



# Balestra, Harr & Scherer, CPAs, Inc.

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

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

GALLIA METROPOLITAN HOUSING AUTHORITY  
GALLIA COUNTY

SINGLE AUDIT

For the Year Ended December 31, 2014  
Fiscal Year Audited Under GAGAS: 2014





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Gallia Metropolitan Housing Authority, Gallia County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2014 through December 31, 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 Gallia Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 7, 2015

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**Gallia Metropolitan Housing Authority**  
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*For the Year Ended December 31, 2014*

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# Balestra, Harr & Scherer, CPAs, Inc.

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

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## Independent Auditor's Report

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

To the Board of Commissioners

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Gallia Metropolitan Housing Authority, Gallia County, Ohio (the Authority) as of and for the year ended December 31, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of Gallia Metropolitan Housing Authority, Gallia County, Ohio, as of December 31, 2014, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Other Matters**

#### Required Supplementary Information

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

#### Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Statements of Modernization Cost – Completed presented on page 31 – 32 and the supplemental financial data schedule provides additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The Schedule of Federal Awards Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplemental Financial Data Schedule and the Schedule of Federal Awards Expenditures are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the supplemental financial data schedule and the Schedule of Federal Awards Expenditures to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2015, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
May 29, 2015

GALLIA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2014

UNAUDITED

The Gallia Metropolitan Housing Authority’s (“the Authority”) management’s discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s position, and (d) identify individual fund issues or concerns.

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

**FINANCIAL HIGHLIGHTS**

- The Authority’s Net Position decreased by \$359,951 (or 6.10%) during 2014, resulting from the operations of the Authority. Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. Net Position was \$5,538,311 and \$5,898,262 for 2014 and 2013 respectively.
- Revenues decreased by \$177,653 (or 10.76%) during 2014, and were \$1,473,457 and \$1,651,110 for 2014 and 2013 respectively.
- The total expenses of all Authority programs increased by \$99,207 (or 5.72%). Total expenses were \$1,833,408 and \$1, 734,201 for 2014 and 2013 respectively.

**USING THIS ANNUAL REPORT**

This Report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Required Supplementary information”:

<b>MD&amp;A</b> ~Management’s Discussion and Analysis ~
<b>Basic Financial Statement</b> ~Authority Financial Statements ~
<b>Other Required Supplementary Information</b> ~Required Supplementary Information ~ (Other than the MD&A)

**Authority Financial Statements**

The Authority financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

GALLIA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

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

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

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

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

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

### **Fund Financial Statements**

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

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

### **The Authority's Programs**

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent

GALLIA METROPOLITAN HOUSING AUTHORITY  
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that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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 and Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

**AUTHORITY STATEMENTS**

**Statement of Net Position**

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

**TABLE 1**

**STATEMENT OF NET POSITION**

	2014	2013
Current and Other Assets	\$ 492,470	\$ 539,293
Capital Assets	5,158,618	5,473,807
Total Assets	\$ 5,651,088	\$ 6,013,100
Current Liabilities	\$ 70,482	\$ 71,054
Long-Term Liabilities	42,295	43,784
Total Liabilities	112,777	114,838
Net Position:		
Net Investment in Capital Assets	5,158,618	5,473,807
Restricted Net Position	243,138	279,396
Unrestricted Net Position	136,555	145,059
Total Net Position	5,538,311	5,898,262
Total Liabilities and Net Position	\$ 5,651,088	\$ 6,013,100

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

During 2014, current and other assets decreased by \$46,823 and total liabilities also decreased by \$2,061. The current and other assets, primarily cash and investments, decreased due to results from operation. Total liabilities decrease is due to outstanding payables at year end.

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Capital assets also changed, decreasing from \$5,473,807 to \$5,158,618. The \$315,189 decrease may be contributed primarily to current year depreciation expense less purchase of current year assets.

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

	<b>Unrestricted</b>	<b>Net Investment in Capital Assets</b>	<b>Restricted</b>
Beginning Balance - December 31, 2013	\$ 145,059	\$ 5,473,807	\$ 279,396
Results of Operation	(323,693)	-	(36,258)
Adjustments:			
Current year Depreciation Expense (1)	403,019	(403,019)	-
Capital Expenditure (2)	(89,351)	89,351	-
Net Result of Disposition of Assets (3)	<u>1,521</u>	<u>(1,521)</u>	<u>-</u>
Ending Balance - December 31, 2014	<u>\$ 136,555</u>	<u>\$ 5,158,618</u>	<u>\$ 243,138</u>

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position
- (2) Capital expenditures represent an outflow of unrestricted Net Position, but are not treated as an expense against Results of Operations, and therefore must be deducted
- (3) The Net Result of the Disposition of Assets is the combined effect of removing the value of an asset that is sold and its' associated Accumulated Depreciation. While this asset removal has a small effect on the Unrestricted Net Position, the large effect is seen in the Gain/Loss on the Sale of the asset in the Results of Operation in this instance.

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

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

**TABLE 3**

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

	<u>2014</u>	<u>2013</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 100,393	\$ 95,400
Operating Subsidies	1,280,900	1,253,743
Capital Grants	86,343	285,244
Investment Income	46	136
Other Revenues	5,775	16,587
<b>Total Revenues</b>	<b><u>1,473,457</u></b>	<b><u>1,651,110</u></b>
<b><u>Expenses</u></b>		
Administrative	314,578	300,543
Tenant Services	4,672	8,862
Utilities	122,488	123,460
Maintenance	274,017	244,178
Protective services	22,707	7,158
General and Interest Expenses	55,736	51,738
Housing Assistance Payments	634,670	575,412
Loss on Disposal of Assets	1,521	1,011
Depreciation	403,019	421,839
<b>Total Expenses</b>	<b><u>1,833,408</u></b>	<b><u>1,734,201</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ (359,951)</u></b>	<b><u>\$ (83,091)</u></b>

GALLIA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION**

Total revenue decreased compared to the prior year by \$177,653. This decrease was due to less capital improvement activities for the year resulting in less Capital Improvement Grant revenue.

The expenses increased by \$99,207 in current year. The increase was due to increase in maintenance costs of \$29,839; increase in tenant protective costs of \$15,549; and increase in housing assistance payment of \$59,258.

**CAPITAL ASSETS**

**Capital Assets**

As of year end, the Authority had \$5,158,618 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease due to current year addition less depreciation expense. See table 5 for detail of current year change.

**TABLE 4**

**CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATON)**

	<u><b>2014</b></u>	<u><b>2013</b></u>
Land and Land Rights	\$ 869,068	\$ 869,068
Buildings	13,251,276	13,206,650
Equipment	379,188	384,252
Construction in Progress	44,724	-
Accumulated Depreciation	<u>(9,385,638)</u>	<u>(8,986,163)</u>
 Total	 <u><u>\$ 5,158,618</u></u>	 <u><u>\$ 5,473,807</u></u>

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Table 5 - Changes in Capital Assets**

Beginning Balance - December 31, 2013	\$ 5,473,807
Current year Additions	89,351
Current year Depreciation Expense	(403,019)
Current Year Dispositions, net of depreciation	<u>(1,521)</u>
Ending Balance - December 31, 2014	\$ <u>5,158,618</u>
Current year Additions are summarized as follows:	
Capital Improvement	\$ <u>89,351</u>
Total 2014 Additions	\$ <u>89,351</u>

**Debt Outstanding**

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

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**FINANCIAL CONTACT**

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

**Gallia Metropolitan Housing Authority  
Statement of Net Position  
Proprietary Funds  
December 31, 2014**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$158,099
Restricted cash and cash equivalents	272,924
Receivables, net	10,669
Prepaid expenses and other assets	28,177
Inventory, net	22,601
<b>Total current assets</b>	<b>492,470</b>

**Noncurrent assets**

Capital assets:	
Land	869,068
Building and equipment	13,630,464
Construction in Progress	44,724
Less accumulated depreciation	(9,385,638)
<b>Total noncurrent assets</b>	<b>5,158,618</b>
<b>Total assets</b>	<b>\$5,651,088</b>

**LIABILITIES**

**Current liabilities**

Accounts payable	\$17,178
Accrued liabilities	12,945
Accrued compensated absences current	10,573
Tenant security deposits	29,786
<b>Total current liabilities</b>	<b>70,482</b>

**Noncurrent liabilities**

Accrued compensated absences Non-current	42,295
<b>Total noncurrent liabilities</b>	<b>42,295</b>
<b>Total liabilities</b>	<b>\$112,777</b>

**Net Position**

Net Invested in capital assets	\$5,158,618
Restricted Net Position	243,138
Unrestricted Net Position	136,555
<b>Total Net Position</b>	<b>\$5,538,311</b>

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

**Gallia Metropolitan Housing Authority**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2014**

***OPERATING REVENUES***

Tenant Revenue	\$100,393
Government operating grants	1,280,900
Other revenue	5,775
<b>Total operating revenues</b>	<b><u>1,387,068</u></b>

***OPERATING EXPENSES***

Administrative	314,578
Tenant Services	4,672
Utilities	122,488
Maintenance	274,017
Protective services	22,707
General and Insurance	55,736
Housing assistance payment	634,670
Depreciation	403,019
<b>Total operating expenses</b>	<b><u>1,831,887</u></b>
<b>Operating income (loss)</b>	<b><u>(444,819)</u></b>

***NONOPERATING REVENUES (EXPENSES)***

Interest and investment revenue	46
<b>Total nonoperating revenues (expenses)</b>	<b><u>46</u></b>
Income (loss) before contributions and transfers	(444,773)
Capital Grants	86,343
Loss from sale of capital assets	(1,521)
Change in Net Position	(359,951)
Total Net Position - beginning (restated)	5,898,262
<b>Total Net Position - ending</b>	<b><u><u>\$5,538,311</u></u></b>

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

**Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the Year Ended December 31, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating grants received	\$1,280,900
Tenant revenue received	101,251
Other revenue received	3,832
General and administrative expenses paid	(812,586)
Housing assistance payments	(634,670)
	<hr/>
<b>Net cash provided (used) by operating activities</b>	<b>(61,273)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned	46
	<hr/>
<b>Net cash provided (used) by investing activities</b>	<b>46</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>	
Capital grant funds received	84,343
Property and equipment purchased	(89,351)
	<hr/>
<b>Net cash provided (used) by financing activities</b>	<b>(5,008)</b>
Net increase (decrease) in cash	(66,235)
Cash and cash equivalents - Beginning of year	497,258
	<hr/>
<b>Cash and cash equivalents - End of year</b>	<b>\$431,023</b>
	<hr/> <hr/>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net Operating Income (Loss)	(\$444,819)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	403,019
- (Increases) Decreases in Accounts Receivable	(744)
- (Increases) Decreases in Prepaid Assets	(15,056)
- (Increases) Decreases in Inventory	(1,612)
- Increases (Decreases) in Accounts Payable	(2,350)
- Increases (Decreases) in Accrued Compensated Absence	(1,862)
- Increases (Decreases) in Accrued Expenses Payable	184
- Increases (Decreases) in Deferred Revenue	(985)
- Increases (Decreases) in Tenant Security Deposits	2,952
	<hr/>
<b>Net cash provided by operating activities</b>	<b>(\$61,273)</b>
	<hr/> <hr/>

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

GALLIA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

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

**Summary of Significant Accounting Policies**

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

**Reporting Entity**

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

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

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

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

GALLIA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (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. 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 of the Authority over which the Authority is financially accountable. The Authority has no component units nor is a component unit of another entity.

**Basis of Presentation**

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

**Fund Accounting**

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

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

**Proprietary Fund Types**

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

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

GALLIA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 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. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use proprietary fund accounting, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

**Description of programs**

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

**A. Public Housing Program**

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

**B. Capital Fund Program**

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

**C. Housing Choice Voucher Program**

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

**Investments**

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2014 totaled \$46.

GALLIA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 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
Buildings Improvements	15 years
Furniture and Equipment	7 years
Vehicles	5 years

**Net Position**

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**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 by HUD with respect to all federally aided projects under an annual contribution contract.

**Cash and Cash Equivalents**

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

GALLIA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 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 based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

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

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

**Budgetary Accounting**

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

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

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

GALLIA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)

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

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

**Estimates**

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

**NOTE 2: DEPOSITS AND INVESTMENTS**

**Deposits**

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

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

GALLIA METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2014

(CONTINUED)

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

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

At fiscal yearend December 31, 2014, the carrying amount of the Authority’s deposits totaled \$431,023 and its bank balance was \$448,501. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of December 31, 2014, \$198,501 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

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

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

**NOTE 3: RESTRICTED CASH**

Restricted cash as of December 31, 2014 represent money held that can only be used for specific purpose or money held on behalf of the tenants:

Cash advance by HUD that is to be used for the Housing Assistance Payments	\$3,324
Tenant security deposit	29,786
Proceeds from sale of a house	<u>239,814</u>
Total Restricted Cash Balance	<u><u>\$272,924</u></u>

GALLIA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)

**NOTE 4: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2014 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

**NOTE 5: CAPITAL ASSETS**

This is a summary of the changes in Capital Assets:

	Balance 12/31/2013	Rounding Adjustment	Additions	Deletions	Balance 12/31/2014
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$869,068	\$0	\$0	\$0	\$869,068
Construction in Progress	0	0	44,724	0	44,724
<b>Total Capital Assets Not Being Depreciated</b>	<b>869,068</b>	<b>0</b>	<b>44,724</b>	<b>0</b>	<b>913,792</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings	13,206,650	(1)	44,627	0	13,251,276
Furnt, Mach. and Equip.	384,252	1	0	(5,065)	379,188
<b>Total Capital Assets Being Depreciated</b>	<b>13,590,902</b>	<b>0</b>	<b>44,627</b>	<b>(5,065)</b>	<b>13,630,464</b>
<b>Accumulated Depreciation:</b>					
Buildings	(8,674,266)	0	(378,656)	0	(9,052,922)
Furnt, Mach. and Equip.	(311,896)	(1)	(24,363)	3,544	(332,716)
<b>Total Accumulated Depreciation</b>	<b>(8,986,162)</b>	<b>0</b>	<b>(403,019)</b>	<b>3,544</b>	<b>(9,385,638)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>4,604,740</b>	<b>(1)</b>	<b>(358,392)</b>	<b>(1,521)</b>	<b>4,244,826</b>
<b>Total Capital Assets, Net</b>	<b>\$5,473,808</b>	<b>(\$1)</b>	<b>(\$313,668)</b>	<b>(\$1,521)</b>	<b>\$5,158,618</b>

GALLIA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)

**NOTE 6: DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System**

The Authority participates in the Ohio Public Employees Retirement System (OPERS).

Ohio Public Employees Retirement System administers three separate pension plans.

1. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan is 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 the member and vested employer contributions plus any investment earnings.
3. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution 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 Pension Plan benefit. Member contributions, whose investment 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.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. The 2014 member contribution rates were 10.0% and the employer contribution rate was 14.0%.

The Authority's required contributions to OPERS for the years ended December 31, 2014, 2013 and 2012 were \$41,189, \$34,335, and \$39,891, respectively. All contributions were made for all years.

GALLIA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)

**NOTE 7: POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan does not qualify for ancillary benefits, including post-employment health care coverage.

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

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

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

**B. Funding Policy**

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

GALLIA METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2014  
 (CONTINUED)

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to the health care plan was 2.0 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended December 31, 2014, 2013 and 2012, which were used to fund post-employment benefits, were \$4,576, \$2,453 and \$15,671 respectively.

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

**NOTE 8: COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of December 31, 2014, the accrual for compensated absences totaled \$52,868 and has been included in the accrued liabilities account balance in the accompanying Statement of Net Position. The Authority considers all compensated absences payable as due within one year.

The following is a summary of changes in compensated absence for the year ended December 31, 2014:

Description	Balance 12/31/2013	Net Decrease	Balance 12/31/2014	Due Within One Year
Compensated Absence	\$54,730	\$1,862	\$52,868	\$10,573

GALLIA METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)

**NOTE 9: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

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

**NOTE 10: 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 recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2014.

**Litigations and Claims**

In the normal course of operations the PHA may be subject to litigation and claims. At December 31, 2014 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

Gallia Metropolitan Housing Authority  
 Schedule of Expenditures of Federal Award  
 For the Year Ended December 31, 2014

<b>FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. Department of Housing and Urban Development Direct Program:</b>		
Low Rent Public Housing	14.850	\$545,101
Housing Choice Vouchers	14.871	686,606
Public Housing Capital Fund Program	14.872	<u>135,536</u>
<b>Total Direct Programs</b>		<b><u>1,367,243</u></b>
 <b>TOTAL EXPENDITURE OF FEDERAL AWARDS</b>		 <b><u><u>\$1,367,243</u></u></b>

**Gallia Metropolitan Housing Authority**  
Notes to the Schedule of Federal Awards Expenditures  
For the Year Ended December 31, 2014

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

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

**Gallia Metropolitan Housing Authority**  
Statement of Net Position by Program  
For the Year Ended December 31, 2014

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$148,516	\$9,583	\$158,099	\$0	\$158,099
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$239,814	\$3,324	\$243,138	\$0	\$243,138
114 Cash - Tenant Security Deposits	\$29,786	\$0	\$29,786	\$0	\$29,786
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$418,116	\$12,907	\$431,023	\$0	\$431,023
122 Accounts Receivable - HUD Other Projects	\$2,000	\$0	\$2,000	\$0	\$2,000
125 Accounts Receivable - Miscellaneous	\$7,832	\$30	\$7,862	\$0	\$7,862
126 Accounts Receivable - Tenants	\$2,921	\$0	\$2,921	\$0	\$2,921
126.1 Allowance for Doubtful Accounts -Tenants	(\$2,228)	\$0	(\$2,228)	\$0	(\$2,228)
128 Fraud Recovery	\$0	\$114	\$114	\$0	\$114
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$10,525	\$144	\$10,669	\$0	\$10,669
142 Prepaid Expenses and Other Assets	\$26,920	\$1,257	\$28,177	\$0	\$28,177
143 Inventories	\$25,112	\$0	\$25,112	\$0	\$25,112
143.1 Allowance for Obsolete Inventories	(\$2,511)	\$0	(\$2,511)	\$0	(\$2,511)
150 Total Current Assets	\$478,162	\$14,308	\$492,470	\$0	\$492,470
161 Land	\$869,068	\$0	\$869,068	\$0	\$869,068
162 Buildings	\$13,251,276	\$0	\$13,251,276	\$0	\$13,251,276
163 Furniture, Equipment & Machinery - Dwellings	\$123,484	\$0	\$123,484	\$0	\$123,484
164 Furniture, Equipment & Machinery - Administration	\$255,704	\$0	\$255,704	\$0	\$255,704
166 Accumulated Depreciation	(\$9,385,638)	\$0	(\$9,385,638)	\$0	(\$9,385,638)
167 Construction in Progress	\$44,724	\$0	\$44,724	\$0	\$44,724
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,158,618	\$0	\$5,158,618	\$0	\$5,158,618
174 Other Assets	\$158,974	\$0	\$158,974	(\$158,974)	\$0
180 Total Non-Current Assets	\$5,317,592	\$0	\$5,317,592	(\$158,974)	\$5,158,618
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$5,795,754	\$14,308	\$5,810,062	(\$158,974)	\$5,651,088
312 Accounts Payable <= 90 Days	\$16,946	\$232	\$17,178	\$0	\$17,178
321 Accrued Wage/Payroll Taxes Payable	\$12,440	\$505	\$12,945	\$0	\$12,945
322 Accrued Compensated Absences - Current Portion	\$7,941	\$2,632	\$10,573	\$0	\$10,573
341 Tenant Security Deposits	\$29,786	\$0	\$29,786	\$0	\$29,786
310 Total Current Liabilities	\$67,113	\$3,369	\$70,482	\$0	\$70,482
353 Non-current Liabilities - Other	\$0	\$158,974	\$158,974	(\$158,974)	\$0
354 Accrued Compensated Absences - Non Current	\$31,765	\$10,530	\$42,295	\$0	\$42,295
350 Total Non-Current Liabilities	\$31,765	\$169,504	\$201,269	(\$158,974)	\$42,295
300 Total Liabilities	\$98,878	\$172,873	\$271,751	(\$158,974)	\$112,777
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$5,158,618	\$0	\$5,158,618	\$0	\$5,158,618
511.4 Restricted Net Position	\$239,814	\$3,324	\$243,138	\$0	\$243,138
512.4 Unrestricted Net Position	\$298,444	(\$161,889)	\$136,555	\$0	\$136,555
513 Total Equity - Net Assets / Position	\$5,696,876	(\$158,565)	\$5,538,311	\$0	\$5,538,311
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,795,754	\$14,308	\$5,810,062	(\$158,974)	\$5,651,088

**Gallia Metropolitan Housing Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position by Program**  
**For the Year Ended December 31, 2014**

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$95,001	\$0	\$95,001	\$0	\$95,001
70400 Tenant Revenue - Other	\$5,392	\$0	\$5,392	\$0	\$5,392
70500 Total Tenant Revenue	\$100,393	\$0	\$100,393	\$0	\$100,393
70600 HUD PHA Operating Grants	\$594,294	\$686,606	\$1,280,900	\$0	\$1,280,900
70610 Capital Grants	\$86,343	\$0	\$86,343	\$0	\$86,343
71100 Investment Income - Unrestricted	\$39	\$7	\$46	\$0	\$46
71400 Fraud Recovery	\$0	\$1,065	\$1,065	\$0	\$1,065
71500 Other Revenue	\$3,687	\$1,023	\$4,710	\$0	\$4,710
71600 Gain or Loss on Sale of Capital Assets	(\$1,521)	\$0	(\$1,521)	\$0	(\$1,521)
70000 Total Revenue	\$783,235	\$688,701	\$1,471,936	\$0	\$1,471,936
91100 Administrative Salaries	\$101,017	\$43,899	\$144,916	\$0	\$144,916
91200 Auditing Fees	\$5,508	\$800	\$6,308	\$0	\$6,308
91500 Employee Benefit contributions - Administrative	\$54,252	\$20,643	\$74,895	\$0	\$74,895
91600 Office Expenses	\$23,645	\$1,910	\$25,555	\$0	\$25,555
91700 Legal Expense	\$8,672	\$0	\$8,672	\$0	\$8,672
91800 Travel	\$10,660	\$600	\$11,260	\$0	\$11,260
91900 Other	\$39,145	\$3,827	\$42,972	\$0	\$42,972
91000 Total Operating - Administrative	\$242,899	\$71,679	\$314,578	\$0	\$314,578
92100 Tenant Services - Salaries	\$3,001	\$0	\$3,001	\$0	\$3,001
92300 Employee Benefit Contributions - Tenant Services	\$1,671	\$0	\$1,671	\$0	\$1,671
92500 Total Tenant Services	\$4,672	\$0	\$4,672	\$0	\$4,672
93100 Water	\$41,611	\$0	\$41,611	\$0	\$41,611
93200 Electricity	\$24,566	\$0	\$24,566	\$0	\$24,566
93300 Gas	\$2,402	\$0	\$2,402	\$0	\$2,402
93600 Sewer	\$53,909	\$0	\$53,909	\$0	\$53,909
93000 Total Utilities	\$122,488	\$0	\$122,488	\$0	\$122,488
94100 Ordinary Maintenance and Operations - Labor	\$128,198	\$0	\$128,198	\$0	\$128,198
94200 Ordinary Maintenance and Operations - Materials and Other	\$50,641	\$0	\$50,641	\$0	\$50,641
94300 Ordinary Maintenance and Operations Contracts	\$47,542	\$0	\$47,542	\$0	\$47,542
94500 Employee Benefit Contributions - Ordinary Maintenance	\$47,636	\$0	\$47,636	\$0	\$47,636
94000 Total Maintenance	\$274,017	\$0	\$274,017	\$0	\$274,017
95100 Protective Services - Labor	\$16,306	\$0	\$16,306	\$0	\$16,306
95300 Protective Services - Other	\$3,918	\$0	\$3,918	\$0	\$3,918
95500 Employee Benefit Contributions - Protective Services	\$2,483	\$0	\$2,483	\$0	\$2,483
95000 Total Protective Services	\$22,707	\$0	\$22,707	\$0	\$22,707
96110 Property Insurance	\$30,245	\$0	\$30,245	\$0	\$30,245
96120 Liability Insurance	\$12,451	\$1,531	\$13,982	\$0	\$13,982
96130 Workmen's Compensation	\$4,960	\$0	\$4,960	\$0	\$4,960
96100 Total insurance Premiums	\$47,656	\$1,531	\$49,187	\$0	\$49,187

**Gallia Metropolitan Housing Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position by Program**  
**For the Year Ended December 31, 2014**

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96200 Other General Expenses	\$69	\$0	\$69	\$0	\$69
96400 Bad debt - Tenant Rents	\$5,470	\$1,010	\$6,480	\$0	\$6,480
96000 Total Other General Expenses	\$5,539	\$1,010	\$6,549	\$0	\$6,549
96900 Total Operating Expenses	\$719,978	\$74,220	\$794,198	\$0	\$794,198
97000 Excess of Operating Revenue over Operating Expenses	\$63,257	\$614,481	\$677,738	\$0	\$677,738
97300 Housing Assistance Payments	\$0	\$633,996	\$633,996	\$0	\$633,996
97350 HAP Portability-In	\$0	\$674	\$674	\$0	\$674
97400 Depreciation Expense	\$403,019		\$403,019	\$0	\$403,019
90000 Total Expenses	\$1,122,997	\$708,890	\$1,831,887	\$0	\$1,831,887
10010 Operating Transfer In	\$24,050	\$0	\$24,050	(\$24,050)	\$0
10020 Operating transfer Out	(\$24,050)	\$0	(\$24,050)	\$24,050	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$1,122,997)	(\$708,890)	(\$1,831,887)	\$0	(\$1,831,887)
11030 Beginning Equity	\$6,036,638	(\$138,376)	\$5,898,262	\$0	\$5,898,262
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	(\$161,889)	(\$161,889)	\$0	(\$161,889)
11180 Housing Assistance Payments Equity	\$0	\$3,324	\$3,324	\$0	\$3,324
11190 Unit Months Available	1,716	2,062	\$3,778	\$0	\$3,778
11210 Number of Unit Months Leased	1,652	2,062	\$3,714	\$0	\$3,714
11270 Excess Cash	\$63,812	\$0	\$63,812	\$0	\$63,812
11650 Leasehold Improvements Purchases	\$86,343	\$0	\$86,343	\$0	\$86,343

**Gallia Metropolitan Housing Authority**  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2014

Capital Fund Program Number OH16P047-501-12

1. The Program Costs are as follows:

Funds Approved	\$161,399
Funds Expended	<u>161,399</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$161,399
Funds Expended	<u>161,399</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on December 9, 2014.
4. The final costs on the certification agree to the Authority's records.

**Gallia Metropolitan Housing Authority**  
PHA's Statement and Certification of Actual Modernization Cost  
December 31, 2014

Capital Fund Program Number OH16P047-501-11

1. The Program Costs are as follows:

Funds Approved	\$176,463
Funds Expended	<u>176,463</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$176,463
Funds Expended	<u>176,463</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on January 30, 2014.
4. The final costs on the certification agree to the Authority's records.



# Balestra, Harr & Scherer, CPAs, Inc.

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

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

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

Board of Commissioners

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities, of Gallia Metropolitan Housing Authority, Gallia County, Ohio, (the Authority), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 29, 2015.

### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

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

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

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

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

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
May 29, 2015



# Balestra, Harr & Scherer, CPAs, Inc.

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

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

Board of Commissioners

### Report on Compliance for Each Major Federal Program

We have audited the Gallia Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Gallia Metropolitan Housing Authority's major federal programs for the year ended December 31, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Authority's major federal programs.

#### Management's Responsibility

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

#### Auditor's Responsibility

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

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

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

In our opinion, the Gallia Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2014.

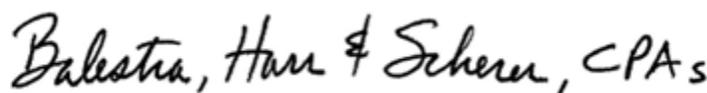
### **Report on Internal Control Over Compliance**

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

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

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

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



Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
May 29, 2015

**Gallia Metropolitan Housing Authority**

*Schedule of Findings*

*OMB Circular A-133 Section .505*

*December 31, 2014*

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

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies in reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Low Rent Public Housing CFDA# 14.851, Housing Choice Vouchers
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**Gallia Metropolitan Housing Authority**

*Schedule of Findings*

*OMB Circular A-133 Section .505*

*December 31, 2014*

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

None

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

None



# Dave Yost • Auditor of State

**GALLIA METRO HOUSING AUTHORITY**

**GALLIA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 21, 2015**