s financial activity
- c) Identify changes in the Authority’s financial position (its ability to address the next and subsequent year challenges)
- d) Identify the single enterprise fund issues or concerns.

LMHA follows the guidelines of GASB No. 34. Since the MD&A is designed to focus on the current year’s activities, resulting changes and currently known facts, please read it conjunction with the Authority’s financial statements which follow.

**Financial Highlights**

- Total Revenue:                      FYE12/31/13:                      \$6,403,917 **decrease** of \$620,337 in 2013
- Total Expenses:                      FYE12/31/13:                      \$6,826,277 **decrease** of \$231,932 in 2013

**USING THIS ANNUAL REPORT**

<p><b>MD&amp;A</b> ~ <b>Management Discussion and Analysis</b> ~</p> <p><b>BASIC FINANCIAL STATEMENTS</b> ~ <b>Statement of Net Position</b> ~ <b>Statement of Revenues, Expenses and Changes in Net Position</b> ~ <b>Cash Flows</b> ~ <b>Capital Assets at Year End</b> ~ <b>Change in Capital Assets</b> ~ <b>Notes to Financial Statements</b></p>
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This report focuses on LMHA as a single-enterprise fund. This format allows the user to address relevant questions, broaden a basis for comparison (year-to-year) and enhances LMHA’s accountability.

**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

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**BASIC FINANCIAL STATEMENTS**

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

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 LMHA. 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 Statements of Net Position (**the “Unrestricted Net Position”**) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire LMHA. Net Position (formerly equity) are reported in three broad categories (as applicable).

**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 these 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 does not meet the definition of “Net Investment in Capital Assets”, or “Restricted Net Position”. This account resembles the old operating reserves account.

The basic 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.

Licking Metropolitan Housing Authority programs that are consolidated into a single-enterprise fund are as follows:

**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

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**Conventional Public Housing (PH)** - Under the Conventional Public Housing Program, LMHA rents up to 99 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 an Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30 percent of adjusted gross household income.

**Capital Fund Program (CFP)** - This is the current primary funding source for LMHA's physical and management improvements for PH. Funds are allocated by a formula based on size and age of the authority's units.

**Housing Choice Voucher Program (HCVP)** - Under the Housing Choice Voucher Program, LMHA subsidizes rents to independent landlords who own the properties. LMHA subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable LMHA to subsidize a portion of a tenant's rent. The tenant typically pays 30 percent of their adjusted gross income toward their rent.

**Other Business Activity** - LMHA owns an office building/land which it purchased in 2005 for Section 8 and administrative staff. A lease agreement with the local health clinic for the rental of a portion of the administrative building continued through 2013. This agreement allows the local health clinic to provide a centralized location for their facility, and provided LMHA Business Activities with \$7,200 in annual rental income.

**Shelter Plus Care** - The Shelter Plus Care Program, funded by the McKinney-Vinto Homeless Assistance Act, provide rental assistance, in connection with supportive services to homeless persons with disabilities, (primarily persons who are seriously mentally ill and/or chronic substance abuse) and their families. The programs provide assistance through tenant-based rental assistance.

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**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

**STATEMENT OF NET POSITION**

**Table 1 - Condensed Statement of Net Position Compared to Prior Year**

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>Percent Change</u>
Current and Other Assets	\$ 357,152	\$ 668,465	\$ (311,313)	\$ (46.57)%
Capital Assets	<u>1,980,952</u>	<u>2,072,388</u>	<u>(91,436)</u>	(4.41)%
<b>Total Assets</b>	<u>\$ 2,338,104</u>	<u>\$ 2,740,853</u>	<u>\$ (402,749)</u>	(14.69)%
Current Liabilities	\$ 46,485	\$ 29,902	\$ 16,583	55.46 %
Non-current Liabilities	<u>22,037</u>	<u>19,009</u>	<u>3,028</u>	15.93 %
<b>Total Liabilities</b>	<u>68,522</u>	<u>48,911</u>	<u>19,611</u>	40.10 %
Net Position:				
Net Investment in Capital Assets	1,980,952	2,072,388	(91,436)	(4.41)%
Restricted Net Position	14,365	171,354	(156,989)	(91.62)%
Unrestricted Net Position	<u>274,265</u>	<u>448,200</u>	<u>(173,935)</u>	(38.81)%
<b>Total Net Position</b>	<u>2,269,582</u>	<u>2,691,942</u>	<u>(422,360)</u>	(15.69)%
<b>Total Liabilities and Net Position</b>	<u>\$ 2,338,104</u>	<u>\$ 2,740,853</u>	<u>\$ (402,749)</u>	(14.69)%

For more detail information see Statement of Net Position presented elsewhere in this report.

“Restricted net position” includes \$12,849, HCV HAP equity. These are funds that were provided by HUD to be used by LMHA to make rental assistance payments under the HCV program that had not yet been spent at year end. This figure was reduced by \$158,505 in 2013. The other major factor in reducing the 2013 year-end net position was the \$137,039 reduction in HCV Program Administration Fees revenue.

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**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

**Table 2 - Statement of Revenue, Expenses and Changes in Net Position**

	2013	2012	Change	Percent Change
<b>Revenues</b>				
Total Tenant Revenues	\$ 278,887	\$ 264,174	\$ 14,713	\$ 5.57 %
Operating Subsidies	6,065,645	6,610,455	(544,810)	(8.24)%
Capital Grants	22,729	71,314	(48,585)	(68.13)%
Investment Income	534	826	(292)	(35.35)%
Other Revenues	36,122	77,485	(41,363)	(53.38)%
<b>Total Revenues</b>	<u>6,403,917</u>	<u>7,024,254</u>	<u>(620,337)</u>	(8.83)%
<b>Expenses</b>				
Administrative	745,398	785,155	(39,757)	(5.06)%
Tenant and Protective Services	1,796	5,196	(3,400)	(65.43)%
Utilities	118,174	121,914	(3,740)	(3.07)%
Maintenance	188,521	186,275	2,246	1.21 %
Insurance and General Expenses	85,283	55,086	30,197	54.82 %
Housing Assistance Payments	5,527,520	5,749,161	(221,641)	(3.86)%
Depreciation	159,585	155,422	4,163	2.68 %
<b>Total Expenses</b>	<u>6,826,277</u>	<u>7,058,209</u>	<u>(231,932)</u>	(3.29)%
Net Increases (Decreases)	<u>\$ (422,360)</u>	<u>\$ (33,955)</u>	<u>\$ (388,405)</u>	1143.88 %

**SCHEDULE OF REVENUE AND EXPENSE BY PROGRAM**

LMHA experienced a net decrease (all programs) of \$620,337 in total revenue from 2012 to 2013, and a net decrease in expenses of \$231,932. The following may be noted:

**SECTION-8 (HCV)**

HAP Vouchers for SPC Program involve a pass-through process, whereby exact amounts of expenses are immediately drawn down by the Licking Metropolitan Housing Authority through HUD's LOCCs for reimbursement. The HAP Housing Choice Voucher (HCV) Program operates by receiving an amount defined by HUD through an annual contributions contract. Deposits are made by HUD, typically, into the LMHA's account at the beginning of each month. LMHA is then responsible for making all housing-assistance payments for the applicable period.

HCV HAP revenue from HUD for 2013 decreased \$374,007 from \$5,484,375 in 2012 to \$5,110,368. LMHA ended FY 2012 with \$171,354 in funds restricted for HCV housing assistance payments only. Throughout 2013, LMHA used all but \$12,849 of its reserves to fund its HCV HAP Program.

HCV Administrative Fees received also decreased \$137,039 from \$614,646 in 2012 to \$477,607 in 2013. HCV Program Administrative Fees have consistently lowered in the last three years, with \$622,188 received in 2011, \$614,646 received in 2012, and \$477,607 received in 2013.

SPC Administrative Fees revenue of \$18,204 shows an increase from 2012 when \$17,803 was earned. LMHA administered assistance to more units receiving SPC HAP in 2013, up by \$21,563 to \$242,903 in 2013 from \$221,340 in 2012.

**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

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HCV and SPC Program operating expenses decreased by \$10,350, with \$629,436 spent in 2012 and \$619,086 spent in 2013.

A comparison of 2013 and 2012 utilities for the HCV Program is as follows:

<u>HCV Utility</u>	<u>2013</u>	<u>2012</u>
Water	\$ 711	\$ 586
Electric	5,183	5,907
Gas	<u>1,971</u>	<u>1,641</u>
<b>Total</b>	<u>\$ 7,865</u>	<u>\$ 8,134</u>

A 3.3 percent reduction of \$269 was seen in utility expenses in 2013 from 2012.

**PUBLIC HOUSING - LOW-RENT PROGRAM**

The Public Housing, Low-Rent Program, operating subsidy received from HUD decreased by \$35,837 from \$238,784 in 2012 to \$202,947. Tenant revenue increased \$14,713 from \$264,174 in 2012 to \$278,887.

A comparison of 2013 to 2012 utility expense for the Public Housing Program is as follows:

<u>PH Utility</u>	<u>2013</u>	<u>2012</u>
Water	\$ 23,165	\$ 25,822
Electric	61,642	66,924
Gas	<u>25,502</u>	<u>21,034</u>
<b>Total</b>	<u>\$ 110,309</u>	<u>\$ 113,780</u>

A 3.05 percent reduction of \$3,471 was seen in utility expenses in 2013 from 2012.

Total operating expenses for the Public Housing Program decreased by \$9,618 in 2013 from \$510,432 in 2012 to \$500,814 in 2013.

In 2013, LMHA Low-Rent Program spent \$22,729 in capital fund grants for various capital improvement projects compared to \$71,314 in 2012. A smaller amount in grant funds was withdrawn in 2013, as funds become available in the Capital Fund Grants they are earmarked for upcoming repairs/upgrades to the Terrace Gardens Apartments.

**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

**DEBT**

LMHA ended the year with no debt.

**CAPITAL ASSETS**

As of 2013 year end, the Authority had \$1,980,952 invested in a variety of capital assets as reflected in the following schedule which represents a net decrease (addition, deductions and depreciation) of \$91,436 from the end of 2012 year-end balances. See tables 3 & 4.

**Table 3 - Condensed Statement of Changes in Capital Assets**

	2013	2012	Change	Percent Change
Land	\$ 276,250	\$ 276,250	\$ 0	0.0 %
Buildings	5,883,758	5,847,918	35,840	0.6 %
Equipment	212,319	180,010	32,309	17.9 %
Accumulated Depreciation	<u>(4,391,375)</u>	<u>(4,231,790)</u>	<u>(159,585)</u>	3.8 %
<b>Total Capital Assets, Net</b>	<u>\$ 1,980,952</u>	<u>\$ 2,072,388</u>	<u>\$ (91,436)</u>	(4.4)%

**Table 4 - Changes in Capital Assets**

Beginning Balance - December 31, 2013	\$ 2,072,388
Current Year Additions	68,149
Current Year Depreciation Expense	<u>(159,585)</u>
Ending Balance - December 31, 2013	<u>\$ 1,980,952</u>

Additions in capital assets for the HCV Program included the following purchases:

- Storage safe for blue prints and various back ups
- 7 Dell PC's with Windows Software and Warranty
- 1 Dell Laptop with Windows Software and Warranty
- 1 Fujitsu scanner for front-end operations
- New ECS Phone System, including installation
- Dell Latitude Laptop with Windows Software and Warranty
- New external, back-up tape drive

**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

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Additions in capital assets for the Public Housing Hi-Rise included the following purchases:

- New Call Box installation
- Outside, rear parking lot door
- Concrete driveway removal and replacement
- 6 through-the-wall HVAC units
- Boiler replacement

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding from the Department of Housing and Urban Development
- Local labor supply and demand, which can effect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Changes in Social Security Benefits
- Inflationary pressure on utility rates, supplies and other costs

**MANAGEMENT NOTES AND CONCLUSIONS:**

In 2013, there was a reduction of \$10,350 in the HCV Program operating expenses. One reason for the variance is that in 2012 extraordinary expenses were higher in the amount of \$9,971 primarily due to various in-house labor/material for maintenance repair and small projects in the administrative offices. No such repairs were required in 2013.

Staff at LMHA worked diligently on efforts to become “paperless”. At year end, all HCV and SPC Program tenant files were held and managed in electronic format, within LMHA’s operating system. LMHA’s auditors performed audits on the 2013 electronic files, and all information pertaining to the tenant files was accurately reflected in the electronic file format. LMHA procedures also changed by requiring tenants to bring in verifications, rather than LMHA mailing various requests. As a result of these program changes, LMHA noticed a \$6,584.57 reduction in office supplies/postage.

The decrease to the HCV HAP funds in the amount of \$317,007 resulted when HUD reconciled previous period usage, recognizing LMHA’s \$171,354 in HCV HAP reserves. LMHA used its reserves in lieu of receiving additional funds from HUD in 2013. Much of the remaining reduction in revenue was a result of the 2013 government-wide sequestration.



**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
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Cash on the entity-wide balance sheet for 2013 saw a decrease of \$310,769 from 2012. These decreases stemmed from 1) the reduction to the HCV HAP reserves - decrease by \$158,505; and 2) the reduction in the unrestricted cash account for HCV Program administrative purposes - decreased by \$131,218. This is due in large part to the fact that \$131,039 less in HCV Administrative was received in 2013 than in 2012, primarily from the government-wide sequestration.

Tenant revenue increased \$14,713 from \$264,174 in 2012 to \$278,887. This increase is due to slight increases to social security income, new tenants with higher incomes, and reductions in the number of days for unit vacancy.

1,178 of the 1,188 units for the Public Housing Program were leased in 2013 resulting in a 99.15 percent occupancy rate.

12,337 of the 12,360 HCV units for the year were leased in 2013, resulting in a 99.81 percent utilization.

HCV-HAP expense decreased by \$224,165 in 2013 from 2012. In comparing the 2012 to 2013 expense total, it should be noted that in 2012, LMHA received \$374,007 more in HCV HAP than in 2013. \$171,098 in 2012 was requested/received as additional, set-aside funding from HUD. Also in 2012, \$41,561 was received late in the year, following a prior-period reconciliation performed by HUD.

LMHA ended 2013 with \$9,737 in Accounts Payable <=90 days, much of which was due to utility expenses for the Public Housing Program.

In summary, several areas were focused on by management in 2013, including:

- Streamlining processes in Section-8 Operations, to include “paperless” system, resulting in large savings in time/office expense, and improved reliability/functionality;
- Upgrading various computers and computer back-up hardware to enhance performance and maintain security;
- Continuing with and expanding upon the LMHA - provided educational seminar/landlord workshop for landlords in LMHA’s jurisdiction. This workshop provides information about the process and requirements within the LMHA Section-8 Program. Representatives attending who provided presentations included various local vendors, non-profit agencies, legal aid, and various courts/governmental agencies. This event involved 100 percent staff participation, and assists in building a quality housing stock for LMHA’s program participants.

**LICKING METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Unaudited)**

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**FINANCIAL CONTACT**

If you have any questions regarding this report, you may contact Jody Hull-Arthur, Executive Director of the LMHA 740-349-8069 Ext. 224, or Cynthia Hite, Financial Operations Manager, Ext. 229.

Cynthia Hite  
Financial Operations Manager  
740-349-8069 Ext. 229

**LICKING METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 314,648
Restricted Cash and Cash Equivalents	24,808
Receivables, Net	2,948
Prepaid Expenses	<u>14,748</u>
<b>Total Current Assets</b>	<b><u>357,152</u></b>

**Noncurrent Assets**

Non-depreciable Capital Assets	276,250
Depreciable Capital Assets, Net	<u>1,704,702</u>
<b>Total Noncurrent Assets</b>	<b><u>1,980,952</u></b>

<b>TOTAL ASSETS</b>	<b><u>\$ 2,338,104</u></b>
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**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 9,526
Accrued Wages - Payroll Taxes	9,737
Tenant Security Deposits	10,443
Intergovernmental Payable	<u>16,779</u>
<b>Total Current Liabilities</b>	<b><u>46,485</u></b>

**Noncurrent Liabilities**

Accrued Compensated Absences	<u>22,037</u>
<b>Total Noncurrent Liabilities</b>	<b><u>22,037</u></b>
<b>Total Liabilities</b>	<b><u>68,522</u></b>

**NET POSITION**

Net Investment in Capital Assets	1,980,952
Unrestricted	274,265
Restricted	<u>14,365</u>
<b>Total Net Position</b>	<b><u>2,269,582</u></b>

<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 2,338,104</u></b>
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See accompanying notes to the basic financial statements.

**LICKING METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<b><u>Operating Revenues</u></b>	
Government Grants	\$ 6,065,645
Tenant Revenue	278,887
Other Revenue	<u>36,122</u>
<b>Total Operating Revenues</b>	<b><u>6,380,654</u></b>
<b><u>Operating Expenses</u></b>	
Administrative	745,398
Tenant and Protective Services	1,796
Utilities	118,174
Maintenance	188,521
General	85,283
Housing Assistance Payments	<u>5,527,520</u>
<b>Total Operating Expenses Before Depreciation</b>	<b><u>6,666,692</u></b>
Income (Loss) Before Depreciation	(286,038)
Depreciation	<u>159,585</u>
<b>Operating Income (Loss)</b>	<b><u>(445,623)</u></b>
<b><u>Non-Operating Revenues (Expenses)</u></b>	
Interest and Investment Revenue	<u>534</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<b><u>534</u></b>
Income (Loss) Before Capital Grants	(445,089)
Capital Grants	<u>22,729</u>
<b>Change in Net Position</b>	<b><u>(422,360)</u></b>
Total Net Position, Beginning of Year	<u>2,691,942</u>
<b>Net Position, End of Year</b>	<b><u>\$ 2,269,582</u></b>

See accompanying notes to the basic financial statements.

**LICKING METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**Cash Flows from Operating Activities**

Cash Received from Government Grants	\$ 6,071,559
Cash Received From Tenants	278,887
Cash Payments for Housing Assistance	(5,527,520)
Cash Payments for Administrative Expenses	(742,123)
Cash Payments for Other Operating Expenses	(385,985)
Cash Received - Other	39,299
<b>Net Cash (Provided) by Operating Activities</b>	<b><u>(265,883)</u></b>

**Cash Flows from Capital and Related Financing Activities**

Acquisition of Capital Assets	(68,149)
Capital Grants Received	22,729
<b>Net Cash Provided by Capital and Other Related Financing Activities</b>	<b><u>(45,420)</u></b>

**Cash Flows from Investing Activities**

Interest and Investment Income Received	534
<b>Net Cash Provided by Investing Activities</b>	<b><u>534</u></b>
Net Increase (Decrease) in Cash and Cash Equivalents	(310,769)
Cash and Cash Equivalents, Beginning	650,225

**Cash and Cash Equivalents, Ending** **\$ 339,456**

**Reconciliation of Operating Loss to Net Cash Provided by Operating Activities**

Net Operating (Loss)	\$ (445,623)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	159,585
(Increase) Decrease in:	
Accounts Receivable - Other	2,132
Prepaid Expenses	(1,588)
Increase (Decrease) in:	
Accounts Payable	9,377
Accrued Compensated Absences	3,028
Tenants' Security Deposits	1,045
Accrued Wages and Payroll Taxes	247
Intergovernmental Payable	5,914
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ (265,883)</u></b>

See accompanying notes to the basic financial statements.

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

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

**Organization and Reporting Entity**

The Licking Metropolitan Housing Authority (LMHA) is a political subdivision of the State of Ohio, located in Newark, Ohio, created under Section 3735.27 of the Ohio Revised Code, to engage in the acquisition, development, leasing and administration of low-rent housing program. An Annual Contributions Contract was signed by the LMHA and the United States Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring construction, maintenance, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. The Authority is a political subdivision with no component units.

**Basis of Presentation**

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. The Governmental Accounting Standards Board (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.

**LICKING METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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

**Basis of Presentation** (Continued)

The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

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.

**Measurement Focus and Basis of Accounting**

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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 nonoperating revenues and expenses.

**LICKING METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

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

**Description of Programs**

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

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

*Capital Fund Program (CFP)* - The CFP provides funds annually, via a formula, to PH Agencies for capital and management activities, including modernization and development housing.

*Housing Choice Voucher Program (HCVP)* - The HCVP 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.

*Shelter Plus Care (SPC)* - The SPC Program provides rental assistance, in connection with supportive services funded from sources other than this program to homeless persons with disabilities (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and their families. The program provides assistance through Tenant-based Rental Assistance (TRA).

*Business Activities (BA)* - Business Activities represents other services that the PHA provides to Licking Metropolitan Housing Authority for a fee and services that the PHA provides to the County. The revenue and expenses for these services are identified and tracked separate from the HUD activities.



**LICKING METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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

**Cash and Cash Equivalents**

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

**Investments**

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

**Restricted Assets**

Restricted assets represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include excess Housing Choice Voucher housing assistance payments funding and security deposits collected from residents of the Authority's housing units.

**Property and Equipment**

Property and equipment 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. The Authority's capitalization threshold is \$1,000. Depreciation is recorded on the straight-line method under the following lives:

Buildings	27.5 years
Building Improvements	15 years
Equipment	7 years
Autos	5 years

**Net Position**

Net position represents the difference between assets and liabilities. The net investment in capital assets component of net position, 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 recorded as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted Net Position includes what is known as Housing Choice Voucher Program HAP Equity. That is funding provided to the Agency by HUD for the purpose of making rental assistance payments on behalf of program participants that has yet to be expended.

**LICKING METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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

**Net Position** (Continued)

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Use of Estimates**

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

**Budgetary Accounting**

LMHA annually prepares funding requests as prescribed by HUD. Operating budgets are adopted for all Authority's programs by the Authority's Board.

**Capitalization of Interest**

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

NOTE 2: **DEPOSITS AND INVESTMENTS**

**Cash of Hand**

At December 31, 2013, the carrying amount of the Authority's deposits was \$339,456 (including \$24,808 of restricted funds, and \$200 of petty cash).

At December 31, 2013, the bank balance of the Authority's cash deposits was \$356,811. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2013, deposits totaling \$356,811 were covered by Federal Depository Insurance.

Custodial credit is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 110 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority.

**LICKING METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

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

**Investments**

The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, and records all its investments at fair value. At December 31, 2013, the Authority had no investments.

**Interest Rate Risk**

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority’s investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

**Restricted Cash**

The restricted cash balance of \$24,808 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments (Restricted Net Assets)	\$ 12,849
Employee FSA Flex Account Balance at year end	1,516
Tenant Security Deposits Liability	<u>10,443</u>
Total	<u>\$ 24,808</u>

**LICKING METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

NOTE 3: **CAPITAL ASSETS**

Following is a summary of capital assets:

	<u>Balance</u> <u>12/31/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2013</u>
<b><u>Capital Assets Not Being Depreciated</u></b>				
Land	\$ 276,250	\$ 0	\$ 0	\$ 276,250
<b>Total Capital Assets Not Being Depreciated</b>	<u>276,250</u>	<u>0</u>	<u>0</u>	<u>276,250</u>
<b><u>Capital Assets Being Depreciated</u></b>				
Buildings and Improvements	5,847,918	35,840	0	5,883,758
Furniture, Equipment & Machinery	<u>180,010</u>	<u>32,309</u>	<u>0</u>	<u>212,319</u>
Subtotal Capital Assets Being Depreciated	<u>6,027,928</u>	<u>68,149</u>	<u>0</u>	<u>6,096,077</u>
Accumulated Depreciation - Buildings and Improvements	(4,134,274)	(128,605)	0	(4,262,879)
Accumulated Depreciation - Furniture and Equipment	<u>(97,516)</u>	<u>(30,980)</u>	<u>0</u>	<u>(128,496)</u>
Subtotal Accumulated Depreciation	<u>(4,231,790)</u>	<u>(159,585)</u>	<u>0</u>	<u>(4,391,375)</u>
Depreciable Assets, Net	<u>1,796,138</u>	<u>(91,436)</u>	<u>0</u>	<u>1,704,702</u>
<b>Total Capital Assets, Net</b>	<u>\$ 2,072,388</u>	<u>\$ (91,436)</u>	<u>\$ 0</u>	<u>\$ 1,980,952</u>

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**LICKING METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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NOTE 4: **CAPITAL LEASE OBLIGATIONS**

The Authority had no capital lease obligations throughout 2013.

NOTE 5: **ALLOCATION OF COSTS**

The Authority allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program or estimated actual usage. Management considers this to be an equitable method of allocation.

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

All full-time Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

- The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan;
- The Member-Directed Plan (MD) - a benefit contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investments earnings.
- The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but less than, 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, disability, survivor, death benefits, and annual cost of living adjustments to members of both the Traditional Pension and the 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. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377 or by using the OPERS website at <https://www.opers.org/investments/cafr.shtml>.

**LICKING METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Authority was 14 percent of covered payroll. The Authority's required contributions to the OPERS for the years ended December 31, 2013, 2012, and 2011, were \$65,582, \$62,759, and \$60,809, respectively. One hundred percent has been contributed for 2013. All required contributions for the two previous years have been paid.

NOTE 7: **POST-EMPLOYMENT 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 do not qualify for ancillary benefits, including post-employment health care coverage.

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

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

**LICKING METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(CONTINUED)**

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NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Plan Description** (Continued)

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377 or by using the OPERS website <https://www.opers.org/investments/cafr.shtml>.

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 coverage.

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 of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent for calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. 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 \$4,684, \$17,931, and \$18,003, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a 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 percent of the employer contributions toward the health care fund after the end of the transition period.

**LICKING METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

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**NOTE 8: COMPENSATED ABSENCES**

Vacation and sick leave are established by the Board of Commissioners based on local and state laws.

All permanent employees earn 5 hours of sick leave per 86.66 hours of service. Unused sick leave may be accumulated without limit. Accrued sick time is not payable to the employee upon their separation from employment.

All permanent employees will earn vacation hours accumulated based on length of service. Unused vacation time may be accumulated up to 240 hours. All vacation time accumulated will be paid to an employee upon separation of employment. At December 31, 2013 \$22,037 was accrued for unused vacation.

A summary of changes in compensated absences follows:

Beginning Balance 01/01/2013	<u>Additions</u>	<u>Used</u>	Ending Balance 12/31/2013
\$ 19,009	\$ 25,072	\$ 22,044	\$ 22,037

None of the balance is considered to be current because no pay-outs at separation are anticipated in the coming period, and it is expected that leave earned in the period is what will be used in the period.

**NOTE 9: RISK MANAGEMENT**

The Authority is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of damage to, and destruction of assets; errors and omissions; and injuries to employees.

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, and building contents. Workers' Compensation coverage is maintained through the State. There was no significant reduction in coverage and no settlements exceeded insurance coverage, during the past three years.

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**LICKING METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

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NOTE 10: **CONTINGENCIES**

**Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would 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 litigations and claims. At December 31, 2013 the PHA was not aware of any such matters.

NOTE 11: **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Licking Metropolitan Housing Authority and is presented on the accrued basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

NOTE 12: **IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

For 2013, the Authority has implemented GASB No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1981 FASB and AICPA Pronouncements*.

The objective of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by the Authority.

The objective of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and the implementation of this statement did not result in any change in the Authority's financial statements.

**LICKING METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF MODERNIZATION COST - COMPLETED  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**Annual Contributions Contract C-5031**

1. The total amount of modernization costs of the Capital Fund Housing Program grants are shown below:

OH16P043501-11 Project OH

Funds Approved	\$ 90,978
Funds Expended	<u>90,978</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>

Funds Advanced	\$ 98,978
Funds Expended	<u>90,978</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. All modernization work in connection with the Capital Fund Program has been completed.
3. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

**LICKING METROPOLITAN HOUSING AUTHORITY**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**DECEMBER 31, 2013**

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	111,274	143,213		60,161	314,648		314,648
113 Cash - Other Restricted		14,365			14,365		14,365
114 Cash - Tenant Security Deposits	10,443				10,443		10,443
<b>100 Total Cash</b>	<b>121,717</b>	<b>157,578</b>	<b>-</b>	<b>60,161</b>	<b>339,456</b>	<b>-</b>	<b>339,456</b>
124 Accounts Receivable - Other Government		347			347		347
125 Accounts Receivable - Tenants	2,601				2,601		2,601
128 Fraud Recovery		27,420			27,420		27,420
128.1 Allowance for Doubtful Accounts - Fraud		-27,420			-27,420		-27,420
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>2,601</b>	<b>347</b>	<b>-</b>	<b>-</b>	<b>2,948</b>	<b>-</b>	<b>2,948</b>
142 Prepaid Expenses and Other Assets	9,578	5,170			14,748		14,748
<b>150 Total Current Assets</b>	<b>133,896</b>	<b>163,095</b>	<b>-</b>	<b>60,161</b>	<b>357,152</b>	<b>-</b>	<b>357,152</b>
161 Land	201,250			75,000	276,250		276,250
162 Buildings	5,260,655	33,825		589,278	5,883,758		5,883,758
163 Furniture, Equipment & Machinery - Dwellings	7,491				7,491		7,491
164 Furniture, Equipment & Machinery - Administration	36,230	131,460		37,138	204,828		204,828
166 Accumulated Depreciation	-4,125,561	-62,711		-203,103	-4,391,375		-4,391,375
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>1,380,065</b>	<b>102,574</b>	<b>-</b>	<b>498,313</b>	<b>1,980,952</b>	<b>-</b>	<b>1,980,952</b>
<b>180 Total Non-Current Assets</b>	<b>1,380,065</b>	<b>102,574</b>	<b>-</b>	<b>498,313</b>	<b>1,980,952</b>	<b>-</b>	<b>1,980,952</b>
<b>190 Total Assets</b>	<b>1,513,961</b>	<b>265,669</b>	<b>-</b>	<b>558,474</b>	<b>2,338,104</b>	<b>-</b>	<b>2,338,104</b>
<b>290 Total Assets and Deferral Outflow of Resources</b>	<b>1,513,961</b>	<b>265,669</b>	<b>-</b>	<b>558,474</b>	<b>2,338,104</b>	<b>-</b>	<b>2,338,104</b>
312 Accounts Payable <= 90 Days	6,717	2,809			9,526		9,526
321 Accrued Wage/Payroll Taxes Payable		9,737			9,737		9,737
333 Accounts Payable - Other Government	16,779				16,779		16,779
341 Tenant Security Deposits	10,443				10,443		10,443
<b>310 Total Current Liabilities</b>	<b>33,939</b>	<b>12,546</b>	<b>-</b>	<b>-</b>	<b>46,485</b>	<b>-</b>	<b>46,485</b>
354 Accrued Compensated Absences - Non Current	9,473	12,564			22,037		22,037
<b>350 Total Non-Current Liabilities</b>	<b>9,473</b>	<b>12,564</b>	<b>-</b>	<b>-</b>	<b>22,037</b>	<b>-</b>	<b>22,037</b>
<b>300 Total Liabilities</b>	<b>43,412</b>	<b>25,110</b>	<b>-</b>	<b>-</b>	<b>68,522</b>	<b>-</b>	<b>68,522</b>
508.4 Net Investment in Capital Assets	1,380,065	102,574		498,313	1,980,952		1,980,952
511.4 Restricted Net Position		14,365			14,365		14,365
512.4 Unrestricted Net Position	90,484	123,620		60,161	274,265		274,265
<b>513 Total Equity - Net Assets / Position</b>	<b>1,470,549</b>	<b>240,559</b>	<b>-</b>	<b>558,474</b>	<b>2,269,582</b>	<b>-</b>	<b>2,269,582</b>
<b>600 Total Liab., Def Inflow of Res., and Equity - Net Assets / Position</b>	<b>1,513,961</b>	<b>265,669</b>	<b>-</b>	<b>558,474</b>	<b>2,338,104</b>	<b>-</b>	<b>2,338,104</b>

**LICKING METROPOLITAN HOUSING AUTHORITY  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Project Total	14871 Housing Choice Vouchers	14,238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
70800 Net Tenant Rental Revenue	278,096				278,096		278,096
70400 Tenant Revenue - Other	791				791		791
<b>70500 Total Tenant Revenue</b>	<b>278,887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278,887</b>	<b>-</b>	<b>278,887</b>
70600 HUD/FHA Operating Grants	216,563	5,587,975	261,107		6,065,645		6,065,645
70610 Capital Grants	22,729				22,729		22,729
71100 Investment Income - Unrestricted	216	159			375		375
71400 Fraud Recovery		1,142			1,142		1,142
71500 Other Revenue	4,834	22,021		8,125	34,980		34,980
72000 Investment Income - Restricted		159			159		159
<b>70000 Total Revenue</b>	<b>523,229</b>	<b>5,611,456</b>	<b>261,107</b>	<b>8,125</b>	<b>6,403,917</b>	<b>-</b>	<b>6,403,917</b>
91100 Administrative Salaries	89,735	289,773	18,204		397,712		397,712
91200 Auditing Fees	5,421	6,043			11,464		11,464
91400 Advertising and Marketing	106	1,832			1,938		1,938
91500 Employee Benefit contributions - Administrative	28,270	99,792			128,062		128,062
91600 Office Expenses	16,883	137,426			154,309		154,309
91700 Legal Expense	28,625	12,059			40,684		40,684
91800 Travel	2,201	9,028			11,229		11,229
<b>91000 Total Operating - Administrative</b>	<b>171,241</b>	<b>555,953</b>	<b>18,204</b>	<b>-</b>	<b>745,398</b>	<b>-</b>	<b>745,398</b>
92400 Tenant Services - Other	435				435		435
<b>92500 Total Tenant Services</b>	<b>435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>435</b>	<b>-</b>	<b>435</b>
93100 Water	23,165	711			23,876		23,876
93200 Electricity	61,642	5,183			66,825		66,825
93300 Gas	25,502	1,971			27,473		27,473
<b>93000 Total Utilities</b>	<b>110,309</b>	<b>7,865</b>	<b>-</b>	<b>-</b>	<b>118,174</b>	<b>-</b>	<b>118,174</b>
94100 Ordinary Maintenance and Operations - Labor	70,277	8,919			79,196		79,196
94200 Ordinary Maintenance and Operations - Materials and Other	21,390	2,839			24,229		24,229
94300 Ordinary Maintenance and Operations Contracts	56,616	6,268			62,884		62,884
94500 Employee Benefit Contributions - Ordinary Maintenance	22,212				22,212		22,212
<b>94000 Total Maintenance</b>	<b>170,495</b>	<b>18,026</b>	<b>-</b>	<b>-</b>	<b>188,521</b>	<b>-</b>	<b>188,521</b>
95200 Protective Services - Other Contract Costs	1,361				1,361		1,361
<b>95000 Total Protective Services</b>	<b>1,361</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,361</b>	<b>-</b>	<b>1,361</b>

**LICKING METROPOLITAN HOUSING AUTHORITY  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Project Total	14,871 Housing Choice Vouchers	14,238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
96110 Property Insurance	9,069	3,735			12,804		12,804
96130 Workers Compensation	2,277	5,349			7,626		7,626
<b>96100 Total insurance Premiums</b>	<b>11,346</b>	<b>9,084</b>	<b>-</b>	<b>-</b>	<b>20,430</b>	<b>-</b>	<b>20,430</b>
96200 Other General Expenses	686	8,631		7,092	16,409		16,409
96210 Compensated Absences	1,704	1,323			3,027		3,027
96300 Payments in Lieu of Taxes	20,953				20,953		20,953
96600 Bad debt - Other	12,284				12,284		12,284
<b>96000 Total Other General Expenses</b>	<b>35,627</b>	<b>9,954</b>	<b>-</b>	<b>7,092</b>	<b>52,673</b>	<b>-</b>	<b>52,673</b>
<b>96900 Total Operating Expenses</b>	<b>500,814</b>	<b>600,882</b>	<b>18,204</b>	<b>7,092</b>	<b>1,126,992</b>	<b>-</b>	<b>1,126,992</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>22,415</b>	<b>5,010,574</b>	<b>242,903</b>	<b>1,033</b>	<b>5,276,925</b>	<b>-</b>	<b>5,276,925</b>
97100 Extraordinary Maintenance	12,180				12,180		12,180
97300 Housing Assistance Payments		5,269,603	242,903		5,512,506		5,512,506
97350 HAP Portability-In		15,014			15,014		15,014
97400 Depreciation Expense	114,727	28,523		16,335	159,585		159,585
<b>90000 Total Expenses</b>	<b>627,721</b>	<b>5,914,022</b>	<b>261,107</b>	<b>23,427</b>	<b>6,826,277</b>	<b>-</b>	<b>6,826,277</b>
10010 Operating Transfer In	1,436				1,436		1,436
10020 Operating transfer Out	-1,436				-1,436		-1,436
<b>10100 Total Other financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-104,492</b>	<b>-302,566</b>	<b>-</b>	<b>-15,302</b>	<b>-422,360</b>	<b>-</b>	<b>-422,360</b>
11030 Beginning Equity	1,575,041	543,125		573,776	2,691,942		2,691,942
11170 Administrative Fee Equity		227,710			227,710		227,710
11180 Housing Assistance Payments Equity		12,849			12,849		12,849
11190 Unit Months Available	1,188	12,360	506		14,054		14,054
11210 Number of Unit Months Leased	1,178	12,337	506		14,021		14,021

**LICKING 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>		
<b><u>Public Housing Programs</u></b>		
Low Rent Public Housing Program	14.850	\$ 202,947
Capital Fund Program	14.872	<u>36,345</u>
<b>Total Public Housing Programs</b>		<u>239,292</u>
<b><u>Section 8 Tenant Based Programs</u></b>		
Section 8 Housing Choice Voucher Program	14.871	5,587,975
Shelter Plus Care Program	14.238	<u>261,107</u>
<b>Total Section 8 Tenant Based Programs</b>		<u>5,849,082</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>6,088,374</u>
<b>Total Federal Expenditures</b>		<u>\$ 6,088,374</u>

This schedule is prepared on the accrual basis of accounting.

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**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**

Board of Directors  
Licking Metropolitan Housing  
Newark, Ohio

Regional Inspector General for Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with the 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 Licking Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Licking Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated May 5, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Licking Metropolitan Housing Authority, Ohio'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 Licking Metropolitan Housing Authority, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Licking Metropolitan Housing Authority, Ohio'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority'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. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Licking Metropolitan Housing Authority, Ohio's financial statements are free from 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**James G.  
Zupka, CPA,  
President**

Digitally signed by James G. Zupka,  
CPA, President  
DN: cn=James G. Zupka, CPA,  
President, o=James G. Zupka, CPA,  
Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2014.05.29 15:54:16 -04'00'

James G. Zupka, CPA, Inc.  
Certified Public Accountants

May 5, 2014



**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

Board of Directors  
Licking Metropolitan Housing Authority  
Newark, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

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

We have audited the Licking Metropolitan Housing Authority, Ohio's, 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 Licking Metropolitan Housing Authority, Ohio's major federal programs for the year ended December 31, 2013. The Licking Metropolitan Housing Authority, Ohio'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 of the Licking Metropolitan Housing Authority, Ohio's major federal program 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 Not-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 Licking Metropolitan Housing Authority, Ohio'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 the major federal program. However, our audit does not provide a legal determination of the Licking Metropolitan Housing Authority, Ohio's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, the Licking Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

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

Management of the Licking Metropolitan Housing Authority, Ohio, 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 Licking Metropolitan Housing Authority, Ohio'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 an opinion on compliance for each major federal program and to test and report on internal control over compliance 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 Licking Metropolitan Housing Authority, Ohio'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.

James G. Zupka,  
CPA, President

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G.  
Zupka, CPA, Inc., ou=Accounting,  
email=jgzupka@icgglobal.net, c=US  
Date: 2014.05.29 15:54:47 -0400

James G. Zupka CPA, Inc.  
Certified Public Accountants

May 5, 2014

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

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**1. SUMMARY OF AUDITOR'S RESULTS**

2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2013(iv)	Were there any significant deficiency conditions reported for major Federal programs?	No
2013(v)	Type of Major Programs' Compliance Opinion	Unmodified
2013(vi)	Are there any reportable findings under .510(a)?	No
2013(vii)	Major Programs (list):	
	Housing Choice Voucher Program - CFDA #14.871	
2013(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$300,000 Type B: all others
2013(ix)	Low Risk Auditee?	Yes

**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.

**LICKING METROPOLITAN HOUSING AUTHORITY  
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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The audit report for the prior year ended December 31, 2012 contained no findings or citations.



# Dave Yost • Auditor of State

**LICKING METROPOLITAN HOUSING AUTHORITY**

**LICKING 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 1, 2014**