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1035 Murdoch Ave
Parkersburg, WV 26101
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121 E Main St
St. Clairsville, OH 43950
740.695.1569

Perry & Associates
Certified Public Accountants, A.C.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Dave Yost • Auditor of State

Board of Commissioners
Ironton Metropolitan Housing Authority
720 Washington Street
Ironton, Ohio 45638

We have reviewed the *Independent Auditor's Report* of the Ironton Metropolitan Housing Authority, Lawrence County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period October 1, 2013 through September 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ironton Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

April 23, 2015

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IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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INDEPENDENT AUDITOR'S REPORT

March 20, 2015

Ironton Metropolitan Housing Authority
Lawrence County
720 Washington Street
Ironton, Ohio 45638

To the Director and Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of **Ironton Metropolitan Housing Authority**, Lawrence County, Ohio (the Authority), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Ironton Metropolitan Housing Authority, Lawrence County as of September 30, 2014, and the changes in its financial position and its cash flows 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, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Financial Data Schedule presented on pages 22 and 23 is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements.

The Schedule of Federal Awards Expenditures also presents additional analysis as 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 financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 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.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

MANAGEMENT'S DISCUSSION AND ANALYSIS
Unaudited

It is a privilege to present for you the financial picture of Ironton Metropolitan Housing Authority. The Ironton Metropolitan Housing Authority's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year's challenges), and (d) identify the single enterprise 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, which will begin on page 9.

FINANCIAL HIGHLIGHTS

- Total revenues increased by $420,710 (or 24.35%) during 2014, and were $2,148,151 and $1,727,441 for 2014 and 2013, respectively.

- Total expenses increased by $53,653 (or 2.72%). Total expenses were $2,029,800 and $1,976,147 for 2014 and 2013, respectively.

USING THIS ANNUAL REPORT

The following is a summary of the presentation of the Authority's financial statements:

MD&A ~ Management 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 the Basic Financial Statements ~

The focus is on the Authority as a single enterprise fund. This format allows the user to address relevant questions, broadens a basis for comparison (year to year or Authority to Authority) and enhances the Authority's accountability.

BASIC FINANCIAL STATEMENTS

The basic financial statements, beginning on page 9, are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the 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, equals "Net Position." Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current."

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

> Net Investment in Capital Assets: This component of Net Position consists of all Net Capital Assets (net of accumulated depreciation).
>
> 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 Investment in Capital Assets," or "Restricted Net Position."

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

The focus of the Statement of Revenues, Expenses, and Changes in Net Position is the "Change in Net Position."

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

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

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

Capital Fund Program (CFP) – Substantially all additions to land, structures, and equipment are accomplished through modernization programs (included in the financial statements under the public housing program). Modernization funds replace or materially upgrade deteriorated portions of existing Authority property.

Housing Assistance Payments Program-Section 8 – The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position compared to the prior year.

TABLE 1
STATEMENT OF NET POSITION

	2014	2013	Variance
Current Assets	$ 2,240,099	$ 2,107,632	$ 132,467
Noncurrent Assets	5,329,695	5,340,227	(10,532)
TOTAL ASSETS	7,569,794	7,447,859	121,935
Current and Other Liabilities	130,922	139,215	(8,293)
Long-term Liabilities	196,450	184,573	11,877
TOTAL LIABILITIES	327,372	323,788	3,584
Net Position:			
Net Investment in Capital Assets	5,329,695	5,340,227	(10,532)
Restricted	11,404	10,339	1,065
Unrestricted	1,901,323	1,773,505	127,818
TOTAL NET POSITION	$ 7,242,422	$ 7,124,071	$ 118,351

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Current and other assets increased by $132,467 primarily due to an increase in cash from revenues exceeding expenses on a cash basis. Capital assets, net decreased $10,532 due to depreciation expense which exceeded construction activity in 2014. Long term liabilities increased by $11,877 due to increased compensated absences for the Authority in 2014.

TABLE 2
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following schedule compares the revenues and expenses for the current and previous years.

	2014	2013	Variance
Revenues			
Tenant Rental Revenue	$ 765,801	$ 760,136	$ 5,665
Government Operating Grants	838,823	385,980	452,843
Capital Grants	446,174	474,490	(28,316)
Investment Income/Other Revenues	97,353	106,835	(9,482)
TOTAL REVENUE	2,148,151	1,727,441	420,710
Expenses			
Administrative	207,371	209,952	(2,581)
Tenant Services	979	2,252	(1,273)
Utilities	367,869	341,379	26,490
Ordinary Maintenance and Operation	589,446	580,323	9,123
General Expenses	97,616	91,085	6,531
Housing Assistance Payments	253,877	233,508	20,369
Depreciation Expense	512,642	517,648	(5,006)
TOTAL EXPENSES	2,029,800	1,976,147	53,653
NET INCREASE (DECREASE)	118,351	(248,706)	367,057
Net Position, Beginning of Year	7,124,071	7,372,777	(248,706)
Net Position, End of Year	$ 7,242,422	$ 7,124,071	$ 118,351

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

Government operating grants increased by $452,843 from 2013 to 2014, due to increased government subsidy of rents and more occupancy. Utilities expense increased $26,490 from 2013 to 2014 due to more usage. Ordinary maintenance and operation expenses increased $9,123 from 2013 to 2014 due to more maintenance being required during 2014. Capital grants decreased by $28,316 from 2013 to 2014 due to a slight decline in ongoing construction during 2014. Other than these changes the Authority operated consistently between the years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the Authority had $5,329,695 invested in a variety of capital assets (net of accumulated depreciation) as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of $10,532 from the end of last year.

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

	2014	2013
Construction in Progress	$ 838,097	$ 799,376
Land and Land Rights	500,242	500,242
Buildings and Improvements	13,707,286	13,250,858
Equipment	440,933	436,508
Accumulated Depreciation	(10,156,863)	(9,646,757)
TOTAL	$ 5,329,695	$ 5,340,227

The following reconciliation summarizes the change in Capital Assets.

TABLE 4
CHANGE IN CAPITAL ASSETS

BEGINNING BALANCE	$ 5,340,227
Additions (Net)	502,110
Depreciation	(512,642)
ENDING BALANCE	$ 5,329,695

This year's major additions are:

Capital improvements (CFP) still in progress at the Authority's Public Housing complexes	$ 495,149
TOTAL ADDITIONS	$ 495,149

See note 5 to the basic financial statements for more information regarding the Authority's capital assets.

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

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Jim Johnson, Executive Director of the Ironton Metropolitan Housing Authority at 740-532-8658.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2014

Assets	
Current Assets:	
Cash and Cash Equivalents - Unrestricted	$ 2,139,805
Cash and Cash Equivalents - Restricted	11,404
Accounts Receivable:	
Tenants - Dwelling Rents, net of allowance for doubtful accounts	55,123
Accrued Interest Receivable	448
Prepaid Expenses and Other Assets	33,319
Total Current Assets	2,240,099
Noncurrent Assets:	
Capital Assets:	
Nondepreciable Capital Assets	1,338,339
Depreciable Capital Assets, Net of Accumulated Depreciation	3,991,356
Total Capital Assets	5,329,695
Total Noncurrent Assets	5,329,695
Total Assets	$ 7,569,794
Liabilities	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	$ 9,190
Compensated Absences, Current Portion	10,628
Tenant Security Deposits	58,654
Intergovernmental Payable	37,212
Other Current Liabilities	15,238
Total Current Liabilities	130,922
Long Term Liabilities:	
Compensated Absences	196,450
Total Long Term Liabilities	196,450
Total Liabilities	327,372
Net Position:	
Net Investment In Capital Assets	5,329,695
Restricted	11,404
Unrestricted	1,901,323
Total Net Position	7,242,422
Total Liabilities and Net Position	$ 7,569,794

See accompanying notes to the basic financial statements.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Operating Revenues	
Tenant Rental Revenues	$ 743,115
Tenant Revenue - Other	22,686
Government Operating Grants	838,823
Other	94,223
Total Operating Revenues	1,698,847
Operating Expenses	
Administrative:	
Administrative	207,371
Tenant Services	979
Utilities	367,869
Ordinary Maintenance & Operation	589,446
General Expenses	97,616
Housing Assistance Payments	253,877
Depreciation Expense	512,642
Total Operating Expenses	2,029,800
Operating Loss	(330,953)
Non-Operating Revenues	
Capital Grants	446,174
Investment Income - Unrestricted	3,130
Total Non-Operating Revenues	449,304
Change in Net Position	118,351
Net Position, Beginning of Year	7,124,071
Net Position, End of Year	$ 7,242,422

See accompanying notes to the basic financial statements.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE, OHIO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Cash Flows From Operating Activities:	
Receipts From Tenants	$ 755,074
Receipts From Operating Grants	838,823
Other Operating Receipts	94,223
Housing Assistance Payments	(253,877)
Payments for General and Administrative Expense	(1,252,673)
Net Cash Provided by Operating Activities	181,570
Cash Flows From Capital and Related Financing Activities:	
Construction and Acquisition of Capital Assets	(502,110)
Capital Grants	446,174
Net Cash Used in Capital and Related Financing Activities	(55,936)
Cash Flows From Investing Activities:	
Interest Received on Investments	3,126
Net Cash Provided by Investing Activities	3,126
Net Increase in Cash and Cash Equivalents	128,760
Cash at Beginning of Year	2,022,449
Cash at End of Year	$ 2,151,209
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Operating Loss	$ (330,953)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities	
Depreciation Expense	512,642
(Increase)Decrease In:	
Accounts Receivable	(10,727)
Prepaid Expenses and Other Assets	7,024
Increase(Decrease) In:	
Accrued Wages/Payroll Taxes Payable	(4,651)
Compensated Absences	9,276
Tenant Security Deposits	2,257
Intergovernmental Payable	(3,298)
Net Cash Provided by Operating Activities	$ 181,570

See accompanying notes to the basic financial statements.

1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY

The Ironton Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code.

The Ironton Metropolitan Housing Authority was established for the purpose of engaging the development, acquisition, and administrative activities of the low-income housing program and other programs with similar objectives. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the low-income housing program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction, and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

<u>DESCRIPTION OF PROGRAMS:</u>

A. PUBLIC HOUSING PROGRAM

The public housing program is designed to provide low-cost housing within Lawrence County. Under this program, HUD provides funding via an annual contributions 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 (CFP)

The Capital Fund Program also is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

C. HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

<u>REPORTING ENTITY</u>

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Authority are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Authority. For the Authority, this includes general operations, public housing, Section 8, and modernization programs. Component units are legally separate organizations for which the Authority is financially accountable.

The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization or (2) the Authority is legally entitled to or can otherwise access the organization's resources; (3) the Authority is legally obligated or has assumed responsibility to finance the deficits of, or provide fiscal support to, the organization; (4) the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the levying of taxes or issuance of debt. The Authority did not have any component units or other related organizations in 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ironton Metropolitan Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applies to governmental units. The Governmental Accounting Standards Board 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.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. For financial statement presentation purposes, the various programs of the Authority are grouped into the following fund type:

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

Enterprise Fund - The enterprise fund is used to account for operations 1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services of the general public on a continuing basis be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type income statements represent increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

C. BASIS OF ACCOUNTING

Proprietary fund types use accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and measurable and expenses are recorded at the time liabilities are incurred, if measurable.

D. BUDGETARY DATA

The Authority is not required to follow the budgetary requirements of the Ohio Revised Code. However, the Authority does maintain a budget for management purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of funds deposited in checking accounts and certificates of deposit. Cash equivalents are stated at cost, which approximates market value.

The Authority has investments in the form of certificates of deposits. Except for nonparticipating investment contracts, investments are reported at fair value which is based upon quoted market prices. Nonparticipating investment contracts such as certificates of deposit are reported at cost.

For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments of the Authority with an original maturity of six months or less at the time they are purchased by the Authority are considered to be cash equivalents. Investments with an initial maturity of more than six months are reported as investments.

F. CAPITAL ASSETS

The capital asset values initially were determined by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated capital assets are capitalized at estimated fair market value on the date donated. The Authority uses a capitalization threshold of $200.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

Enterprise Fund Capital Assets: Capital assets reflected in the enterprise fund are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

Description	Estimated Lives
Buildings	20-40 years
Building Improvements	20 years
Equipment, Furniture and Fixtures	5-10 years
Other Equipment and Machinery	3-10 years

Capital assets acquired from resources externally restricted for capital acquisition (e.g. capital grants) are recorded as revenue in the benefiting proprietary fund. Depreciation on these assets is recorded as an expense.

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond September 30, 2014, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. COMPENSATED ABSENCES

In 1999, the Authority implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end. In proprietary funds, compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability.

I. TAX LIABILITY

The Authority is by law exempt from all federal, state, and local taxes and assessments. The Authority has elected to pay a Payment in Lieu of Taxes (PILOT) based principally on a percentage of tenant dwelling income received from HUD-assisted programs.

J. INTERGOVERNMENTAL REVENUES

Grants, entitlements or shared revenues received for enterprise fund operating purposes are recognized in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as revenue.

K. USE OF 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 certain reported amounts and accompanying notes. Accordingly, actual results could differ from those estimates.

L. NET POSITION

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Restricted Net Position represents the portion of Net Position restricted for Housing Assistance Payments. Unrestricted Net Position represents the portion of net Position not restricted.

M. RESTRICTED ASSETS

The Authority has recorded restricted assets to account for the cash held by the Authority which is restricted by HUD for Housing Assistance Payments.

N. MONIES HELD FOR MATURED BONDS AND INTEREST

The Authority received $15,238 during a prior period from a bank who was the fiscal agent for matured bonds and coupons from old debt issues. The District has recorded such monies as a liability as of September 30, 2014.

3. DEPOSITS AND INVESTMENTS

Cash on Hand

At year end, the Authority had $300 in un-deposited cash on hand which is included on the financial statements of the Authority as part of “cash - unrestricted.”

Deposits

At year end, the carrying amount of the Authority’s deposits was $2,150,909, and the bank balance was $2,179,953. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of September 30, 2014, $250,000 of the Authority’s bank balance was covered by Federal Depository Insurance and $1,929,953 was uninsured and collateralized with securities held by the pledging financial institution’s trust department in the Authority’s name.

Custodial credit risk is the risk that, in the event of bank failure, the Authority’s deposits may not be returned. 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 Chapter 135 of the ORC, is held in financial institution pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve bank in the name of the Authority.

4. RECEIVABLES

Receivables at September 30, 2014, consisted of accounts receivable from tenants for rent and materials, miscellaneous receivables which includes late charges and utilities owed to the Authority by the tenants and accrued interest receivable. Asset valuation allowances for losses, such as those on receivables, should be deducted from the assets or groups of assets to which the allowance relate, with appropriate disclosure.

5. CAPITAL ASSETS

A summary of changes in the Authority’s capital assets for the year ended September 30, 2014 follows:

	Balance - 09/30/13	Additions	Deletions	Balance - 09/30/14
Capital Assets Not Being Depreciated:				
Land and Land Rights	$ 500,242	$ -	$ -	$ 500,242
Construction in Progress	799,376	495,149	(456,428)	838,097
Total Capital Assets Not Being Depreciated	1,299,618	495,149	(456,428)	1,338,339
Capital Assets Being Depreciated:				
Buildings and Improvements	13,250,858	456,428	-	13,707,286
Equipment	436,508	6,961	(2,536)	440,933
Total Capital Assets Being Depreciated	13,687,366	463,389	(2,536)	14,148,219
Accumulated Depreciation:				
Buildings and Improvements	(9,239,963)	(507,401)	-	(9,747,364)
Equipment	(406,794)	(5,241)	2,536	(409,499)
Total Accumulated Depreciation	(9,646,757)	(512,642)	2,536	(10,156,863)
Net Capital Assets Being Depreciated	4,040,609	(49,253)	-	3,991,356
Net Capital Assets	$ 5,340,227	$ 445,896	$ (456,428)	$ 5,329,695

6. DEFINED BENEFIT PENSION PLAN

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

All Ironton Metropolitan Housing Authority full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Plan – a cost sharing, multiple-employer defined benefit pension plan.

2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement and disability benefits, survivor and death benefits and annual cost-of-living adjustments to members of 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 state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, writing to, OPERS, 277 East Town Street, Columbus, Ohio 42315-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. The member contribution rates were 10.0% for 2014, 2013, and 2012 for the Authority. The employer contribution rates were 14.0% of covered payroll for the Authority for 2014, 2013, and 2012. The Authority's contributions to OPERS for the years ended September 30, 2014, 2013, and 2012 were $24,535, $26,141, and $34,578, respectively, which were equal to the required contributions for those years.

7. POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. 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 provides retirement, disability, and survivor benefits as well as postretirement health care coverage 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 postemployment health care coverage.

In order to qualify for post-retirement 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.

7. POSTEMPLOYMENT BENEFITS (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, 2013, and 2012, the Authority contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14% of covered payroll. 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 contributions allocated to health care for the traditional plan was 2.0% for calendar year 2014. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contributions that were used to fund post-employment benefits for 2014, 2013, and 2012, were $3,505, $1,867, and $9,879, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

8. OTHER EMPLOYEE BENEFITS

Compensated Absences: Vacation leave is earned at rates which vary depending upon length of service and standard work week. Current policy credits vacation on the employee's anniversary date. Vacation time can be carried over for one year, but must be taken in the year following the year earned. Employees are paid for earned, unused vacation leave at the time of termination.

Sick leave is earned at a rate of 4.60 hours per pay period (2 weeks). Employees who retire are paid for their earned, unused sick leave hours up to a maximum of 30 days, or the full balance may be transferred to another governmental agency. Such payment shall be based on the employee's rate of pay at the time of retirement. At September 30, 2014 the current amount of unpaid compensated absences was $10,628 and the noncurrent amount was $196,450.

The changes in the Authority's long-term liabilities during 2014 were as follows:

	Balance at 9/30/2013	Increase	Decrease	Balance at 9/30/2014	Amount Due In One Year
Compensated Absences	$197,802	$19,425	$10,149	$207,078	$10,628
Total Long-Term Liabilities	$197,802	$19,425	$10,149	$207,078	$10,628

9. ECONOMIC DEPENDENCY

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred.

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

11. CONTINGENCIES

A. Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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 September 30, 2014.

B. Litigation

The Authority is not party to legal proceedings as of September 30, 2014.

12. RECENT ACCOUNTING PRONOUNCEMENT

In June 2012, the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27". Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined; while the precise impact is not known, it is deemed likely that this pronouncement will have a material impact on the financial statements. The provisions of this statement are effective for the fiscal year ending September 30, 2015, and therefore will be adopted in the next fiscal year.

Supplementary Information

IRONTON METROPLOITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FINANCIAL DATA SCHEDULE
AS OF SEPTEMBER 30,2014

	14.871 Housing Choice Vouchers	14.850 14.872 Project Totals	Subtotal	ELIM	TOTAL
111 Cash - Unrestricted	$9,096	$163,326	$172,422	$0	$172,422
113 Cash - Other Restricted	$11,404	$0	$11,404	$0	$11,404
100 Total Cash	$20,500	$163,326	$183,826	$0	$183,826
126 Accounts Receivable - Tenants	$0	$56,123	$56,123	$0	$56,123
126.1 Allowance for Doubtful Accounts -Tenants	$0	-$1,000	-$1,000		-$1,000
129 Accrued Interest Receivable	$54	$394	$448	$0	$448
120 Total Receivables, Net of Allowances for Doubtful Accounts	$54	$55,517	$55,571	$0	$55,571
131 Investments - Unrestricted	$267,383	$1,700,000	$1,967,383		$1,967,383
142 Prepaid Expenses and Other Assets	$3,160	$30,159	$33,319	$0	$33,319
150 Total Current Assets	$291,097	$1,949,002	$2,240,099	$0	$2,240,099
161 Land	$0	$500,242	$500,242	$0	$500,242
162 Buildings	$0	$13,707,286	$13,707,286	$0	$13,707,286
163 Furniture, Equipment & Machinery - Dwellings	$0	$184,633	$184,633	$0	$184,633
164 Furniture, Equipment & Machinery - Administration	$1,560	$254,740	$256,300	$0	$256,300
166 Accumulated Depreciation	-$1,560	-$10,155,303	-$10,156,863	$0	-$10,156,863
167 Construction in Progress	$0	$838,097	$838,097	$0	$838,097
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$5,329,695	$5,329,695	$0	$5,329,695
180 Total Non-Current Assets	$0	$5,329,695	$5,329,695	$0	$5,329,695
190 Total Assets	$291,097	$7,278,697	$7,569,794	$0	$7,569,794
321 Accrued Wage/Payroll Taxes Payable	$418	$8,772	$9,190	$0	$9,190
322 Accrued Compensated Absences - Current Portion	$744	$9,884	$10,628		$10,628
341 Tenant Security Deposits	$0	$58,654	$58,654	$0	$58,654
345 Other Current Liabilities	$0	$15,238	$15,238	$0	$15,238
346 Accrued Liabilities - Other	$0	$37,212	$37,212		$37,212
310 Total Current Liabilities	$1,162	$129,760	$130,922	$0	$130,922
354 Accrued Compensated Absences - Non Current	$13,798	$182,652	$196,450	$0	$196,450
350 Total Non-Current Liabilities	$13,798	$182,652	$196,450	$0	$196,450
300 Total Liabilities	$14,960	$312,412	$327,372	$0	$327,372
508.1 Invested In Capital Assets, Net of Related Debt	$0	$5,329,695	$5,329,695	$0	$5,329,695
511.1 Restricted Net Assets	$11,404	$0	$11,404	$0	$11,404
512.1 Unrestricted Net Assets	$264,733	$1,636,590	$1,901,323	$0	$1,901,323
513 Total Equity/Net Assets	$276,137	$6,966,285	$7,242,422	$0	$7,242,422
600 Total Liabilities and Equity/Net Assets	$291,097	$7,278,697	$7,569,794	$0	$7,569,794

IRONTON METROPLOITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	14.871 Housing Choice Vouchers	14.850 14.872 Project Totals	TOTAL
70300 Net Tenant Rental Revenue	$0	$743,115	$743,115
70400 Tenant Revenue - Other	$0	$22,686	$22,686
70600 HUD PHA Operating Grants	$252,316	$586,507	$838,823
70610 Capital Grants	$0	$446,174	$446,174
71100 Investment Income - Unrestricted	$316	$2,814	$3,130
71400 Fraud Recovery	$35,889	$0	$35,889
71500 Other Revenue	$0	$58,334	$58,334
70000 Total Revenue	$288,521	$1,859,630	$2,148,151
91100 Administrative Salaries	$14,391	$90,811	$105,202
91200 Auditing Fees	$529	$9,509	$10,038
91310 Book-keeping Fee	$411	$0	$411
91500 Employee Benefit contributions - Administrative	$1,434	$49,297	$50,731
91600 Office Expenses	$1,085	$20,501	$21,586
91700 Legal Expense	$0	$4,648	$4,648
91900 Other	$6,657	$8,098	$14,755
91000 Total Operating - Administrative	$24,507	$182,864	$207,371
92400 Tenant Services - Other	$0	$979	$979
92500 Total Tenant Services	$0	$979	$979
93100 Water	$0	$105,216	$105,216
93200 Electricity	$215	$224,469	$224,684
93300 Gas	$0	$37,969	$37,969
93000 Total Utilities	$215	$367,654	$367,869
94100 Ordinary Maintenance and Operations - Labor	$0	$91,719	$91,719
94200 Ordinary Maintenance and Operations - Materials and Other	$0	$30,259	$30,259
94300 Ordinary Maintenance and Operations Contracts	$9,311	$408,368	$417,679
94500 Employee Benefit Contributions - Ordinary Maintenance	$0	$49,789	$49,789
94000 Total Maintenance	$9,311	$580,135	$589,446
96110 Property Insurance	$0	$40,192	$40,192
96100 Total insurance Premiums	$0	$40,192	$40,192
96200 Other General Expenses	$0	$0	$0
96300 Payments in Lieu of Taxes	$0	$37,212	$37,212
96400 Bad debt - Tenant Rents	$0	$20,212	$20,212
96000 Total Other General Expenses	$0	$57,424	$57,424
96900 Total Operating Expenses	$34,033	$1,229,248	$1,263,281
97000 Excess of Operating Revenue over Operating Expenses	$254,488	$630,382	$884,870
97300 Housing Assistance Payments	$253,877	$0	$253,877
97400 Depreciation Expense	$0	$512,642	$512,642
90000 Total Expenses	$287,910	$1,741,890	$2,029,800
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$611	$117,740	$118,351
11030 Beginning Equity	$275,526	$6,848,545	$7,124,071
11170 Administrative Fee Equity	$264,758	$0	$264,758
11180 Housing Assistance Payments Equity	$11,379	$0	$11,379
11190 Unit Months Available	1076	3012	4088
11210 Number of Unit Months Leased	758	2921	3679
11270 Excess Cash	$0	$1,686,646	$1,686,646
11620 Building Purchases	$0	$446,174	$446,174

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	2014 FEDERAL EXPENDITURES
DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Low Rent Public Housing	14.850	$ 586,507
Section 8 Housing Choice Vouchers	14.871	252,316
Public Housing Capital Fund	14.872	446,174
TOTAL FEDERAL AWARDS EXPENDITURES		$ 1,284,997

See accompanying note to the Schedule of Federal Awards Expenditures.

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures, the “Schedule,” is a summary of the activity of the Authority’s federal award programs. The Schedule has been prepared on the accrual basis of accounting as required by accounting principles generally accepted in the United States of America. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

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

March 20, 2015

Ironton Metropolitan Housing Authority
Lawrence County
720 Washington Street
Ironton, Ohio 45638

To the Director and Board of Commissioners:

We have audited in accordance with auditing standards generally accepted in the United State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Ironton Metropolitan Housing Authority,** (the Authority) as of and for the year ended September 30, 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 March 20, 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 opinions 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 Standard*s.

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.

Perry & Associates CPA's A.C.

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Certified Public Accountants, A.C.
Marietta, Ohio

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

March 20, 2015

Ironton Metropolitan Housing Authority
Lawrence County
720 Washington Street
Ironton, Ohio 45638

To the Director and Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the **Ironton 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 the Authority's major federal program for the year ended September 30, 2014. The *Summary of Audit Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program 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 program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Ironton Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended September 30, 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.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

IRONTON METROPOLITAN HOUSING AUTHORITY
LAWRENCE COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2014

SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505

1. SUMMARY OF AUDIT RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control 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 § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Low Rent Public Housing, CFDA # 14.850
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

IRONTON METROPOLITAN HOUSING AUTHORITY

LAWRENCE 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
MAY 7, 2015