

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

of the

**LOGAN COUNTY METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended December 31, 2012



Dave Yost • Auditor of State

Board of Directors
Logan County Metropolitan Housing Authority
116 North Everett Street
Bellefontaine, Ohio 43311

We have reviewed the *Independent Auditors' Report* of the Logan County Metropolitan Housing Authority, Logan County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2012 through December 31, 2012. 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 Logan County Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 8, 2013

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**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Logan County Metropolitan Housing Authority
Bellefontaine, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Logan County Metropolitan Housing Authority, as of and for the year ended December 31, 2012, 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.

Auditors' 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 of 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 auditors' judgment, including the assessment of the risk 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 entity'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 entity'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 business-type activities of Logan County Metropolitan Housing Authority, as of December 31, 2012, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

much more than an accounting firm

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 3-8 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 of Logan County Metropolitan Housing Authority. The Financial Data Schedule (FDS), cost certification and schedule of expenditures of federal awards, required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The FDS, cost certification, and schedule of federal awards expenditures 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 FDS, cost certification, and schedule of expenditures of federal awards is 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 June 6, 2013 on our consideration of the Logan County Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provision 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 Logan County Metropolitan Housing Authority's internal control over financial reporting and compliance.



JC & Co.
Lancaster, Ohio
June 6, 2013

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012**

Unaudited

The Housing Authority of the County of Logan’s (the Authority) management’s discussion and analysis is designed to (a) assist the reader in focusing on significant issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial 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 year’s activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements.

FINANCIAL HIGHLIGHTS

- The Authority’s net position decreased by \$342,226 (or 6.5%) during 2012. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Position was \$4.9 million and \$5.2 million for 2012 and 2011, respectively.
- Revenues decreased by \$97,935 (or 4.4%) during 2012, and were \$2.1 million and \$2.2 million for 2012 and 2011, respectively.
- The total expenses of all Authority programs increased by \$19,041 (or 0.8%). Total expenses were \$2.5 and \$2.5 million for 2012 and 2011, 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”.

MD&A ~ Management’s Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information ~

The primary focus of the Authority’s financial statements is on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority’s accountability.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012

Unaudited

AUTHORITY-WIDE FINANCIAL STATEMENTS

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

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Position", formerly known as net assets. 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") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly net assets) are reported in three broad categories:

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

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

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This statement includes Operating Revenues, such as rental income, 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 Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

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

FUND FINANCIAL STATEMENTS

The Authority administers several programs that are consolidated into a single proprietary-type enterprise fund. The enterprise fund consists of the following programs.

Project – Conventional Public Housing and Capital Fund Program - Under the conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund 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 an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Business Activities - Represents non-HUD activities of the Authority that include providing affordable housing for low-income people outside of the scope of the conventional and housing choice voucher programs.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012**

Unaudited

AUTHORITY-WIDE STATEMENTS

STATEMENTS OF NET POSITION

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

**TABLE 1
STATEMENT OF NET POSITION**

	2012	2011
Current and Other Assets	\$ 482,295	\$ 588,775
Capital Assets	4,546,894	4,781,890
TOTAL ASSETS	5,029,189	5,370,665
Current Liabilities	80,001	74,156
Long-term liabilities	42,925	48,020
TOTAL LIABILITIES	122,926	122,176
Net Position		
Net investment in Capital Assets	4,546,894	4,781,890
Restricted - HAP	115,983	173,307
Unrestricted	243,386	293,292
TOTAL NET POSITION	\$ 4,906,263	\$ 5,248,489

For more detailed information see the Statement of Net Position in the financial statements.

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Total assets decreased in the amount of \$ 341,476.00. This is due primarily to the reduction in funding received by HUD and cash collected from tenants, the collection of receivables due to the Authority, and the depreciation of our capital assets.

Total Liabilities increased slightly in the amount of \$ 750.00. This is the net effect of an increase in Current Liabilities primarily accrued payroll, PILOT and vendor payments and a decrease in Non-Current Liabilities.

Net Position decreased by \$ 342,226.00. This is due to the depreciation of capital assets and the HUD mandated reserve offsets or allocation adjustments that required Authorities to use a portion of the reserves to fund Fiscal Year 2012 operations.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012**

Unaudited

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

The following schedule compares the revenues and expenses for the current and previous fiscal year:

	2012	2011
REVENUES		
Tenant Revenue - Rents and Other	\$ 126,117	\$ 105,324
Operating Subsidies and Grants	1,867,702	1,948,059
Capital Grants	77,839	110,644
Investment Income	35	170
Other revenues	73,944	79,375
TOTAL REVENUE	2,145,637	2,243,572
EXPENSES		
Administration	487,198	504,592
Tenant Services	836	71
Utilities	28,829	29,497
Maintenance	256,833	218,702
Insurance	32,010	36,214
General	28,506	24,591
Housing assistance payments	1,340,816	1,341,871
Depreciation	312,835	313,284
TOTAL EXPENSES	2,487,863	2,468,822
CHANGE IN NET POSITION	\$ (342,226)	\$ (225,250)

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

Revenues decreased by \$ 97,935.00 Due to a decrease in Operating and capital grants for Fiscal year 2012 as a result of the offsets and allocation adjustments imposed by HUD requiring Authorities to use a portion of the operating reserves to fund current year operations.

Expenses increased slightly in the amount of 19,041.00. Maintenance expenses saw the greatest increase due to the increase in units turned and the extent of the work required to rehabilitate vacant units.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the Authority had \$4.5 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$234,996 or 4.9% from the end of last year.

**TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	2012	2011
Land and Land Rights	\$ 683,201	\$ 683,201
Buildings	7,962,370	7,885,450
Equipment - Administrative	442,740	348,021
Equipment - Dwellings	141,959	235,759
Accumulated Depreciation	(4,683,376)	(4,370,541)
TOTAL	\$ 4,546,894	\$ 4,781,890

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE - NET	\$ 4,781,890
Additions - Capital Funds	77,839
Depreciation Expense	(312,835)
ENDING BALANCE	\$ 4,546,894

This year major additions are primarily capital expenditures related to the modernization of the Authority's developments.

DEBT ADMINISTRATION

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding levels of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.
- Market rates for rental housing.
- Local rental market rates and housing supply and demand, which affects the Authority's ability to maintain leasing rates.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012**

Unaudited

IN CONCLUSION

Logan County Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on consistent and sound financial condition of the Authority.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Gail Clark, Executive Director of the Logan County Metropolitan Housing Authority at (937) 599-1845.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2012**

ASSETS

Cash and cash equivalents	\$	161,057
Cash and cash equivalents - restricted		176,424
Tenant receivables - net of allowance		567
Other receivables		90,864
Inventory - net of allowance		25,359
Prepaid expenses		28,024
TOTAL CURRENT ASSETS		<u>482,295</u>

CAPITAL ASSETS

Land		683,201
Property and equipment - net		3,863,693
TOTAL CAPITAL ASSETS, NET		<u>4,546,894</u>

TOTAL ASSETS **5,029,189**

CURRENT LIABILITIES

Accounts payable		6,380
Accounts payable - other government		10,879
Accrued compensated absences - current		9,581
Tenant security deposits		27,517
Accrued wages and payroll taxes		19,409
Advanced rents		1,644
Other current liabilities		4,591
TOTAL CURRENT LIABILITIES		<u>80,001</u>

NON-CURRENT LIABILITIES

Accrued compensated absences - non-current		10,041
FSS liability		32,884
TOTAL NON-CURRENT LIABILITIES		<u>42,925</u>

TOTAL LIABILITIES **122,926**

NET POSITION

Net investment in capital assets		4,546,894
Restricted		115,983
Unrestricted		243,386
NET POSITION	\$	<u><u>4,906,263</u></u>

See accompanying notes to the basic financial statements

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2012

OPERATING REVENUES	
Operating subsidies and grants	\$ 1,867,702
Rental income and other	126,117
Other revenue	<u>73,944</u>
TOTAL OPERATING REVENUES	2,067,763
 OPERATING EXPENSES	
Administrative	487,198
Tenant services	836
Utilities	28,829
Maintenance	256,833
Insurance	32,010
General	28,506
Housing assistance payments	1,340,816
Depreciation	<u>312,835</u>
TOTAL OPERATING EXPENSES	<u>2,487,863</u>
OPERATING INCOME	(420,100)
 NON-OPERATING REVENUE	
Investment income	35
Capital grants	<u>77,839</u>
TOTAL NON-OPERATING REVENUE	<u>77,874</u>
CHANGES IN NET POSITION	(342,226)
NET POSITION BEGINNING OF YEAR	<u>5,248,489</u>
NET POSITION END OF YEAR	<u><u>\$ 4,906,263</u></u>

See accompanying notes to the basic financial statements

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from HUD	\$	1,880,087
Cash received from tenants		127,068
Cash received other revenue		121,655
Cash payments for housing assistance payments		(1,340,816)
Cash payments for administrative/operations		(829,529)
Cash payments to HUD and other government		(8,063)

**NET CASH (USED) BY
OPERATING ACTIVITIES** (49,598)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital grants received		77,839
Acquisition of capital assets		(77,839)

**NET CASH (USED) BY CAPITAL AND
RELATED FINANCING ACTIVITIES** -

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received		<u>35</u>
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CHANGE IN CASH AND CASH EQUIVALENTS (49,563)

CASH AND CASH EQUIVALENTS, BEGINNING 387,044

CASH AND CASH EQUIVALENTS, ENDING \$ 337,481

**RECONCILIATION OF OPERATING LOSS TO
NET CASH (USED) BY OPERATING ACTIVITIES:**

Operating loss	\$	(420,100)
Adjustments to reconcile operating loss to net cash (used) by operating activities		
Depreciation		312,835
(Increase) decrease in:		
Receivables - net of allowance		56,047
Inventory - net of allowance		4,938
Prepaid expenses		(4,067)
Increase (decrease) in:		
Accounts payable		2,122
Accrued wages and payroll taxes		4,659
Accrued compensated absences		4,091
Accounts payable - other government		1,662
Tenant security deposits		(479)
Other current liabilities		(1,631)
Advanced rents		(648)
FSS liability		(9,027)

**NET CASH (USED) BY
OPERATING ACTIVITIES** \$ (49,598)

See accompanying notes to the basic financial statements

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

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

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.

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

Enterprise fund reporting focuses on the determination of the change of net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting

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

Enterprise Fund

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and Public Housing 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.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Project – Conventional Public Housing and Capital Fund Program – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an ACC with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

Other Business Activity (OBA) – Represents non-HUD activities of the Authority that include providing affordable housing for low-income people outside of the scope of the conventional and housing choice voucher programs.

Accounting and Reporting Non-exchange Transactions

Non-exchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transactions as follows:

- **Derived tax revenues:** result from assessments imposed on exchange transactions (i.e. income taxes, sales taxes and other assessments on earning or consumption).
- **Imposed non-exchange revenues:** results from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- **Government-mandated non-exchange transactions:** occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e. federal programs that state or local governments are mandated to perform).
- **Voluntary non-exchange transactions:** result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreements (i.e. certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary non-exchange transaction.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- **Time requirements** specify (a) the period when resources are required to be issued or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.
- **Purpose restrictions** specify the purpose for which resources are required to be used (for example, capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a non-exchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received, whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary non-exchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

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.

Investments

The provisions of the HUD Regulations restrict investments. Investments are stated at fair market value. At December 31, 2012, the Authority did not have any investments.

Tenant Receivables -net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. At December 31, 2012, the Authority believed \$527 of the accounts receivable to be uncollectible.

Inventory

Inventory consists of maintenance materials and supplies. Inventory is stated at cost and uses the first-in, first-out (FIFO) flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged to expenses when used.

The allowance for obsolete inventory was \$308 at December 31, 2012.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are directly expensed as incurred. 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 \$750 or more per unit. The following are the useful lives used for depreciation purposes:

Buildings	40
Equipment - dwelling	7
Equipment - non-dwelling	5
Furniture	7
Computers	3
Building improvements	15

Restricted Cash

Restricted cash represents amounts held in FSS escrow and IDA accounts on behalf of tenants and Section 8 HAP funds.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Due From/To Other Programs

Inter-program receivables and payables are reflected in the FDS and are eliminated for the financial statement. For the year ended December 31, 2012, the eliminated entry of \$88,933 represents money owed by the OBA activities to PH.

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 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.

Advances of Revenue

Advances of revenue arises when revenues are received before revenue recognition criteria has been satisfied.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use either by internal or external restrictions.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue.

Operating expenses are those expenses that are generated from the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debt and housing assistance payments.

Capital Grants

This represents grants provided by HUD that the Authority spends on capital assets.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. After this budget is submitted to HUD and approved by HUD, it is adopted by the Board of the Authority.

Estimates

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

2. DEPOSITS AND INVESTMENTS

Deposits

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

1. Active deposits are public deposits necessary to meet current 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.
2. 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.
3. 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 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 surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The carrying amount of the Authority's deposits was \$337,181 at December 31, 2012, plus \$300 petty cash. The corresponding bank balances were \$346,344. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," as of December 31, 2012, \$282,884 was covered by federal depository insurance, while \$63,460 was exposed to custodial risk.

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

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

3. CAPITAL ASSETS

The following is a summary of changes in capital assets at December 31, 2012:

CAPITAL ASSETS, NOT BEING DEPRECIATED	12/31/2011	Additions	Disposals	12/31/2012
Land and Land Improvements	\$ 683,201	\$ -	\$ -	\$ 683,201
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	\$ 683,201	\$ -	\$ -	\$ 683,201
 CAPITAL ASSETS BEING DEPRECIATED				
Building and Improvements	\$ 7,885,450	\$ 76,920	\$ -	\$ 7,962,370
Furniture and Equipment	583,780	919	-	584,699
Totals at Historical Costs	8,469,230	77,839	-	8,547,069
Less: Accumulated Depreciation	(4,370,541)	(312,835)	-	(4,683,376)
TOTAL DEPRECIABLE CAPITAL ASSETS, NET	4,098,689	(234,996)	-	3,863,693
TOTAL CAPITAL ASSETS	\$ 4,781,890	\$ (234,996)	\$ -	\$ 4,546,894
Accumulated Depreciation by Class:				
Building and Improvements		\$ (3,877,955)	\$ (283,774)	\$ (4,161,729)
Furniture and Fixtures		(492,586)	(29,061)	(521,647)
TOTAL ACCUMULATED DEPRECIATION		\$ (4,370,541)	\$ (312,835)	\$ (4,683,376)

4. DEFINED BENEFIT PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Authority participates in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS administers three separate pension plans as described below:

- a. The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan.
- b. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year.) Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- c. The Combined Plan – 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 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 the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. 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 to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

4. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM - CONTINUED

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012 and 2011, member and employer contribution rates were consistent across all three plans. The 2012 and 2011 member contribution rates were 10 percent of covered payroll for members and 14 percent of covered payroll for employers. The Authority's required contributions for the years ended December 31, 2012, 2011, and 2010 were \$53,541, \$55,883, and \$44,373, respectively. All required payments of contributions have been made through December 31, 2012.

5. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B Premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Pension 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 issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2012 and 2011, the employer contributions allocated to the health care plan was 5.5 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, 2012, 2011 and 2010, which were used to fund post-employment benefits, were \$21,034, \$21,954 and \$17,432, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

6. COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners.

Annual vacation leave is given to all full time permanent employees on a pro-rate basis; two weeks per year for service one through five years, three weeks for six to ten years of service and four weeks for ten years of service or more. The annual leave does not accumulate for longer than a one year period and must be scheduled in the year earned.

Sick leave accrues for full time permanent employees on the basis of 10 hours per month, cumulative to 120 days or 960 hours. An employee at the time of retirement from active service with the authority may elect to be paid cash for one-third (1/3) of the value of accrued unused sick leave credit at the employees rate of pay at the time of retirement. The Authority's policy is to begin to accrue sick leave for employees five (5) years before they are eligible for retirement. At December 31, 2012, the authority had \$19,622 sick and vacation leave accrued.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

6. COMPENSATED ABSENCES - CONTINUED

The following is a summary of changes in compensated absences for the year ended December 31, 2012:

<u>Description</u>	<u>Balance 12/31/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2012</u>	<u>Due Within One Year</u>
Compensated Absences Payable	\$ 15,531	\$ 13,004	\$ (8,913)	\$ 19,622	\$ 9,581

7. CONTINGENCIES

Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2012.

Commitments and Contingencies

The authority has, under its normal operations, entered into commitments for the purchase of maintenance, cleaning, and other services. Such commitments are monthly and annually.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft to, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2012, the Authority was insured through the State Housing Authority Risk Pool Association, Inc. (SHARP), a public entity risk pool operating a common risk management and insurance program for its housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through commercial insurance companies.

The Authority carried commercial insurance for risk of loss for employee health and accident insurance. There has been no significant reduction in coverage from last year. Settled claims have not exceeded this coverage in any of the last three years.

8. FAMILY SELF-SUFFICIENCY PROGRAM

The Logan County Metropolitan Housing Authority has a Family Self-Sufficiency Program (FSSP). This program is designed to assist families to become self sufficient through an escrowed savings plan provided by the Authority. Upon completion of the objectives, the family receives their escrow balance.

At December 31, 2012, the Authority held in escrow \$32,884 for the Family Self-Sufficiency Program. The Authority recognizes the escrow as cash and due to FSS participants on the balance sheet.

9. SCHEDULE OF FEDERAL AWARDS

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.

10. PAYMENT IN LIEU OF TAXES

The Authority has cooperation agreements with certain municipalities under which it makes payment in lieu of real estate taxes for various public services. Expense recognized for payment in lieu of taxes for the year ended December 31, 2012 totaled \$9,725.

11. FINANCIAL DATA SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2012, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net assets and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by HUD.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2012

12. RELATED PARTY

The Authority is related through common management to Logan-Belle Home and Neighborhood Development (HAND), Inc. (a nonprofit organization) that helps facilitate and develop affordable housing in the Logan County, Ohio area.

The related party transactions with Logan-Belle HAND are summarized as follows:

Receivable balance at 12/31/11	\$ 121,387
Charges for management fees	42,000
Charges for maintenance and fees	<u>17,823</u>
	181,210
Payments received	(91,851)
Applied HAP refund	<u>(426)</u>
Receivable balance at 12/31/12	<u><u>\$ 88,933</u></u>

13. 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 the year ended December 31, 2012, 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. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

14. ECONOMIC DEPENDENCY

Both the Low Rent Public Housing Program and the Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD.

15. RESTRICTED NET POSITION

For the year ended December 31, 2012, the Authority had \$129,424 restricted assets available for the Housing Choice Voucher Program with \$115,983 in its HAP reserve account and \$13,441 for the Family Self-Sufficiency Program. \$19,443 was available for the Family Self-Sufficiency Program in the Other Business Activities Program.

16. CHANGE IN ACCOUNTING PRINCIPLES

In 2012, the Authority adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

The implementation of GASB Statements No. 62 and 63 did not affect the presentation of the financial statements of the Authority for the year ended December 31, 2012, other than a change in terminology.

17. SUBSEQUENT EVENTS

There were no subsequent events through June 6, 2013, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

Balance Sheet

FDS Schedule Submitted to HUD

Proprietary Fund Type

Enterprise Fund

Year Ended December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$116,302	\$34,256	\$10,499	\$161,057		\$161,057
113 Cash - Other Restricted		\$129,464	\$19,443	\$148,907		\$148,907
114 Cash - Tenant Security Deposits	\$27,517			\$27,517		\$27,517
100 Total Cash	\$143,819	\$163,720	\$29,942	\$337,481	\$0	\$337,481
125 Accounts Receivable - Miscellaneous			\$88,933	\$88,933		\$88,933
126 Accounts Receivable - Tenants	\$1,094			\$1,094		\$1,094
126.1 Allowance for Doubtful Accounts - Tenants	-\$527			-\$527		-\$527
128 Fraud Recovery		\$3,117		\$3,117		\$3,117
128.1 Allowance for Doubtful Accounts - Fraud		-\$1,186		-\$1,186		-\$1,186
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$567	\$1,931	\$88,933	\$91,431	\$0	\$91,431
142 Prepaid Expenses and Other Assets	\$27,579	\$445		\$28,024		\$28,024
143 Inventories	\$25,667			\$25,667		\$25,667
143.1 Allowance for Obsolete Inventories	-\$308			-\$308		-\$308
144 Inter Program Due From	\$88,933			\$88,933	-\$88,933	\$0
150 Total Current Assets	\$286,257	\$166,096	\$118,875	\$571,228	-\$88,933	\$482,295
161 Land	\$683,201			\$683,201		\$683,201
162 Buildings	\$7,962,370			\$7,962,370		\$7,962,370
163 Furniture, Equipment & Machinery - Dwellings	\$141,959			\$141,959		\$141,959
164 Furniture, Equipment & Machinery - Administration	\$339,233	\$103,507		\$442,740		\$442,740
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$4,579,869	-\$103,507		-\$4,683,376		-\$4,683,376
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,546,894	\$0	\$0	\$4,546,894	\$0	\$4,546,894
180 Total Non-Current Assets	\$4,546,894	\$0	\$0	\$4,546,894	\$0	\$4,546,894
190 Total Assets	\$4,833,151	\$166,096	\$118,875	\$5,118,122	-\$88,933	\$5,029,189

See independent auditors' report

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$5,400	\$980		\$6,380		\$6,380
321 Accrued Wage/Payroll Taxes Payable	\$11,727	\$7,682		\$19,409		\$19,409
322 Accrued Compensated Absences - Current Portion	\$5,248	\$4,333		\$9,581		\$9,581
331 Accounts Payable - HUD PHA Programs		\$1,154		\$1,154		\$1,154
333 Accounts Payable - Other Government	\$9,725			\$9,725		\$9,725
341 Tenant Security Deposits	\$27,517			\$27,517		\$27,517
342 Deferred Revenues	\$1,644			\$1,644		\$1,644
345 Other Current Liabilities	\$4,591			\$4,591		\$4,591
347 Inter Program - Due To			\$88,933	\$88,933	-\$88,933	\$0
310 Total Current Liabilities	\$65,852	\$14,149	\$88,933	\$168,934	-\$88,933	\$80,001
353 Non-current Liabilities - Other		\$13,441	\$19,443	\$32,884		\$32,884
354 Accrued Compensated Absences - Non Current	\$4,820	\$5,221		\$10,041		\$10,041
350 Total Non-Current Liabilities	\$4,820	\$18,662	\$19,443	\$42,925	\$0	\$42,925
300 Total Liabilities	\$70,672	\$32,811	\$108,376	\$211,859	-\$88,933	\$122,926
508.1 Invested In Capital Assets, Net of Related Debt	\$4,546,894			\$4,546,894		\$4,546,894
511.1 Restricted Net Assets		\$115,983		\$115,983		\$115,983
512.1 Unrestricted Net Assets	\$215,585	\$17,302	\$10,499	\$243,386		\$243,386
513 Total Equity/Net Assets	\$4,762,479	\$133,285	\$10,499	\$4,906,263	\$0	\$4,906,263
600 Total Liabilities and Equity/Net Assets	\$4,833,151	\$166,096	\$118,875	\$5,118,122	-\$88,933	\$5,029,189

See independent auditors' report

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$113,556			\$113,556		\$113,556
70400 Tenant Revenue - Other	\$12,561			\$12,561		\$12,561
70500 Total Tenant Revenue	\$126,117	\$0	\$0	\$126,117	\$0	\$126,117
70600 HUD PHA Operating Grants	\$390,941	\$1,476,761		\$1,867,702		\$1,867,702
70610 Capital Grants	\$77,839			\$77,839		\$77,839
71100 Investment Income - Unrestricted	\$16	\$19		\$35		\$35
71400 Fraud Recovery		\$2,596		\$2,596		\$2,596
71500 Other Revenue	\$4,800	\$2,829	\$63,719	\$71,348		\$71,348
70000 Total Revenue	\$599,713	\$1,482,205	\$63,719	\$2,145,637	\$0	\$2,145,637
91100 Administrative Salaries	\$141,993	\$124,228	\$30,593	\$296,814		\$296,814
91200 Auditing Fees	\$6,472	\$2,643		\$9,115		\$9,115
91500 Employee Benefit contributions - Administrative	\$39,973	\$44,119	\$12,525	\$96,617		\$96,617
91600 Office Expenses			\$600	\$600		\$600
91700 Legal Expense	\$2,459			\$2,459		\$2,459
91800 Travel	\$8,484	\$2,877	\$95	\$11,456		\$11,456
91900 Other	\$52,290	\$17,847		\$70,137		\$70,137
91000 Total Operating - Administrative	\$251,671	\$191,714	\$43,813	\$487,198	\$0	\$487,198
92400 Tenant Services - Other	\$836			\$836		\$836
92500 Total Tenant Services	\$836	\$0	\$0	\$836	\$0	\$836
93100 Water	\$2,887			\$2,887		\$2,887
93200 Electricity	\$13,937			\$13,937		\$13,937
93300 Gas	\$4,683			\$4,683		\$4,683
93600 Sewer	\$7,322			\$7,322		\$7,322
93000 Total Utilities	\$28,829	\$0	\$0	\$28,829	\$0	\$28,829
94100 Ordinary Maintenance and Operations - Labor	\$90,406		\$6,506	\$96,912		\$96,912
94200 Ordinary Maintenance and Operations - Materials and Other	\$40,097		\$5,871	\$45,968		\$45,968
94300 Ordinary Maintenance and Operations Contracts	\$75,729			\$75,729		\$75,729
94500 Employee Benefit Contributions - Ordinary Maintenance	\$37,219		\$1,005	\$38,224		\$38,224
94000 Total Maintenance	\$243,451	\$0	\$13,382	\$256,833	\$0	\$256,833
96110 Property Insurance	\$19,951			\$19,951		\$19,951
96120 Liability Insurance	\$1,551	\$184		\$1,735		\$1,735
96130 Workmen's Compensation	\$4,071	\$2,114		\$6,185		\$6,185
96140 All Other Insurance	\$4,139			\$4,139		\$4,139
96100 Total insurance Premiums	\$29,712	\$2,298	\$0	\$32,010	\$0	\$32,010

See independent auditors' report

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
Project Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2012

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
96200 Other General Expenses						
96210 Compensated Absences	\$5,938	\$2,975		\$8,913		\$8,913
96300 Payments in Lieu of Taxes	\$9,725			\$9,725		\$9,725
96400 Bad debt - Tenant Rents	\$9,162			\$9,162		\$9,162
96600 Bad debt - Other		\$706		\$706		\$706
96000 Total Other General Expenses	\$24,825	\$3,681	\$0	\$28,506	\$0	\$28,506
96900 Total Operating Expenses	\$579,324	\$197,693	\$57,195	\$834,212	\$0	\$834,212
97000 Excess of Operating Revenue over Operating Expenses	\$20,389	\$1,284,512	\$6,524	\$1,311,425	\$0	\$1,311,425
97300 Housing Assistance Payments		\$1,340,816		\$1,340,816		\$1,340,816
97400 Depreciation Expense	\$312,722	\$113		\$312,835		\$312,835
90000 Total Expenses	\$892,046	\$1,538,622	\$57,195	\$2,487,863	\$0	\$2,487,863
10010 Operating Transfer In	\$15,235			\$15,235	-\$15,235	\$0
10020 Operating transfer Out	-\$15,235			-\$15,235	\$15,235	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$292,333	-\$56,417	\$6,524	-\$342,226	\$0	-\$342,226
11030 Beginning Equity	\$5,054,812	\$189,702	\$3,975	\$5,248,489		\$5,248,489
11170 Administrative Fee Equity		\$17,302		\$17,302		\$17,302
11180 Housing Assistance Payments Equity		\$115,983		\$115,983		\$115,983
11190 Unit Months Available	1173	3552		4725		4725
11210 Number of Unit Months Leased	1155	3519		4674		4674
11270 Excess Cash	\$121,888			\$121,888		\$121,888
11640 Furniture & Equipment - Administrative Purchases	\$919			\$919		\$919
11650 Leasehold Improvements Purchases	\$76,920			\$76,920		\$76,920

See independent auditors' report

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
Project Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2012

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$113,556		\$113,556
70400 Tenant Revenue - Other	\$12,561		\$12,561
70500 Total Tenant Revenue	\$126,117	\$0	\$126,117
70600 HUD PHA Operating Grants	\$345,235	\$45,706	\$390,941
70610 Capital Grants		\$77,839	\$77,839
71100 Investment Income - Unrestricted	\$16		\$16
71500 Other Revenue	\$4,800		\$4,800
70000 Total Revenue	\$476,168	\$123,545	\$599,713
91100 Administrative Salaries	\$125,527	\$16,466	\$141,993
91200 Auditing Fees	\$6,472		\$6,472
91500 Employee Benefit contributions - Administrative	\$39,973		\$39,973
91700 Legal Expense	\$2,459		\$2,459
91800 Travel	\$8,484		\$8,484
91900 Other	\$50,576	\$1,714	\$52,290
91000 Total Operating - Administrative	\$233,491	\$18,180	\$251,671
92400 Tenant Services - Other	\$836		\$836
92500 Total Tenant Services	\$836	\$0	\$836
93100 Water	\$2,887		\$2,887
93200 Electricity	\$13,937		\$13,937
93300 Gas	\$4,683		\$4,683
93600 Sewer	\$7,322		\$7,322
93000 Total Utilities	\$28,829	\$0	\$28,829
94100 Ordinary Maintenance and Operations - Labor	\$90,000	\$406	\$90,406
94200 Ordinary Maintenance and Operations - Materials and Other	\$34,024	\$6,073	\$40,097
94300 Ordinary Maintenance and Operations Contracts	\$69,917	\$5,812	\$75,729
94500 Employee Benefit Contributions - Ordinary Maintenance	\$37,219		\$37,219
94000 Total Maintenance	\$231,160	\$12,291	\$243,451

See independent auditors' report

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
Project Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2012

	Low Rent	Capital Fund	Total Project
96110 Property Insurance	\$19,951		\$19,951
96120 Liability Insurance	\$1,551		\$1,551
96130 Workmen's Compensation	\$4,071		\$4,071
96140 All Other Insurance	\$4,139		\$4,139
96100 Total insurance Premiums	\$29,712	\$0	\$29,712
96210 Compensated Absences	\$5,938		\$5,938
96300 Payments in Lieu of Taxes	\$9,725		\$9,725
96400 Bad debt - Tenant Rents	\$9,162		\$9,162
96000 Total Other General Expenses	\$24,825	\$0	\$24,825
96900 Total Operating Expenses	\$548,853	\$30,471	\$579,324
97000 Excess of Operating Revenue over Operating Expenses	-\$72,685	\$93,074	\$20,389
97400 Depreciation Expense	\$205,703	\$107,019	\$312,722
90000 Total Expenses	\$754,556	\$137,490	\$892,046
10010 Operating Transfer In	\$15,235		\$15,235
10020 Operating transfer Out		-\$15,235	-\$15,235
10100 Total Other financing Sources (Uses)	\$15,235	-\$15,235	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$263,153	-\$29,180	-\$292,333
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$5,054,812	\$0	\$5,054,812
11190 Unit Months Available	1173		1173
11210 Number of Unit Months Leased	1155		1155
11270 Excess Cash	\$121,888		\$121,888
11640 Furniture & Equipment - Administrative Purchases	\$0	\$919	\$919
11650 Leasehold Improvements Purchases	\$0	\$76,920	\$76,920

See independent auditors' report

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATION
December 31, 2012**

	<u>OH16-P072-501-10</u>
Total Expended	<u>\$ 184,528</u>
Total Received	<u>\$ 184,528</u>

1. The grant cost certificate was approved by HUD.
2. The Authority records agree to the above total expenditures.
3. There are no outstanding liabilities.

See independent auditors' report

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
Year Ended December 31, 2012**

	FEDERAL CFDA NUMBER	FUNDS EXPENDED
<u>FROM U.S. DEPARTMENT OF HUD</u>		
<u>DIRECT PROGRAMS</u>		
Public and Indian Housing	14.850	\$ 345,235
Section 8 Housing Choice Vouchers	14.871	1,476,761
Public Housing Capital Fund Program	14.872	123,545
Total Federal Awards Expended		\$ 1,945,541

See independent auditors' report



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**INDEPENDENT AUDITORS' 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***

To the Board of Directors
Logan County Metropolitan Housing Authority
Bellefontaine, Ohio

Regional Inspector General of 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 business-type activities of Logan County Metropolitan Housing Authority as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated June 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Logan County Metropolitan Housing Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Logan County Metropolitan Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Logan Metropolitan Housing 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 entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Logan County Metropolitan Housing Authority'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*.

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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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "JC & Co.". The "J" is stylized with a long horizontal stroke extending to the left. The "&" is a simple ampersand, and "Co." is written in a cursive-like font.

JC & Co.
June 6, 2013



Certified Public Accountants

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

To the Board of Directors
Logan County Metropolitan Housing Authority
Bellefontaine, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited Logan County Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Logan County Metropolitan Housing Authority's major federal programs for the year ended December 31, 2012. Logan County Metropolitan Housing Authority's major federal program is identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Logan County Metropolitan Housing 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 Logan County Metropolitan Housing 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 its major federal program. However, our audit does not provide a legal determination of Logan County Metropolitan Housing Authority's compliance.

Opinion on the Major Federal program

In our opinion, Logan County 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 a major federal program for the year ended December 31, 2012.

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Report on Internal Control Over Compliance

Management of Logan County 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 Logan County Metropolitan Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for a 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 Logan County Metropolitan Housing 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 requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "JC & Co." with a stylized flourish at the end of the "C".

JC & Co.
Lancaster, Ohio
June 6, 2013

**Logan County Metropolitan Housing Authority
Logan County**

**Summary of Auditors' Results and Schedule of Findings
OMB Circular A-133 § .505
December 31, 2012**

1. SUMMARY OF AUDITORS' RESULTS
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Type of Financial Statement Opinion	Unmodified
Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material internal control weaknesses reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any reportable findings under § .510(a)?	No
Major Programs (list):	CFDA# 14.871 Housing Choice Voucher
Dollar Threshold: Type A/B Programs	\$300,000
Low Risk Auditee?	Yes

**Logan County Metropolitan Housing Authority
Summary of Auditors' Results and Schedule of Findings
OMB Circular A-133 § .505 - Continued
December 31, 2012**

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

There were no findings for the year ended December 31, 2012.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no findings for the year ended December 31, 2012.

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Dave Yost • Auditor of State

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 20, 2013**