

**ADAMS METROPOLITAN
HOUSING AUTHORITY
ADAMS COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2014**

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



Dave Yost • Auditor of State

Board of Directors
Adams Metropolitan Housing Authority
401 East Seventh Street
Manchester, Ohio 45144

We have reviewed the *Independent Auditor's Report* of the Adams Metropolitan Housing Authority, Adams County, prepared by James G. Zupka, CPA, Inc., for the audit period October 1, 2013 through September 30, 2014. 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 Adams 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

May 21, 2015

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**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Adams Metropolitan Housing Authority
Manchester, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying financial statements of the Adams Metropolitan Housing Authority, Adams County, Ohio as of and for the fiscal year ended September 30, 2014 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Adams Metropolitan Housing Authority, as of September 30, 2014, 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 through 10 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

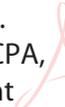
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Adams Metropolitan Housing Authority, Ohio's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The 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 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 dated April 14, 2015, on our consideration of the Adams 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 Authority'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: 2015.04.28 15:20:35 -04'00'

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

April 14, 2015

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(Unaudited)**

The Management’s Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the financial activity of the Adams Metropolitan Housing Authority (the Authority) for the period, (c) identify changes in the Authority’s financial position from the previous year, and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the financial activity of the current year, resulting changes, and currently known facts, please read it in conjunction with the Authority’s financial statements.

FINANCIAL HIGHLIGHTS

- Total assets were \$4,058,757 and \$4,554,058 in 2014 and 2013, respectively. The Authority-wide statements reflect a decrease in total assets of \$495,301 (or 11 percent) in 2014.
- Revenues increased from \$1,696,100 in 2013 to \$1,899,163 in 2014, a increase of 11 percent.
- The total expenses of all Authority programs increased in the current period. Total expenses were \$2,372,519 and \$2,119,286 in 2014 and 2013, respectively, a increase of \$253,233 (or 12 percent).

USING THIS ANNUAL REPORT

This report includes three major sections, the Management’s Discussion and Analysis (MD&A), Basic Financial Statements, and Other Required Supplementary Information.

MD&A - Management Discussion and Analysis -
Basic Financial Statements - Authority-Wide Financial Statements -
Other Required Supplementary Information - Required Supplementary Information - (Other than the MD&A)

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(Unaudited)**

Authority Financial Statements

The Authority's financial statements are designed to be corporate-like in that all business-type activities of the Authority are consolidated into one column that summarizes all financial activity for all the Authority's programs.

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 of the Authority. The Statement is presented in the format where assets, minus liabilities, equals Net Position, commonly referred to as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-Current."

The focus of the Statement of Net Position, the Unrestricted Net Position, represents the net available liquid (non-capital) assets, net of liabilities, of the Authority. Net position is reported in three broad categories:

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

Restricted Net Position: This component of Net Position consists of restricted assets, those for which constraints are placed on the asset by creditors (such as debt covenants), or by grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: This component consists of Net Position that do not meet the definition of Net Investment in Capital Assets, or Restricted Net Position.

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

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

Finally, the Authority's financial statements also include a Statement of Cash Flows. This Statement reports net cash provided by or used for operating activities, non-operating financial activities, and capital and related financing activities.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(Unaudited)**

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar than these for the Authority. The Authority consists exclusively of enterprise funds rather than governmental funds. Enterprise funds utilize the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting rather than what is more common in financial statements for other types of governmental entities.

The Authority maintains its accounting records by program consistent with how funding is provided for these programs by the U.S. Department of Housing and Urban Development (HUD).

THE AUTHORITY'S PROGRAMS

Conventional Public Housing

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

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to provide rental assistance to landlords so participants generally pay 30 percent of household income for rent and utilities.

Capital Fund Program

The Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties. HUD's Capital Fund Program provides grant funds for development, renovation, and construction of Public Housing projects.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(Unaudited)**

AUTHORITY STATEMENTS

Statement of Net Position

The following table is a condensed Statement of Net Position compared to prior year. The Authority is engaged in only business-type activities.

Table 1 - Condensed Statement of Net Position

	2014	2013
<u>Assets</u>		
Current Assets	\$ 131,312	\$ 303,262
Capital Assets	3,927,445	4,250,796
Total Assets	<u>\$ 4,058,757</u>	<u>\$ 4,554,058</u>
<u>Liabilities</u>		
Current Liabilities	\$ 50,441	\$ 63,190
Long-Term Liabilities	74,930	84,126
Total Liabilities	<u>125,371</u>	<u>147,316</u>
<u>Net Position</u>		
Net Investment Capital Assets	3,927,445	4,250,797
Restricted	1,257	99,259
Unrestricted	4,684	56,686
Total Net Position	<u>3,933,386</u>	<u>4,406,742</u>
Total Liabilities and Net Position	<u>\$ 4,058,757</u>	<u>\$ 4,554,058</u>

Major Factors Affecting the Statement of Net Position

During 2014, current assets decreased by approximately \$172,000. The corresponding changes were in both Restricted and Unrestricted Net Position. The drop in Restricted Net Position is a result of the Agency more fully expending what HUD provided the Agency to make rental assistance payments on behalf of Agency clients in the Section 8 Housing Choice Voucher (HCV) program, and HUD's increased control over such unspent amounts by better matching what is provided for this purpose to what agencies are using. The reduction in Unrestricted Net Assets reflects the loss from operations in the period in both the Public Housing and Section 8 HCV programs. Changes in income and expense contributing to that loss from operations will be addressed in the discussion of Table 3 in the following. Capital assets decreased by more than \$323,000, essentially equal to depreciation expense in the current period. For more detail see the "Capital Assets" below.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(Unaudited)**

Liabilities in total decreased by about \$22,000 (or 15 percent). The nearly \$13,000 drop in current liabilities reflects that accounts payable are more current at the current year-end. The little more than \$9,000 drop in non-current liabilities reflects the reduction in the compensated absences liability since last year.

Changes in components of Net Position are addressed in the following sections.

Table 2 presents details on the change in Unrestricted Net Position.

Table 2- Change in Unrestricted Net Position

Beginning Balance at October 1, 2013	\$ 56,686
Change in Net Position 2014	(473,356)
Adjustments:	
Current Year Depreciation Expense (1)	348,788
Capital Revenue (2)	(25,436)
Change in Restricted Net Position	98,002
Ending Balance at September 30, 2014	\$ 4,684

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
- (2) Capital changes impact the component of Net Position named Net Investment in Capital Assets, and therefore must be deducted in this calculation.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides, for some, a clearer indication of the change in the financial well-being of the Authority.

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**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(Unaudited)**

The following schedule compares the revenues and expenses for the current and previous final years. The Authority is engaged only in business-type activities.

Table 3- Condensed Statement of Revenues, Expenses, and Change in Net Position

	<u>2014</u>	<u>2013</u>
<u>Revenues</u>		
Tenant Revenue	\$ 129,691	\$ 139,810
Operating Subsidy	1,729,717	1,536,797
Capital Grants	25,436	0
Investment Income	68	95
Other Revenues	<u>14,251</u>	<u>19,398</u>
Total Revenues	<u>1,899,163</u>	<u>1,696,100</u>
<u>Expenses</u>		
Administrative	442,025	466,050
Tenant Services	33,381	38,479
Utilities	133,889	125,858
Maintenance	257,205	240,496
General	60,769	62,816
Housing Assistance Payments	1,096,462	824,458
Depreciation	<u>348,788</u>	<u>361,129</u>
Total Expenses	<u>2,372,519</u>	<u>2,119,286</u>
Net Increases (Decreases)	<u>\$ (473,356)</u>	<u>\$ (423,186)</u>

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

Total revenue increased from 2013 by about \$203,000 (12 percent) which corresponded to the increase in funding the Agency received from HUD to administer the Section 8 Housing Choice Voucher (HCV) program.

Total expenses also increased, but the biggest increase was in HAP expense of the Section 8 HCV program. HAP expense is the rental assistance the Agency provides to clients renting from landlords in the community under that program. HUD provided the Agency more money to administer the program in the period and in turn the Agency was able to provide more rental assistance to needy families in the community. Expenses other than HAP expense also dropped modestly, about \$19,000, of which a little more than \$12,000 was in depreciation expense. So spending for operations remained on par with the prior year.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(Unaudited)**

CAPITAL ASSETS

As of year end, the Authority had about \$3,927,000 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (current purchases less depreciation) of about \$323,000 (or 8 percent) from the end of last year. The change in capital assets corresponds closely to the depreciation expense in the period because the Authority had only minimal capital additions in the period.

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

	2014	2013
Land and Land Rights	\$ 379,202	\$ 379,202
Buildings	9,865,694	9,840,258
Equipment - Administrative	191,240	191,240
Equipment - Dwelling	229,391	229,391
Accumulated Depreciation	<u>(6,738,082)</u>	<u>(6,389,295)</u>
Total	<u><u>\$ 3,927,445</u></u>	<u><u>\$ 4,250,796</u></u>

DEBT

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the U.S. Department of Housing and Urban Development is subject to cuts due to the tight Federal budget situation.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.

FINANCIAL CONTACT

The individual to be contacted regarding this report is James R. Bowman III, Executive Director of the Adams Metropolitan Housing Authority, at (937) 549-2648. Specific requests may be submitted to the Adams Metropolitan Housing Authority at 401 East Seventh Street, Manchester, Ohio 45144-1401.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 61,286
Restricted Cash	27,223
Receivables, Net	28,969
Prepaid Expenses and Other Assets	<u>13,834</u>
Total Current Assets	<u>131,312</u>

Noncurrent Assets

Non-depreciable Capital Assets	379,202
Depreciable Capital Assets, Net of Depreciation	<u>3,548,243</u>
Total Noncurrent Assets	<u>3,927,445</u>

TOTAL ASSETS **\$ 4,058,757**

LIABILITIES

Current Liabilities

Accounts Payable	\$ 3,959
Accrued Compensated Absences	6,849
Accrued Liabilities	22,925
Intergovernmental Payables	4,040
Tenant Security Deposits	<u>12,668</u>
Total Current Liabilities	<u>50,441</u>

Noncurrent Liabilities

Accrued Compensated Absences, Non-Current	61,632
Noncurrent Liabilities - Other	<u>13,298</u>
Total Noncurrent Liabilities	<u>74,930</u>
Total Liabilities	<u>125,371</u>

NET POSITION

Net Investment in Capital Assets	3,927,445
Restricted	1,257
Unrestricted	<u>4,684</u>
Total Net Position	<u>3,933,386</u>

TOTAL LIABILITIES AND NET POSITION **\$ 4,058,757**

See accompanying notes to the basic financial statements.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Operating Revenues

Tenant Revenue	\$ 129,691
Government Operating Grants	1,729,717
Other Revenue	<u>14,251</u>
Total Operating Revenues	<u>1,873,659</u>

Operating Expenses

Administrative	442,025
Tenant Services	33,381
Utilities	138,153
Maintenance	241,398
General	72,312
Housing Assistance Payments	1,096,462
Depreciation Expense	<u>348,788</u>
Total Operating Expenses	<u>2,372,519</u>
Operating Income (Loss)	<u>(498,860)</u>

Non-Operating Revenues (Expenses)

Interest and Investment Income	<u>68</u>
Total Non-Operating Revenues (Expenses)	<u>68</u>

Income (Loss) before Contributions and Transfers	(498,792)
Capital Grants	25,436
Net Increase/(Decrease) in Net Position	(473,356)
Total Net Position at Beginning of Year	<u>4,406,742</u>
Total Net Position at End of Year	<u>\$ 3,933,386</u>

See accompanying notes to the basic financial statements.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

<u>Cash Flows from Operating Activities</u>	
Operating Grants Received	\$ 1,760,474
Tenant Revenue Received	171,076
Other Revenue Received	14,251
General and Administrative Expenses Paid	(959,466)
Housing Assistance Payments	<u>(1,096,462)</u>
Net Cash Provided by Operating Activities	<u>(110,127)</u>
 <u>Cash Flows from Investing Activities</u>	
Interest Earned	<u>68</u>
Net Cash Provided from Investing Activities	<u>68</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Grant Funds Received	25,436
Property and Equipment Purchased	<u>(25,436)</u>
Net Cash Provided by Capital - Related Financing Activities	0
 Net Decrease in Cash	 (110,059)
 Cash and Cash Equivalents at Beginning of Year	 <u>198,568</u>
 Cash and Cash Equivalents at End of Period	 <u>\$ 88,509</u>
 <u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Net Operating Income (Loss)	\$ (498,860)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	348,788
(Increase) Decrease in HUD Receivable	30,757
(Increase) Decrease in Other Receivables	40,367
(Increase) Decrease in Prepaid Assets	(9,233)
Increase (Decrease) in Accounts Payable	(18,408)
Increase (Decrease) in Other Current Liabilities	9,718
Increase (Decrease) in Accrued Expenses Payable	(7,969)
Increase (Decrease) in Tenant Security Deposits	(2,939)
Increase (Decrease) in Compensated Absences	(6,305)
Increase (Decrease) in Non-Current Liabilities - Other	<u>3,957</u>
Net Cash Provided by Operating Activities	<u>\$ (110,127)</u>

See accompanying notes to the basic financial statements.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Adams Metropolitan Housing Authority (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. 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 rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, (as amended by GASB Statement No. 61) 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 a 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 governing 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.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

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

Reporting Entity (Continued)

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. The 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 of the Authority over which the Authority is financially accountable.

Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

Fund Accounting

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

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

Proprietary Fund Types

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

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

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)**

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. 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.

Description of Programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities, including modernization and development of housing owned by the Authority.

C. **Housing Choice Voucher Program**

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

Investments

The provisions of HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2014 totaled \$68.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)**

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

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight line method over the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	3-7 years

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 balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the Proprietary Fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD, and other miscellaneous revenue.

Capital Contributions

This represents contributions made available to the Authority by HUD, which were used by the Authority to make capital improvements to its federally aided projects.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

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

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 using the vested method whereby the liability is recorded based on the sick leave accumulated at the balance sheet date by those employees who currently are expected to receive termination payouts. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment.

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; and **(2)** it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

Budgetary Accounting

The Authority is required by contractual agreements to adopt annual operating budgets for all of its HUD funded programs. The budgets for its programs are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. The Board adopts the budget through passage of an Authority budget resolution.

Accounting and Reporting for Non-Exchange Transactions

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

Estimates

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

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

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

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year end September 30, 2014, the carrying amount of the Authority's deposits totaled \$88,509 (including \$75 petty cash) and its bank balance was \$124,293. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of September 30, 2014, \$124,293 was covered by Federal Depository Insurance.

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)**

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

Deposits (Continued)

Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in a single financial institution's collateral 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 the Federal Reserve bank in the name of the Authority

NOTE 3: **RESTRICTED CASH**

Restricted cash balance as of September 30, 2014 or \$27,223 represents cash on hand for the following:

FSS Escrow Funds Held for Tenants	\$ 13,298
Tenant Security Deposit	12,668
Cash on Hand - Advance from HUD to be Used for Tenants' Housing Assistance Payments	<u>1,257</u>
Total Restricted Cash and Investment	<u>\$ 27,223</u>

NOTE 4: **NET RECEIVABLES**

Receivable balances net of allowances for doubtful accounts as of September 30, 2014 of \$28,969 represents amounts due to the Authority from the following:

Department of Housing and Urban Development	\$ 2,484
Current and former Tenants	17,920
All Others	<u>8,565</u>
	<u>\$ 28,969</u>

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)**

NOTE 5: CAPITAL ASSETS

The following is a summary of changes:

	Balance <u>09/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/2014</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 379,202	\$ 0	\$ 0	\$ 379,202
Total Capital Assets Not Being Depreciated	<u>379,202</u>	<u>0</u>	<u>0</u>	<u>379,202</u>
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	9,840,258	25,436	0	9,865,694
Furniture, Equipment, and Machinery - Dwelling	229,391	0	0	229,391
Administrative	191,240	0	0	191,240
Total Capital Assets Being Depreciated	<u>10,260,889</u>	<u>25,436</u>	<u>0</u>	<u>10,286,325</u>
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(6,016,775)	(342,987)	0	(6,359,762)
Furniture and Equipment	(372,520)	(5,800)	0	(378,320)
Total Accumulated Depreciation	<u>(6,389,295)</u>	<u>(348,787)</u>	<u>0</u>	<u>(6,738,082)</u>
Depreciable Assets, Net	<u>3,871,594</u>	<u>(323,351)</u>	<u>0</u>	<u>3,548,243</u>
Total Capital Assets, Net	<u>\$ 4,250,796</u>	<u>\$ (323,351)</u>	<u>\$ 0</u>	<u>\$ 3,927,445</u>

NOTE 6: PENSION PLAN

Ohio Public Employees Retirement System

All Authority full-time 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 defined 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 member and (vested) employer contributions plus any investment 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 the Traditional

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

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

- 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 and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377, or by using the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013 - 2014, 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 14.00 percent of covered payroll. The Authority's required contributions to OPERS for the years ended September 30, 2014, 2013, and 2012 were \$42,495, \$43,592, and \$46,772, respectively.

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.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description** (Continued)

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Settlement in the OPERS 2013 CAFR for details.

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

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

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year ending 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.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

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

B. **Funding Policy** (Continued)

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent from October 1, 2013 through December 31, 2013 and 2.0 percent from January 1, 2014 through September 30, 2014.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions to OPERS for the year ended September 30, 2014, 2013, and 2012 which were used by OPERS to fund post-employment benefits were \$5,238, \$5,449, and \$13,363, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on December 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care coverages, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 8: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of the Authority and are based on local and state laws. All permanent employees will earn 4.6 hours of sick leave per eighty (80) hours of service. Unused sick leave may accumulated without limit. At the time of retirement, employees shall be paid the value of twenty-five (25) percent of unused sick leave subject to a maximum payment equal to sixty (60) days of sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Employees will be paid for all unused vacation time upon their separation from service.

The following is a summary of changes in compensated absences for the year ended September 30, 2014:

	Balance			Balance	Due
	<u>09/30/13</u>	<u>Additions</u>	<u>Used</u>	<u>09/30/14</u>	<u>Within</u>
					<u>One Year</u>
Compensated Leave	<u>\$ 74,785</u>	<u>\$ 19,409</u>	<u>\$ 25,713</u>	<u>\$ 68,481</u>	<u>\$ 0</u>

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014
(CONTINUED)

NOTE 9: NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

NOTE 10: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During fiscal year ending September 30, 2014, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 11: CONTINGENCIES

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 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 recaptures amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2014.

Litigations and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 2014, the Authority was not aware of any such matters that would have a material effect on the financial statements.

ADAMS METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2014

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	18,571	42,715	61,286		61,286
113 Cash - Other Restricted		14,555	14,555		14,555
114 Cash - Tenant Security Deposits	12,668		12,668		12,668
100 Total Cash	31,239	57,270	88,509	-	88,509
122 Accounts Receivable - HUD Other Projects		2,484	2,484		2,484
125 Accounts Receivable - Miscellaneous	29,603		29,603		29,603
126 Accounts Receivable - Tenants	11,669		11,669		11,669
126.1 Allowance for Doubtful Accounts - Tenants	-5,750		-5,750		-5,750
126.2 Allowance for Doubtful Accounts - Other	-9,750		-9,750		-9,750
128 Fraud Recovery		963	963		963
128.1 Allowance for Doubtful Accounts - Fraud		-250	-250		-250
120 Total Receivables, Net of Allowances for Doubtful Accounts	25,772	3,197	28,969	-	28,969
142 Prepaid Expenses and Other Assets	13,834		13,834		13,834
144 Inter Program Due From	53,410		53,410	-53,410	-
150 Total Current Assets	124,255	60,467	184,722	-53,410	131,312
161 Land	379,202		379,202		379,202
162 Buildings	9,865,694		9,865,694		9,865,694
163 Furniture, Equipment & Machinery - Dwellings	229,391		229,391		229,391
164 Furniture, Equipment & Machinery - Administration	140,662	50,578	191,240		191,240
166 Accumulated Depreciation	-6,687,504	-50,578	-6,738,082		-6,738,082
160 Total Capital Assets, Net of Accumulated Depreciation	3,927,445	-	3,927,445	-	3,927,445
180 Total Non-Current Assets	3,927,445	-	3,927,445	-	3,927,445
190 Total Assets	4,051,700	60,467	4,112,167	-53,410	4,058,757
200 Deferred Outflow of Resources			-		-
290 Total Assets and Deferred Outflow of Resources	4,051,700	60,467	4,112,167	-53,410	4,058,757
312 Accounts Payable <= 90 Days	3,016	943	3,959		3,959
321 Accrued Wage/Payroll Taxes Payable	12,284	923	13,207		13,207
322 Accrued Compensated Absences - Current Portion	4,556	2,293	6,849		6,849
333 Accounts Payable - Other Government	4,040		4,040		4,040
341 Tenant Security Deposits	12,668		12,668		12,668
346 Accrued Liabilities - Other	9,718		9,718		9,718
347 Inter Program - Due To		53,410	53,410	-53,410	-
310 Total Current Liabilities	46,282	57,569	103,851	-53,410	50,441
353 Non-current Liabilities - Other		13,298	13,298		13,298
354 Accrued Compensated Absences - Non Current	41,000	20,632	61,632		61,632
350 Total Non-Current Liabilities	41,000	33,930	74,930	-	74,930
300 Total Liabilities	87,282	91,499	178,781	-53,410	125,371
400 Deferred Inflow of Resources			-		-
508.4 Net Investment in Capital Assets	3,927,445		3,927,445		3,927,445
511.4 Restricted Net Position		1,257	1,257		1,257
512.4 Unrestricted Net Position	36,973	-32,289	4,684		4,684
513 Total Equity - Net Assets / Position	3,964,418	-31,032	3,933,386	-	3,933,386
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets/Position	4,051,700	60,467	4,112,167	-53,410	4,058,757

**ADAMS METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	129,691		129,691		129,691
70500 Total Tenant Revenue	129,691	-	129,691	-	129,691
70600 HUD PHA Operating Grants	565,347	1,164,370	1,729,717		1,729,717
70610 Capital Grants	25,436		25,436		25,436
71100 Investment Income - Unrestricted	68		68		68
71400 Fraud Recovery		1,007	1,007		1,007
71500 Other Revenue	6,453	6,791	13,244		13,244
70000 Total Revenue	726,995	1,172,168	1,899,163	-	1,899,163
91100 Administrative Salaries	130,548	73,536	204,084		204,084
91200 Auditing Fees	7,048	3,513	10,561		10,561
91500 Employee Benefit contributions - Administrative	106,099	67,235	173,334		173,334
91600 Office Expenses	30,986	13,242	44,228		44,228
91700 Legal Expense	656		656		656
91800 Travel	1,071		1,071		1,071
91900 Other	7,216	875	8,091		8,091
91000 Total Operating - Administrative	283,624	158,401	442,025	-	442,025
92100 Tenant Services - Salaries		22,092	22,092		22,092
92300 Employee Benefit Contributions - Tenant Services		11,289	11,289		11,289
92500 Total Tenant Services	-	33,381	33,381	-	33,381
93100 Water	112,403		112,403		112,403
93200 Electricity	22,981		22,981		22,981
93300 Gas	2,769		2,769		2,769
93000 Total Utilities	138,153	-	138,153	-	138,153
94100 Ordinary Maintenance and Operations - Labor	76,806		76,806		76,806
94200 Ordinary Maintenance and Operations - Materials and Other	13,554		13,554		13,554
94300 Ordinary Maintenance and Operations Contracts	61,054		61,054		61,054
94500 Employee Benefit Contributions - Ordinary Maintenance	59,843		59,843		59,843
94000 Total Maintenance	211,257	-	211,257	-	211,257

**ADAMS METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Project Total	14871 Housing Choice Vouchers	Subtotal	ELIM	Total
96110 Property Insurance	35,237		35,237		35,237
96120 Liability Insurance		1,831	1,831		1,831
96100 Total insurance Premiums	35,237	1,831	37,068	-	37,068
96200 Other General Expenses		419	419		419
96210 Compensated Absences	1,624		1,624		1,624
96400 Bad debt - Tenant Rents	21,658		21,658		21,658
96000 Total Other General Expenses	23,282	419	23,701	-	23,701
96900 Total Operating Expenses	691,553	194,032	885,585	-	885,585
97000 Excess of Operating Revenue over Operating Expenses	35,442	978,136	1,013,578	-	1,013,578
97100 Extraordinary Maintenance	30,141		30,141		30,141
97200 Casualty Losses - Non-capitalized	11,543		11,543		11,543
97300 Housing Assistance Payments		1,094,766	1,094,766		1,094,766
97350 HAP Portability-In		1,696	1,696		1,696
97400 Depreciation Expense	348,788		348,788		348,788
90000 Total Expenses	1,082,025	1,290,494	2,372,519	-	2,372,519
10010 Operating Transfer In	1,490		1,490		1,490
10020 Operating transfer Out	-1,490		-1,490		-1,490
10100 Total Other financing Sources (Uses)	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-355,030	-118,326	-473,356	-	-473,356
11030 Beginning Equity	4,319,448	87,294	4,406,742		4,406,742
11170 Administrative Fee Equity		-32,289	-32,289		-32,289
11180 Housing Assistance Payments Equity		1,257	1,257		1,257
11190 Unit Months Available	1,692	3,456	5,148		5,148
11210 Number of Unit Months Leased	1,601	3,296	4,897		4,897

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
Public Housing Programs		
Low Rent Public Housing Program	14.850	\$ <u>533,716</u>
Section 8 Tenant Based Programs		
Section 8 Housing Choice Voucher Program	14.871	<u>1,164,370</u>
Public Housing Capital Fund Program		
Public Housing Capital Fund Program	14.872	<u>57,067</u>
Total Expenditures of Federal Awards		<u>\$ 1,755,153</u>

This schedule is prepared on the accrual basis of accounting.

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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
Adams Metropolitan Housing Authority
Manchester, 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 Adams Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2014 and the related notes to the financial statements, which collectively comprise the Adams Metropolitan Housing Authority's basic financial statements and have issued our report thereon dated April 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Adams 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Adams 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*.

Adams Metropolitan Housing Response to Finding

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

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

April 14, 2015

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

Certified Public Accountants

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Ohio Society of Certified Public Accountants

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

Board of Directors
Adams Metropolitan Housing Authority
Manchester, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Adams 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 the Adams Metropolitan Housing Authority, Ohio's major federal program for the year ended September 30, 2014. The Adams 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 for the Authority'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 Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Adams Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2014.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirements 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.

This 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

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President
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Date: 2015.04.28 15:21:43 -0400

James G. Zupka CPA, Inc.
Certified Public Accountants

April 14, 2015

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
SEPTEMBER 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

2014(i)	Type of Financial Statement Opinion	Unmodified
2014(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2014(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2014(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2014(iv)	Were there any material internal control weaknesses reported for major Federal programs?	No
2014(iv)	Were there any significant deficiencies in internal control reported for major Federal programs?	No
2014(v)	Type of Major Programs' Compliance Opinion	Unmodified
2014(vi)	Are there any reportable findings under .510(a)	No
2014(vii)	Major Programs (list): Low Rent Public Housing Program - CFDA #14.850	
2014(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$ 300,000 Type B: all others
2014(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.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATUS PRIOR YEAR CITATIONS AND RECOMMENDATIONS
SEPTEMBER 30, 2014**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <i>Explain</i></u>
2013-001	Bank Reconciliation Differences	Yes	Corrected

The prior audit report, as of September 30, 2013, included management letter recommendations. The management letter recommendations have been repeated, corrected, or procedures instituted to prevent occurrences in this audit period.

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Dave Yost • Auditor of State

ADAMS COUNTY METROPOLITAN HOUSING AUTHORITY

ADAMS 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
JUNE 2, 2015**