

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
OCTOBER 1, 2012 - SEPTEMBER 30, 2013





Dave Yost • Auditor of State

Board of Commissioners
London Metropolitan Housing Authority
179 South Main Street
London, Ohio 43140

We have reviewed the *Independent Auditors' Report* of the London Metropolitan Housing Authority, Madison County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 1, 2012 through September 30, 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 London Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

April 3, 2014

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**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

London Metropolitan Housing Authority
Madison County
179 South Main Street
London, Ohio 43140

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the London Metropolitan Housing Authority, Madison County, Ohio (the Authority), as of and for the fiscal year ended September 30, 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.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

London Metropolitan Housing Authority
Board of Commissioners
Independent Auditor's Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the London Metropolitan Housing Authority, Madison County, Ohio, as of September 30, 2013, and the changes in financial position and cash flows for the fiscal 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 Financial Data Schedules are presented for purpose of additional analysis as required by the Department of Housing and Urban Development, and are not a required part of the basic financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

London Metropolitan Housing Authority
Board of Commissioners
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 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.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
February 13, 2014

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(Unaudited)

The London Metropolitan Housing Authority’s (“the Authority”) management’s discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (its ability to address the next and subsequent year challenges), and (d) identify 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 statements.

FINANCIAL HIGHLIGHTS

- Net Position was \$2,178,016 and \$2,092,929 for fiscal year ending September 30, 2012 and 2013, respectively. The Authority-wide statements reflect a decrease of \$85,087 during 2013. This decrease is reflective of the fiscal year’s activities.
- The business-type activity revenue decreased by \$77,723 during fiscal year 2013, and was \$686,660 and \$608,937 for fiscal years 2012 and 2013, respectively. The decrease was due to the less grant revenue received from HUD for the fiscal year.
- The total expenses of all Authority programs increased by \$18,054. Total expenses were \$675,970 and \$694,024 for fiscal years 2012 and 2013, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

<p>MD&A ~ Management Discussion and Analysis ~</p>
<p>Basic Financial Statements ~ Authority-wide Financial Statements ~ ~ Notes to the Basic Financial Statements ~</p>
<p>Other Required Supplementary Information ~ Required Supplementary Information (other than MD&A) ~</p>

The focus is on both the Authority as a whole (authority-wide). The Authority operates as a single enterprise fund and this presentation allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority’s accountability.

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(Unaudited)

Authority-Wide Financial Statements

The Authority-wide 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. The statement is presented in the format where assets, minus liabilities, equal "Net Position". 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" portion) is designed represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: 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. The Authority has no Restricted Net Position.

Unrestricted: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted".

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

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

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

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(Unaudited)

THE AUTHORITY'S FUND

The Authority consists exclusively of an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector. The fund maintained by the Authority is required by the Department of Housing and Urban Development (HUD).

Business Type Funds:

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income.

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

Home Investment Partnerships Program – The grant provides funding for low income housing for community residents.

Business Activity (BA) – The Business Activity Program was set-up to separate the HUD funded programs with non-HUD activities. This program is used to account for the financial activities for the construction and operation of a 4 unit apartment building know as South Oak Place.

STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position compared to prior fiscal year. For more detailed information, see page 11 for the Statement of Net Position.

	<u>2013</u>	<u>2012</u>
Current and Other Noncurrent Assets	\$ 490,335	\$ 452,720
Capital Assets	<u>2,262,058</u>	<u>2,419,831</u>
Total Assets	<u>2,752,393</u>	<u>2,872,551</u>
Current Liabilities	78,437	140,900
Non-Current Liabilities	<u>581,027</u>	<u>553,635</u>
Total Liabilities	<u>659,464</u>	<u>694,535</u>
Net Position		
Net Investment in Capital Assets	1,682,058	1,866,196
Unrestricted	<u>410,871</u>	<u>311,820</u>
Total Net Position	<u>\$2,092,929</u>	<u>\$2,178,016</u>

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(Unaudited)

Major Factors Affecting the Statement of Net Position

During 2013 current assets and other noncurrent assets increased by \$37,615 and total liabilities decreased by \$35,071. The increase in the current asset and other noncurrent assets is mainly due to increase in cash due to result of current fiscal year activities.

The decrease in total liability of \$35,071 was due to decrease of outstanding vendor invoices at the end of the fiscal year 2013 compared to prior fiscal year end. In fiscal year 2012, the outstanding vendor invoices were higher than usual due to construction in process for the South Oak Apartment building.

Capital assets net change between fiscal years 2013 and 2012 was a decrease of \$157,773. This change is the net result of current fiscal year additions less depreciation expense. For more detail see "Capital Assets and Debt Administration" on page 9.

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position September 30, 2012		\$ 311,820
Results of Operations:	\$(85,087)	
Adjustments:		
Capital Expenditures	(17,433)	
Loan Proceeds	26,365	
Depreciation (1)	<u>175,206</u>	
Adjusted Results from Operations		<u>99,051</u>
Unrestricted Net Position September 30, 2013		<u>\$ 410,871</u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

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LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(Unaudited)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

	<u>2013</u>	<u>2012</u>
Revenues		
Tenant Revenue	\$ 242,233	\$ 195,340
Government Operating Grants	329,426	354,418
Capital Grants	14,223	122,292
Interest	13	27
Gain on Sale of Capital Assets	-	1,300
Other Revenues	<u>23,042</u>	<u>13,283</u>
Total Revenue	<u>608,937</u>	<u>686,660</u>
Expenses		
Administrative	158,756	198,498
Tenant Services	1,196	749
Utilities	102,998	94,724
Maintenance	205,065	191,441
Protective Services	-	300
General	50,803	31,427
Depreciation	<u>175,206</u>	<u>158,831</u>
Total Expenses	<u>694,024</u>	<u>675,970</u>
Change in Net Position	(85,087)	10,690
Net Position at October 1	<u>2,178,016</u>	<u>2,167,326</u>
Net Position at September 30	\$ <u>2,092,929</u>	\$ <u>2,178,016</u>

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

Operating Grants decreased by \$24,992 and Capital Grants decreased by \$108,069 during the fiscal year 2013. The decreases in grant revenue from HUD are due to funding cuts and also due to less capital improvement activities during the fiscal year.

Tenant revenue increased by \$46,893. The increase was primarily due to family income changes and the first year operation of the South Oak Project.

Expenditures increased during the fiscal year 2013 by \$18,054. The increase was primarily due to an increase in depreciation expense of \$16,375; certain operating expenses fluctuated but overall, all other expenses remained stabled due to cost savings efforts implemented during the fiscal year.

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year-end, the Authority had \$2,262,058 invested in Capital Assets as reflected in the following schedule, which represents a net decrease (current year additions less depreciation) of \$157,773 from the end of last fiscal year.

CAPITAL ASSETS AT FISCAL YEAR-END (NET OF DEPRECIATION)

	<u>Business-type Activities</u>	
	<u>2013</u>	<u>2012</u>
Capital Assets, Cost	\$ 6,058,757	\$ 6,041,324
Accumulated Depreciation	<u>(3,796,699)</u>	<u>(3,621,493)</u>
Total	<u>\$ 2,262,058</u>	<u>\$ 2,419,831</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail on page 20 of the notes.

CHANGE IN CAPITAL ASSETS

Beginning Balance, October 1, 2012	\$ 2,419,831
Additions	717,629
Deletions	(700,196)
Less: Depreciation Expense	<u>(175,206)</u>
Ending Balance, September 30, 2013	<u>\$ 2,262,058</u>

Current year purchases are summarized as follows:

- Window Replacements	\$ 135,315
- South Oak Place building	<u>582,314</u>
Total Current Additions	<u>\$ 717,629</u>

The deletions of \$700,196 represent the amount of construction in progress which was capitalized during fiscal year 2013 due to completion of the South Oak Place and Window Replacement projects.

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013
(Unaudited)

Debt Outstanding

In fiscal year 2012, the Authority received a loan from Ohio Housing Finance Agency (OHFA) of \$553,635 for the construction of a four unit apartment building referred to as South Oak Place. During fiscal year 2013 an additional \$26,365 was drawn down on that loan to complete the South Oak Place project. The debt becomes due upon specific events as detailed in the agreement. More information over Debt can be found in Note 8 in the Notes to the Basic Financial Statements.

	<u>2013</u>	<u>2012</u>
Beginning Balance, October 1	\$ 553,635	\$ -
Loan from Ohio Housing Finance Agency	<u>26,365</u>	<u>553,635</u>
Ending Balance, September 30	<u>\$ 580,000</u>	<u>\$ 553,635</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, 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.

IN CONCLUSION

London Metropolitan Housing Authority takes great pride in its financial management and is pleased to report that once again the Authority closed the fiscal year financially sound. The housing authority finished the fiscal year averaging an occupancy rate of 98%. This was the fourth year in a row that the Authority finished the year with positive cash flows.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Sal Consiglio, Manager of the London Metropolitan Housing Authority. Specific requests may be submitted to London Metropolitan Housing Authority, 179 S Main Street, London, OH 43140.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 452,720
Accounts Receivable, net	20,948
Prepaid Items	<u>4,919</u>
Total Current Assets	<u>478,587</u>

Non-Current Assets:

Restricted Cash and Cash Equivalents	11,748
Capital Assets:	
Nondepreciable Capital Assets	410,148
Depreciable Capital Assets	5,648,609
Accumulated Depreciation	<u>(3,796,699)</u>
Total Capital Assets	<u>2,262,058</u>
Total Non-Current Assets	<u>2,273,806</u>

Total Assets	<u><u>2,752,393</u></u>
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Liabilities

Current Liabilities:

Accounts Payable	37,588
Accrued Wages and Payroll Taxes	7,070
Accrued Compensated Absences	7,121
Intergovernmental Payable	11,503
Tenant Security Deposits Payable	11,748
Unearned Revenue	<u>3,407</u>
Total Current Liabilities	<u>78,437</u>

Non-Current Liabilities:

Accrued Compensated Absences	1,027
Loan Liability	<u>580,000</u>
Total Non-Current Liabilities	<u>581,027</u>

Total Liabilities	<u><u>659,464</u></u>
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Net Position

Net Investment in Capital Assets	1,682,058
Unrestricted	<u>410,871</u>

Total Net Position	<u><u>\$ 2,092,929</u></u>
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The notes to the basic financial statements are an integral part of the statements.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

Operating Revenues		
Tenant Revenue	\$	242,233
Government Operating Grants		329,426
Other Revenues		<u>23,042</u>
Total Operating Revenues		<u>594,701</u>
Operating Expenses		
Administrative	\$	158,756
Tenant Services		1,196
Utilities		102,998
Maintenance		205,065
General and Insurance		50,803
Depreciation		<u>175,206</u>
Total Operating Expenses		<u>694,024</u>
Operating Loss		<u>(99,323)</u>
Nonoperating Revenues		
Interest		13
Capital Grants		<u>14,223</u>
Total Nonoperating Revenues		<u>14,236</u>
Change in Net Position		(85,087)
Net Position at October 1, 2012		<u>2,178,016</u>
Net Position at September 30, 2013	\$	<u><u>2,092,929</u></u>

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

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

Cash flows from operating activities:

Operating grants received	\$ 445,588
Tenant revenue received	243,363
Other revenue received	20,961
General and administrative expenses paid	<u>(581,273)</u>

Net cash provided by operating activities	<u>128,639</u>
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Cash flows from investing activities:

Interest	<u>13</u>
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Net cash provided by investing activities	<u>13</u>
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Cash flows from capital and related financing activities:

Capital grants received	46,455
Proceeds from loan	26,365
Purchase of capital assets	<u>(17,433)</u>

Net cash provided by capital and related financing activities	<u>55,387</u>
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Net change in cash and cash equivalents	184,039
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Cash and cash equivalents at October 1, 2012	<u>280,429</u>
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Cash and cash equivalents at September 30, 2013	<u><u>\$ 464,468</u></u>
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Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	\$ (99,323)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	175,206
Changes in assets and liabilities:	
Accounts receivable, net	115,211
Prepaid items	(1,019)
Accounts payable	(70,809)
Accrued wages and payroll taxes	1,056
Other liabilities	<u>8,317</u>

Net cash provided by operating activities	<u><u>\$ 128,639</u></u>
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The notes to the basic financial statements are an integral part of this statement.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the London Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America. 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 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 basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, 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.

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

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Excluded Entity

The following entity is excluded from the Reporting Entity; however, the entity does conduct activities for the benefit of the Authority.

Madison Housing Development Corporation (MHDC) - This organization was formed as an instrumentality of the Authority to assist in the development and financing of housing projects. MHDC is legally separate from the Authority however, the Board of the organization is consists of the Board members of the Authority.

The Madison Housing Development Corporation was created in June of 2010 and received its 501(c)(3) status letter on August 21, 2011. The responsibility of the Authority was to make application to the State of Ohio to establish the organization and to obtain section 501(c)(3) non-profit exemption status.

For fiscal year-end 2013, Madison Housing Development Corporation has no assets, liabilities, revenues, or expenditures, therefore, it has been excluded from reporting.

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 Type:

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

Enterprise Fund – The Authority accounts for and reports all receipts on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

The Authority accounts for and reports all operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body 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.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounting and Reporting for Nonexchange Transactions

The Authority accounts for nonexchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Nonexchange 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 Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenue, Expenses and Changes in Net Position.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over the estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold used by the Authority is \$1,000. The following are the useful lives used for depreciation purposes:

<u>Description</u>	<u>Estimated Useful Lives - Years</u>
Building & Improvements	15 - 40
Leasehold Improvements	5 - 15
Furniture, Equipment & Vehicles	5 - 7

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Estimates

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

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are reported as prepaid items via the consumption method.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

Management considers all accounts receivable (excluding the tenants accounts receivable) to be collected in full.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal year.

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. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences 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 current liability.

Capital Grants

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

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing 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 through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did not have net position restricted by enabling legislature at September 30, 2013.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Tenant Security Deposits of \$11,748.

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 for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenues.

2. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2013, the Authority implemented Government Accounting Standard Board (GASB) *Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities,"* and *Statement No. 66, "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62."*

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the Authority's financial statements.

GASB Statement No. 63 provides for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. The changes were incorporated in the Authority's fiscal year 2013 financial statements, however, there was no effect on beginning net position.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The implementation of this statement did not result in any change in the Authority's financial statements.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the Authority's financial statements.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

3. CASH AND CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

All monies are deposited into banks as determined by the Authority. Funds are deposited in either interest bearing or non-interest bearing accounts at the Authority's discretion. Security shall be furnished for all accounts in the Authority's name.

Cash and cash equivalents included in the Authority's cash position at September 30, 2013 are as follows:

	<u>Checking</u>	<u>Savings</u>	<u>Total</u>
Demand Deposits:			
Bank balance	\$380,840	\$ 85,161	\$466,001
Items-in-transit	<u>(1,758)</u>	<u>-</u>	<u>(1,758)</u>
Carrying balance	<u>\$379,082</u>	<u>\$ 85,161</u>	<u>\$464,243</u>

Of the fiscal year-end bank balance, \$335,161 of deposits of the total checking and saving account balances were covered by federal deposit insurance and the remaining balance of \$130,840 was covered by pledged and pooled securities held by third-party trustees maintaining collateral for all public funds on deposit. \$225 was maintained in petty cash funds.

Based on the Authority having only demand deposits at September 30, 2013, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

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**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

4. CAPITAL ASSETS

The following is a summary of capital assets at September 30, 2013:

	<u>Balance October 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2013</u>
<u>Business-Type Activities - Cost</u>				
Non-Depreciable Assets:				
Land	\$ 408,948	\$ -	\$ -	\$ 408,948
Construction in Progress	<u>701,396</u>	<u>-</u>	<u>(700,196)</u>	<u>1,200</u>
Total Non-Depreciable Assets	<u>1,110,344</u>	<u>-</u>	<u>(700,196)</u>	<u>410,148</u>
Depreciable Assets:				
Buildings and Improvements	3,310,538	582,314	-	3,892,852
Furniture, Equipment, and Vehicles	302,810	-	-	302,810
Leasehold Improvements	<u>1,317,632</u>	<u>135,315</u>	<u>-</u>	<u>1,452,947</u>
Total Depreciable Assets	<u>4,930,980</u>	<u>717,629</u>	<u>-</u>	<u>5,648,609</u>
<u>Less: accumulated depreciation</u>				
Buildings and Improvements	(3,062,014)	(73,334)	-	(3,135,348)
Furniture, Equipment, and Vehicles	(228,568)	(17,419)	-	(245,987)
Leasehold Improvements	<u>(330,911)</u>	<u>(84,453)</u>	<u>-</u>	<u>(415,364)</u>
Total accumulated depreciation	<u>(3,621,493)</u>	<u>(175,206)</u>	<u>-</u>	<u>(3,796,699)</u>
Total Depreciable Assets, Net	<u>1,309,487</u>	<u>542,423</u>	<u>-</u>	<u>1,851,910</u>
Total Capital Assets, Net	<u>\$ 2,419,831</u>	<u>\$ 542,423</u>	<u>\$(700,196)</u>	<u>\$ 2,262,058</u>

5. 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. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP. The Authority also participates in Wayne County's health insurance program through a commercial insurance carrier. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred.

The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

6. DEFINED BENEFIT PENSION PLANS

Plan Description – All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined pension plan.
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, OPERS invests employer contributions 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, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-retirement health care coverage. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Authority and covered employees contribute at actuarially determined rates for fiscal year 2013, 14% and 10%, respectively, of covered employee payroll to OPERS. The Authority's contributions to OPERS for the years ended September 30, 2013, 2012, and 2011 were \$16,095, \$15,973, and \$16,680, respectively. Required contributions are equal to 100% of the dollar amount billed. The employee's contribution to OPERS for September 30, 2013, 2012, and 2011 were \$11,496, \$11,409, and \$11,914, respectively. Required contributions are equal to 100% of the charges.

Other Post Retirement Benefits – In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have ten 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-Retirement Employment Benefit (OPEB) as described in GASB Statement 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.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

6. DEFINED BENEFIT PENSION PLANS – CONTINUED

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.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 4.0% during calendar year 2012 (latest information available). The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1% 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 September 30, 2013, 2012 and 2011, which were used to fund post-employment benefits, were \$2,080; \$6,275 and \$4,766, respectively.

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008, which allowed additional funds to be allocated to the health care plan. 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 approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions towards the health care fund after the end of the transition period.

7. COMPENSATED ABSENCES

Employees earn annual vacation and sick leave per anniversary year, based on years of service. Annual vacation leave may be carried forward to the next fiscal year and paid upon termination or retirement. Employees are not paid out accumulated sick leave upon retirement. As of September 30, 2013, the accrual for compensated absences totaled \$8,148 and has been included in the accompanying Statement of Net Position.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

8. LONG-TERM DEBT

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended September 30, 2013:

<u>Description</u>	<u>Balance</u> <u>10/01/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/13</u>	<u>Due Within</u> <u>One Year</u>
Promissory Note - OHFA	\$ <u>553,635</u>	\$ <u>26,365</u>	\$ _____	\$ <u>580,000</u>	\$ _____
Total Promissory Notes	<u>553,635</u>	<u>26,365</u>	_____	<u>580,000</u>	_____
Compensated Absence Payable	<u>5,457</u>	<u>4,365</u>	(1,674)	<u>8,148</u>	<u>7,121</u>
Total	<u>\$559,092</u>	<u>\$ 30,730</u>	<u>\$(1,674)</u>	<u>\$588,148</u>	<u>\$ 7,121</u>

On February 2, 2011, the Authority entered into a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of \$580,000 to build 4-unit apartment building (known as South Oak Place). During the current fiscal year the Authority drew down \$26,365 on the note. As of September 30, 2013, the project is complete. The note accrues interest at a rate of two percent per annum. The note shall become due if the Authority ceases to use the South Oak Place for low income housing, as detailed in the agreement; as of September 30, 2013, the Authority continues to use the property to provide low income housing, therefore the events have not occurred or are anticipated to occur which would result in repayment of the note. Therefore, in addition, no amortization schedules are provided.

9. CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any such disallowed claims could have a material adverse effect on the overall financial position of the Authority at September 30, 2013.

B. Litigation

The Authority is unaware of any outstanding lawsuits or other contingencies.

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
SEPTEMBER 30, 2013

	Project Total	Business Activities	14.239 HOME Investment Partnerships Program	Total
111 Cash - Unrestricted	\$398,821	\$50,492	\$3,407	\$452,720
114 Cash - Tenant Security Deposits	\$10,008	\$1,740	\$0	\$11,748
100 Total Cash	\$408,829	\$52,232	\$3,407	\$464,468
122 Accounts Receivable - HUD Other Projects	\$17,916	\$0	\$0	\$17,916
125 Accounts Receivable - Miscellaneous	\$2,454	\$0	\$0	\$2,454
126 Accounts Receivable - Tenants	\$1,298	\$260	\$0	\$1,558
126.1 Allowance for Doubtful Accounts - Tenants	(\$980)	\$0	\$0	(\$980)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$20,688	\$260	\$0	\$20,948
142 Prepaid Expenses and Other Assets	\$4,848	\$71	\$0	\$4,919
150 Total Current Assets	\$434,365	\$52,563	\$3,407	\$490,335
161 Land	\$340,739	\$68,209	\$0	\$408,948
162 Buildings	\$3,310,538	\$582,314	\$0	\$3,892,852
163 Furniture, Equipment & Machinery - Dwellings	\$129,315	\$0	\$0	\$129,315
164 Furniture, Equipment & Machinery - Administration	\$173,495	\$0	\$0	\$173,495
165 Leasehold Improvements	\$1,452,947	\$0	\$0	\$1,452,947
166 Accumulated Depreciation	(\$3,782,141)	(\$14,558)	\$0	(\$3,796,699)
167 Construction in Progress	\$1,200	\$0	\$0	\$1,200
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,626,093	\$635,965	\$0	\$2,262,058
180 Total Non-Current Assets	\$1,626,093	\$635,965	\$0	\$2,262,058
190 Total Assets	\$2,060,458	\$688,528	\$3,407	\$2,752,393
312 Accounts Payable <= 90 Days	\$25,011	\$0	\$0	\$25,011
321 Accrued Wage/Payroll Taxes Payable	\$7,070	\$0	\$0	\$7,070
322 Accrued Compensated Absences - Current Portion	\$7,121	\$0	\$0	\$7,121
333 Accounts Payable - Other Government	\$11,503	\$0	\$0	\$11,503
341 Tenant Security Deposits	\$10,008	\$1,740	\$0	\$11,748
342 Deferred Revenues	\$0	\$0	\$3,407	\$3,407
346 Accrued Liabilities - Other	\$12,577	\$0	\$0	\$12,577
310 Total Current Liabilities	\$73,290	\$1,740	\$3,407	\$78,437
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$580,000	\$0	\$580,000
354 Accrued Compensated Absences - Non Current	\$1,027	\$0	\$0	\$1,027
350 Total Non-Current Liabilities	\$1,027	\$580,000	\$0	\$581,027
300 Total Liabilities	\$74,317	\$581,740	\$3,407	\$659,464
508.1 Invested In Capital Assets, Net of Related Debt	\$1,626,093	\$55,965	\$0	\$1,682,058
512.1 Unrestricted Net Assets	\$360,048	\$50,823	\$0	\$410,871
513 Total Equity/Net Assets	\$1,986,141	\$106,788	\$0	\$2,092,929
600 Total Liabilities and Equity/Net Assets	\$2,060,458	\$688,528	\$3,407	\$2,752,393

NOTE FOR REAC REPORTING: The accompanying statements have been prepared in accordance with the format as required for HUD's electronic filing REAC system. The format and classifications of various line items may differ from those used in the preparation of the financial statements presented in accordance with accounting principles generally accepted in the United States of America.

LONDON METROPOLITAN HOUSING AUTHORITY

MADISON COUNTY

ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Project Total	1 Business Activities	14-239 HOME Investment Partnerships Program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$224,061	\$18,172	\$0	\$242,233	\$0	\$242,233
70500 Total Tenant Revenue	\$224,061	\$18,172	\$0	\$242,233	\$0	\$242,233
70600 HUD PHA Operating Grants	\$329,426	\$0	\$0	\$329,426	\$0	\$329,426
70610 Capital Grants	\$14,223	\$0	\$0	\$14,223	\$0	\$14,223
71100 Investment Income - Unrestricted	\$13	\$0	\$0	\$13	\$0	\$13
71500 Other Revenue	\$20,751	\$2,291	\$0	\$23,042	\$0	\$23,042
70000 Total Revenue	\$588,474	\$20,463	\$0	\$608,937	\$0	\$608,937
91100 Administrative Salaries	\$43,337	\$1,200	\$0	\$44,537	\$0	\$44,537
91200 Auditing Fees	\$5,185	\$0	\$0	\$5,185	\$0	\$5,185
91300 Management Fee	\$59,500	\$500	\$0	\$60,000	\$0	\$60,000
91310 Book-keeping Fee	\$7,800	\$0	\$0	\$7,800	\$0	\$7,800
91500 Employee Benefit contributions - Administrative	\$12,499	\$185	\$0	\$12,684	\$0	\$12,684
91600 Office Expenses	\$7,166	\$591	\$0	\$7,757	\$0	\$7,757
91700 Legal Expense	\$2,691	\$0	\$0	\$2,691	\$0	\$2,691
91800 Travel	\$329	\$0	\$0	\$329	\$0	\$329
91900 Other	\$17,733	\$40	\$0	\$17,773	\$0	\$17,773
91000 Total Operating - Administrative	\$156,240	\$2,516	\$0	\$158,756	\$0	\$158,756
92400 Tenant Services - Other	\$1,196	\$0	\$0	\$1,196	\$0	\$1,196
92500 Total Tenant Services	\$1,196	\$0	\$0	\$1,196	\$0	\$1,196
93100 Water	\$20,578	\$90	\$0	\$20,668	\$0	\$20,668
93200 Electricity	\$12,452	\$344	\$0	\$12,796	\$0	\$12,796
93300 Gas	\$46,537	\$0	\$0	\$46,537	\$0	\$46,537
93600 Sewer	\$22,981	\$16	\$0	\$22,997	\$0	\$22,997
93000 Total Utilities	\$102,548	\$450	\$0	\$102,998	\$0	\$102,998
94100 Ordinary Maintenance and Operations - Labor	\$66,178	\$1,200	\$0	\$67,378	\$0	\$67,378
94200 Ordinary Maintenance and Operations - Materials and Other	\$18,220	\$1,097	\$0	\$19,317	\$0	\$19,317
94300 Ordinary Maintenance and Operations Contracts	\$93,655	\$3,443	\$0	\$97,098	\$0	\$97,098
94500 Employee Benefit Contributions - Ordinary Maintenance	\$21,087	\$185	\$0	\$21,272	\$0	\$21,272
94000 Total Maintenance	\$199,140	\$5,925	\$0	\$205,065	\$0	\$205,065
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$15,410	\$352	\$0	\$15,762	\$0	\$15,762
96130 Workmen's Compensation	\$1,403	\$0	\$0	\$1,403	\$0	\$1,403
96100 Total insurance Premiums	\$16,813	\$352	\$0	\$17,165	\$0	\$17,165
96210 Compensated Absences	\$7,029	\$0	\$0	\$7,029	\$0	\$7,029
96300 Payments in Lieu of Taxes	\$11,503	\$742	\$0	\$12,245	\$0	\$12,245
96400 Bad debt - Tenant Rents	\$14,119	\$245	\$0	\$14,364	\$0	\$14,364
96000 Total Other General Expenses	\$32,651	\$987	\$0	\$33,638	\$0	\$33,638
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$508,588	\$10,230	\$0	\$518,818	\$0	\$518,818
97000 Excess of Operating Revenue over Operating Expenses	\$79,886	\$10,233	\$0	\$90,119	\$0	\$90,119
97400 Depreciation Expense	\$160,648	\$14,558	\$0	\$175,206	\$0	\$175,206
90000 Total Expenses	\$669,236	\$24,788	\$0	\$694,024	\$0	\$694,024
10010 Operating Transfer In	\$22,765	\$0	\$0	\$22,765	(\$22,765)	\$0
10020 Operating transfer Out	(\$22,765)	\$0	\$0	(\$22,765)	\$22,765	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$80,762)	(\$4,325)	\$0	(\$85,087)	\$0	(\$85,087)
11030 Beginning Equity	\$2,066,903	\$111,113	\$0	\$2,178,016	\$0	\$2,178,016
11190 Unit Months Available	1,200	44	0	1,244	0	1,244
11210 Number of Unit Months Leased	1,176	43	0	1,219	0	1,219
11270 Excess Cash	\$314,699	\$0	\$0	\$314,699	\$0	\$314,699
11650 Leasehold Improvements Purchases	\$14,223	\$0	\$0	\$14,223	\$0	\$14,223



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

London Metropolitan Housing Authority
Madison County
179 South Main Street
London, Ohio 43140

To the 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 London Metropolitan Housing Authority, Madison County, (the Authority) as of and for the fiscal year ended September 30, 2013, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 13, 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.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

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.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
February 13, 2014

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Dave Yost • Auditor of State

LONDON METROPOLITAN HOUSING AUTHORITY

MADISON 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
APRIL 15, 2014**