

**COLUMBIANA METROPOLITAN
HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

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



Dave Yost • Auditor of State

Board of Commissioners
Columbiana Metropolitan Housing Authority
325 Moore Street
East Liverpool, Ohio 43920-2572

We have reviewed the *Independent Auditor's Report* of the Columbiana Metropolitan Housing Authority, Columbiana County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Columbiana 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

January 21, 2014

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**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Columbiana Metropolitan Housing Authority
East Liverpool, 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 of the Columbiana Metropolitan Housing Authority, Ohio (the Authority) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the of the Columbiana Metropolitan Housing Authority, Ohio, as of June 30, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Financial Data Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, on our consideration of the Columbiana Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Columbiana Metropolitan Housing Authority, Ohio's internal control over financial reporting and compliance.

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

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2013.12.31 11:55:33 -05'00'

December 13, 2013

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The Columbiana Metropolitan Housing Authority's (the Authority) Management's Discussion and Analysis is designed to a) assist the reader in focusing on significant financial issues, b) provide an overview of the Authority's financial activity, c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and d) identify individual issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current fiscal 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 total revenues increased by \$208,626 during 2013, and were \$5,808,419 and \$5,599,793 for 2013 and 2012, respectively.
- The Authority's net position increased by \$98,230 during 2013. Since the Authority engages in only business-type activities, the decrease is all in the category of business-type net position.
- The total expenses of all Authority programs decreased by \$97,025. Total expenses were \$5,710,189 and \$5,807,214 for 2013 and 2012, respectively.

USING THIS ANNUAL REPORT

The following outlines the format of this report:

MD&A

- Management Discussion and Analysis -

Basic Financial Statements

- Authority-wide Financial Statements -

- Fund Financial Statements -

- Notes to the Financial Statements -

Other Required Supplementary Information

- Required Supplementary Information (other than MD&A)

The focus is on both the Authority as a whole (authority-wide) and the major individual funds. Both perspectives (authority-wide and major funds) 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.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

Authority-Wide Financial Statements

The Authority-wide financial statements are designed to be corporate-like in that all business-type activities are consolidated, 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 equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

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

Restricted Net Position: This component of Net Position consists of restricted assets, 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 does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position". This account resembles the old operating reserves account.

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, 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 from capital and related financing activities.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

Financial Statements

Traditional users of governmental financial statements will find the financial statements presentation more familiar. The focus is now on major funds, rather than fund types. The Authority consists of exclusively enterprise funds. The enterprise fund utilizes the full accrual basis of accounting. The enterprise fund method of accounting is similar to accounting utilized by private sector accounting.

THE AUTHORITY'S PROGRAMS

Business-Type Programs

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

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

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 (HAP) made to the landlord. The Program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contribution funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

State and Local Program - The State and Local Program includes the Authority's contracts with the City of Salem and the City of East Liverpool, under which the Authority administers a voucher program for the two cities.

Shelter Plus Care Program - Under the Shelter Plus Care Program, the Authority administers contracts with independent landlords that own the property and property owned and managed by Columbiana County Mental Health Board. 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 percent of household income.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

Component Unit - The Component Unit represents the Program operated by the Housing Program Limited Corporation, a not-for-profit corporation under the Internal Revenue Service ruling Section 501c(3). This out-of-school program is an educational and recreational program for school-aged residents. The Program is provided on-site at the Authority's family developments. The Program offers a safe, friendly, and clean setting that promotes educational programs targeting a healthy lifestyle and reducing risky behaviors. The Program also reinforces academics by helping students with homework and providing educational computer software in the Authority's computer labs.

AUTHORITY-WIDE STATEMENTS

Statement of Net Position

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

Table 1 - Condensed Statement of Net Position Compared to Prior Year

	2013	2012
<u>Assets</u>		
Current and Other Assets	\$ 1,415,587	\$ 1,810,991
Capital Assets	11,019,635	10,757,747
Total Assets	\$ 12,435,222	\$ 12,568,738
<u>Liabilities</u>		
Current Liabilities	\$ 343,076	\$ 475,028
Noncurrent Liabilities	423,775	543,877
Total Liabilities	766,851	1,018,905
<u>Net Position</u>		
Net Investment in Capital Assets	10,614,274	10,229,790
Restricted	139,605	312,202
Unrestricted	914,492	1,007,841
Total Net Position	11,668,371	11,549,833
Total Liabilities and Net Position	\$ 12,435,222	\$ 12,568,738

For more detail information see the Statement of Net Position presented elsewhere in this report.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

Major Factors Affecting the Statement of Net Position

During 2013, total assets decreased by \$133,517 and total liabilities decreased by \$231,747. The change in total assets was primarily due to the result of current fiscal year activities.

The decrease in total liabilities was primarily due to debt principal payments made during the fiscal year of \$102,289.

Net position increased by \$98,230. This increase is due primarily to the change in operating and capital grant revenue received from HUD for the fiscal year.

Statement of Revenues, Expenses, and Changes in Net Position

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

Table 2 - Statement of Revenue, Expenses, and Changes in Net Position

	2013	2012
<u>Revenues</u>		
Total Tenant Revenues	\$ 809,564	\$ 764,486
Operating Subsidies	4,018,546	4,353,921
Capital Grants	912,655	407,232
Investment Income	657	11,658
Other Revenues	66,997	62,496
Total Revenues	5,808,419	5,599,793
<u>Expenses</u>		
Administrative	1,015,383	1,086,134
Tenant Services	101,620	140,732
Utilities	533,263	448,731
Maintenance	823,798	746,849
Protective Services	193,000	223,889
Insurance and General Expenses	193,991	233,074
Housing Assistance Payments	2,162,729	2,302,540
Depreciation	686,405	625,265
Total Expenses	5,710,189	5,807,214
Net Increases (Decreases)	98,230	(207,421)
Prior Period Adjustment	0	(177,617)
Change in Net Position	\$ 98,230	\$ (385,038)

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

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

Tenant revenue increased by \$45,078 in comparison of prior year's revenue.

Operating subsidies revenue decreased by \$343,390 from the prior year due to funding reductions by HUD. However, current year Capital Grants revenue increased by \$505,423 in comparison to prior year revenue due to increased spending of and utilization of the HUD capital grants during fiscal year 2013.

Total expenses were slightly reduced compared to the prior year. Current year expenses were \$5,710,189 in comparison to prior year expenses of \$5,807,214. Major changes in expenses include utilities which increased \$84,532 and Housing Assistance Payments which decreased by \$139,811.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year end, the Authority had \$11,019,635 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (addition, deductions, and depreciation) of \$261,887 from the end of last fiscal year.

Table 3 - Condensed Statement of Changes in Capital Assets

	2013	2012
Land	\$ 1,064,304	\$ 1,064,304
Construction in Progress	0	633,125
Buildings and Leasehold Improvements	28,972,750	27,489,022
Equipment	979,671	942,025
Accumulated Depreciation	(19,997,090)	(19,370,728)
Total	\$ 11,019,635	\$ 10,757,748

The following reconciliation summarizes the change in capital assets, which is presented in detail in Note 3 of the financial statements.

Table 4 - Changes in Capital Assets

Beginning Balance - June 30, 2012	\$ 10,757,748
Current year Additions	948,292
Current year Depreciation Expense	(686,405)
Ending Balance - June 30, 2013	\$ 11,019,635

The current year additions were primarily capital improvements to the property.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

Debt Outstanding

As of fiscal year-end, the Authority had \$405,361 in debt (bonds, notes, etc.) outstanding compared to \$507,650 for the prior fiscal year. A change of \$102,289 was due to principal payments made during the fiscal year.

Table 5 - Condensed Statement of Changes in Debt Outstanding

	2013	2012
Beginning Balance	\$ 507,650	\$ 646,345
Current Year Principal Payments	(102,289)	(113,836)
Other Adjustments to Current Balance	0	(24,859)
Ending Balance	\$ 405,361	\$ 507,650

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Thomas Snow, Executive Director of the Columbiana Metropolitan Housing Authority. Specific requests may be submitted to Thomas Snow, Executive Director, Columbiana Metropolitan Housing Authority, 325 Moore Street, East Liverpool, Ohio 43920.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current Assets

Cash and Cash Equivalents:	\$ 841,135
Restricted Cash and Cash Equivalents	191,095
Receivables, Net	286,123
Prepaid Expenses and Other Assets	66,859
Inventory	30,375

Total Current Assets 1,415,587

Capital Assets

Non-Depreciable Capital Assets	1,064,304
Depreciable Capital Assets, Net	9,955,331

Total Accounts and Notes Receivable 11,019,635

TOTAL ASSETS \$ 12,435,222

LIABILITIES

Current Liabilities

Accounts Payable	\$ 38,686
Accrued Liabilities	60,661
Tenant Security Deposits	51,490
Intergovernmental Payable	59,170
Other Current Liabilities	9,012
Current Portion - Mortgages Payable	124,057

Total Current Liabilities 343,076

Non-Current Liabilities

Mortgages Payable	281,304
Accrued Compensated Absences	142,471

Total Non-Current Liabilities 423,775

TOTAL LIABILITIES 766,851

NET POSITION

Net Investment in Capital Assets	10,614,274
Restricted Net Position	139,605
Unrestricted Net Position	914,492

TOTAL NET POSITION 11,668,371

TOTAL LIABILITIES AND NET POSITION \$ 12,435,222

See accompanying notes to the basic financial statements.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Operating Revenue</u>	
Tenant Rental Revenue	\$ 809,564
Government Operating Grants	4,018,546
Other Revenue	<u>66,997</u>
Total Operating Revenue	<u>4,895,107</u>
 <u>Operating Expenses</u>	
Administrative Salaries	1,015,383
Tenant Services	101,620
Utilities	533,263
Maintenance	823,798
Protective Services	193,000
Insurance and General Expense	184,672
Housing Assistance Payments	2,162,729
Depreciation Expense	<u>686,405</u>
Total Operating Expenses	<u>5,700,870</u>
Operating Income	<u>(805,763)</u>
 <u>Non-Operating Revenues (Expenses)</u>	
Interest and Investment Revenue	657
Interest Expense	<u>(9,319)</u>
Total Non-Operating Revenues (Expenses)	<u>(8,662)</u>
(Loss) Before Capital Contributions and Grants	<u>(814,425)</u>
Capital Grants	<u>912,655</u>
Change In Net Position	98,230
 Total Net Position - Beginning of Year	 <u>11,570,141</u>
 Total Net Position - End of Year	 <u>\$ 11,668,371</u>

See accompanying notes to the basic financial statements.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Cash Flows from Operating Activities

Cash Received- HUD Operating Subsidies and Grants	\$ 3,642,372
Cash Received from Tenants and Other Sources	831,152
Cash Payments for Housing Assistance Payments	(2,162,729)
Cash Payments for Administrative Costs	(977,310)
Cash Payments for Other Operating Expenses	(1,859,967)
Net Cash Provided (Used) by Operating Activities	<u>(526,482)</u>

Cash Flows from Capital and Related Financing Activities

Capital Additions	(948,292)
Capital Grants	912,655
Interest Expense	(9,319)
Repayment of Long-Term Debt	(102,289)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(147,245)</u>

Cash Flows from Investing Activities

Investment Income	657
Net Cash Provided (Used) by Investing Activities	<u>657</u>
Increase in Cash and Cash Equivalents	(673,070)

Cash and Cash Equivalents - Beginning of Year	<u>1,705,300</u>
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Cash and Cash Equivalents - End of Year	<u>\$ 1,032,230</u>
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**Reconciliation of Operating Income to
Net Cash Provided by Operating Activities**

Net Operating (Loss)	\$ (805,763)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	686,405
(Increase) Decrease in:	
Accounts Receivable	(284,668)
Prepaid Expenses	(1,172)
Inventory	8,174
Increase (Decrease) in:	
Accounts Payable	(30,616)
Intergovernmental	(132,039)
Compensated Absences	12,597
Security Deposits	1,557
Other Current Liabilities	(6,433)
Accrued Wages and Payroll Taxes	25,476

Net Cash Provided (Used) by Operating Activities	<u>\$ (526,482)</u>
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See accompanying notes to the basic financial statements.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code Section 3735.27 for the purpose of engaging in 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. The Authority contracts with HUD to provide low and moderate income persons with safe and sanitary housing through rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 61), in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of a reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

Reporting Entity (Continued)

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. The financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

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

Component Unit

The accompanying financial statements present the Housing Program Limited Corporation, a component unit of the Authority, over which the Authority exercises significant control, as a blended entity.

The Housing Program Limited Corporation (the Corporation) is a not-for-profit corporation under the IRS ruling 501c(3). The Corporation was created by the Authority to operate its after school program and to be eligible to apply for other funding for which the not-for-profit organization may be eligible. The Board Members of the Corporation consist of the Executive Director, the Finance Director, and another staff member of the Authority.

Basis of Presentation

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

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

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

Basis of Presentation (Continued)

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs 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.

Programs

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

Conventional Public Housing and Capital Fund Programs

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 Authority to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical (i.e. capital) and management improvements to the Authority's properties. Funds are provided by formula allocation and based on size and age of the units.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

Programs (Continued)

Central Office Cost Center (COCC)

The Authority owns and operates more than 250 dwelling rentals and established a COCC to account for non-project specific costs. These costs are funded from management fees, asset management fees, and bookkeeping fees charged to other Authority programs.

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 percent of household income.

Shelter Plus Care Program and Supporting Housing for Persons with Disabilities

These programs are designed to provide rental assistance for targeted populations and the Authority often can link the rental assistance provided to supporting services for those receiving the rental assistance. 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 percent of household income.

State and Local Fund

The Authority administered a contract with the City of Salem and the City of Liverpool to provide rental assistance services to their clients. The Authority administers contracts with independent landlords that own the property. This funding enables the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

Accounting and Reporting for Nonexchange Transactions

The Authority 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.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

Accounting and Reporting for Nonexchange Transactions (Continued)

The Authority 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 Authority receives government-mandated or voluntary nonexchange 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

Investments are restricted by the provisions of the HUD regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2013 totaled \$657.

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 fiscal year. The allowance for doubtful accounts was \$441 at June 30, 2013.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2013, 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 fiscal year in which the services are consumed.

Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued 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 charges as expenditures when used. The allowance for obsolete inventory was \$1,008 at June 30, 2013.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and a purchase price of \$500 or more per unit; and property betterment and additions costing \$2,500 and more. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

Due From/To Other Programs

On the basic financial statements, inter-program receivables and payables listed on the FDS are eliminated.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both 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 liability.

The following is a summary of changes in the compensated absence liability.

	Balance			Balance	Due Within
	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>	<u>One Year</u>
Compensated Absences	<u>\$ 155,016</u>	<u>\$ 79,294</u>	<u>\$ (66,697)</u>	<u>\$ 167,613</u>	<u>\$ 25,142</u>

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

Deferred Revenue

Deferred revenue arises when revenues are received before revenue recognition criteria have 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 its use 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 grant from HUD and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for 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 Grant

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

Income Taxes

No provision for income taxes is recorded as the Authority is a non-profit, tax exempt entity under the Internal Revenue Code.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by HUD. This budget is submitted to HUD, when applicable, and once approved, 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 statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

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

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year end June 30, 2013, the carrying amount of the Authority's deposits totaled \$395,151 (including \$100 petty cash) and its bank balance was \$425,270. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2013, \$425,270 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve banks or at member banks of the Federal Reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve bank in the name of the Authority.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

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

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 subdivision 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 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. However, it is the Authority's practice to limit its investments to three years or less.

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.

The carrying amount of the Authority's investments was \$637,079 at June 30, 2013, with the same corresponding bank balance. The investments are held in money markets.

<u>Description</u>	<u>Total Fair Value/ Carrying Value</u>	<u>Credit Quality Rating</u>
US Treasury Money Market Funds	\$ 637,079	AAAm*

* Rating offered by Standards and Poor's

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

A reconciliation of cash and investments as shown on the statement of net position at June 30, 2013 to the deposits and investments included in this note is as follows:

Cash and Cash Equivalents	\$ 841,135
Restricted Cash and Cash Equivalents	191,095
Total	<u>\$ 1,032,230</u>
Carrying Amount of Deposits	\$ 395,151
Carrying Amount of Investments	637,079
Total	<u>\$ 1,032,230</u>

Restricted Cash

A summary of restricted cash of the Authority is as follows:

Unspent Funding Provided by HUD to make Rental Assistance payments in the Section 8 Housing Choice Voucher Program	\$ 139,605
Tenant Security Deposits	51,490
Total Restricted Cash	<u>\$ 191,095</u>

NOTE 3: CAPITAL ASSETS

The following is a summary of capital assets:

	Balance July 1, 2012	Reclasses	Additions	Deletions	Balance June 30, 2013
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 1,064,304	\$ 0	\$ 0	0	\$ 1,064,304
Construction-in-Progress	633,125	(633,125)	0	0	0
Total Capital Assets Not Being Depreciated	<u>1,697,429</u>	<u>(633,125)</u>	<u>0</u>	<u>0</u>	<u>\$ 1,064,304</u>
<u>Capital Assets Being Depreciated</u>					
Buildings and Improvements	24,504,969	546,250	681,648	0	25,732,867
Furniture, Equipment, and Machinery					
Dwelling	271,132	69,967	0	(36,693)	304,406
Admin	670,893	0	27,722	(23,350)	675,265
Leasehold Improvements	2,984,053	16,908	238,922	0	3,239,883
Total Capital Assets Being Depreciated	<u>28,431,047</u>	<u>633,125</u>	<u>948,292</u>	<u>(60,043)</u>	<u>29,952,421</u>
<u>Accumulated Depreciation</u>					
Buildings and Improvements	(18,574,097)	0	(619,523)	0	(19,193,620)
Furniture, Equipment, and Machinery	(796,631)	0	(66,882)	60,043	(803,470)
Total Accumulated Depreciation	<u>(19,370,728)</u>	<u>0</u>	<u>(686,405)</u>	<u>60,043</u>	<u>(19,997,090)</u>
Depreciable Assets, Net	9,060,319	633,125	261,887	0	9,955,331
Total Capital Assets, Net	<u>\$ 10,757,748</u>	<u>\$ 0</u>	<u>\$ 261,887</u>	<u>\$ 0</u>	<u>\$ 11,019,635</u>

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 4: LONG-TERM DEBT

Lease/Purchase Agreement - Citicorp North America, Inc.

The Authority entered into an energy performance contract with Honeywell International, Inc., on February 11, 2004, for \$1,294,815. Citicorp North America, Inc. financed the Project. The term of the agreement is 24 semi-annual payments of \$69,823 at a fixed interest rate of 4.35 percent. The outstanding balance as of June 30, 2013 is \$405,361.

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

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due In</u> <u>One Year</u>
Citicorp North America, Inc.	\$ 507,650	\$ 0	\$ (102,289)	\$ 405,361	\$ 124,057

Debt maturities for the next five years are estimated as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 124,057	\$ 15,589	\$ 139,646
2015	129,523	10,123	139,646
2016	151,781	4,418	156,199
Total	<u>\$ 405,361</u>	<u>\$ 30,130</u>	<u>\$ 435,491</u>

NOTE 5: RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

All Authority full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans, as described below:

1.The Traditional Pension Plan (TP) - a cost sharing, multiple-employer defined benefit pension plan;

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

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377, or by using the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012 and 2013, member and employer contribution rates were consistent across all three plans. The 2012 and 2013 member contribution rates were 10.0 percent for members and 14.0 percent for employers of covered payroll. The Authority's contribution for the fiscal years ended June 30, 2013, 2012, and 2011 were \$131,584, \$135,153, and \$139,234, respectively. All required payments of contributions have been made through June 30, 2013.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 7: POST-EMPLOYMENT BENEFITS

A. Plan Description

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

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

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 writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. Funding Policy

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

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

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

B. **Funding Policy** (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year ending 2013, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for the period July 1, 2012 to December 31, 2012, and was 1.0 percent for the period January 1, 2013 to June 30, 2013.

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 year ended June 30, 2013, which were used to fund post-employment benefits was \$23,497.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of 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.

NOTE 8: **RESTRICTED NET POSITION**

For the fiscal year ended June 30, 2013, the Authority had \$139,605 in unspent funding provided by HUD to the Authority for the purpose of making rental assistance payments under the Section 8 Housing Choice Voucher Program

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

NOTE 9: **CONTINGENCIES**

Grants

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

Litigations

In the normal course of operations, the Authority may be subject to litigations and claims. At June 30, 2013, the Authority was not aware of any such matters.

NOTE 10: **NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

NOTE 11: **GASB STATEMENT IMPLEMENTATION**

For 2013, the Authority implemented GASB No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61, *The financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and GASB Statement No. 65, *Items Previously Reporting as Assets and Liabilities*.

The objective of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and the implementation of this statement did not result in any change in the Authority's financial statements.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)

NOTE 11: **GASB STATEMENT IMPLEMENTATION** (Continued)

The objective of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements Nos. 14 and No. 34*, is to improve financial reporting for a governmental financial reporting entity. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012 and have been implemented by the Authority.

The objective of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and the implementation of this statement did not result in any change in the Authority's financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the Authority; however, there was no effect on beginning net position.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the Authority; however, there was no effect on the financial statements of the Authority.

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013**

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	Component Units	State/Local	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	479,880		13,132	17,697	-		113,024		217,402	841,135		841,135
113 Cash - Other Restricted			139,605							139,605		139,605
114 Cash - Tenant Security Deposits	51,490									51,490		51,490
100 Total Cash	531,370	-	152,737	17,697	-	-	113,024	-	217,402	1,032,230	-	1,032,230
122 Accounts Receivable - HUD Other Projects	244,135									244,135		244,135
124 Accounts Receivable - Other Government						9,012				9,012		9,012
125 Accounts Receivable - Miscellaneous			31,094					1,441		32,535		32,535
126 Accounts Receivable - Tenants	882									882		882
126.1 Allowance for Doubtful Accounts - Tenants	-441									-441		-441
120 Total Receivables, Net of Allowances for Doubtful Accounts	244,576	-	31,094	-	-	9,012	-	1,441	1,441	286,123	-	286,123
142 Prepaid Expenses and Other Assets	63,462		1,735						1,662	66,859		66,859
143 Inventories	10,874								20,509	31,383		31,383
143.1 Allowance for Obsolete Inventories	-1,008								-	-1,008		-1,008
144 Inter Program Due From									27,149	27,149	-27,149	-
150 Total Current Assets	849,274	-	185,566	17,697	-	9,012	113,024	-	268,163	1,442,736	-27,149	1,415,587
161 Land	1,063,604								700	1,064,304		1,064,304
162 Buildings	25,717,567								15,300	25,732,867		25,732,867
163 Furniture, Equipment & Machinery - Dwellings	304,406									304,406		304,406
164 Furniture, Equipment & Machinery - Administration	552,312		94,653						28,300	675,265		675,265
165 Leasehold Improvements	3,239,883									3,239,883		3,239,883
166 Accumulated Depreciation	-19,893,075		-94,413						-9,602	-19,997,090		-19,997,090
160 Total Capital Assets, Net of Accumulated Depreciation	10,984,697	-	240	-	-	-	-	34,698	34,698	11,019,635	-	11,019,635
180 Total Non-Current Assets	10,984,697		240						34,698	11,019,635		11,019,635
190 Total Assets	11,833,971	-	185,806	17,697	-	9,012	113,024	-	302,861	12,462,371	-27,149	12,435,222

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2013**

	Project Total	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	14,181 Supportive Housing for Persons with Disabilities	14,238 Shelter Plus Care	14,239 HOME Investment Partnerships Program	Component Units	State/Local	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	30,468		2,742	2,300					3,176	38,686		38,686
321 Accrued Wage/Payroll Taxes Payable	5,428								30,091	35,519		35,519
322 Accrued Compensated Absences - Current Portion	10,812		3,241						11,089	25,142		25,142
333 Accounts Payable - Other Government	59,170									59,170		59,170
341 Tenant Security Deposits	51,490									51,490		51,490
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	124,057									124,057		124,057
346 Accrued Liabilities - Other						9,012				9,012		9,012
347 Inter Program - Due To			20,449			-	6,700			27,149	-27,149	-
310 Total Current Liabilities	281,425	-	26,432	2,300	-	9,012	6,700	-	44,356	370,225	-27,149	343,076
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	281,304									281,304		281,304
354 Accrued Compensated Absences - Non Current	61,266		18,366						62,839	142,471		142,471
350 Total Non-Current Liabilities	342,570	-	18,366	-	-	-	-	-	62,839	423,775	-	423,775
300 Total Liabilities	623,995	-	44,798	2,300	-	9,012	6,700	-	107,195	794,000	-27,149	766,851
508.1 Invested in Capital Assets, Net of Related Debt	10,579,336		240						34,698	10,614,274		10,614,274
511.1 Restricted Net Assets			139,605							139,605		139,605
512.1 Unrestricted Net Assets	630,640		1,163	15,397			106,324		160,968	914,492		914,492
513 Total Equity/Net Assets	11,209,976	-	141,008	15,397	-	-	106,324	-	195,666	11,668,371	-	11,668,371
600 Total Liabilities and Equity/Net Assets	11,833,971	-	185,806	17,697	-	9,012	113,024	-	302,861	12,462,371	-27,149	12,435,222

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
JUNE 30, 2013**

	Project Total	14,870 Resident Opportunity and Supportive	14,871 Housing Choice Vouchers	14,181 Supportive Housing for Persons with Disabilities	14,238 Shelter Plus Care	14,239 HOME Investment Partnerships Program	Component Units	State/Local	COCC	Subtotal	ELIM	Total
70500 Net Tenant Rental Revenue	759,320									759,320		759,320
70400 Tenant Revenue - Other	50,244									50,244		50,244
70500 Total Tenant Revenue	809,564									809,564		809,564
70600 HUD PHA Operating Grants	1,689,258	43,398	1,726,733	247,318	245,212					3,951,919		3,951,919
70610 Capital Grants	912,655									912,655		912,655
70710 Management Fee									396,610	396,610	-396,610	-
70720 Asset Management Fee									57,480	57,480	-57,480	-
70730 Book Keeping Fee									64,124	64,124	-64,124	-
70700 Total Fee Revenue	-	-	-	-	-	-	-	-	518,214	518,214	-518,214	-
70800 Other Government Grants	5,847					25,097		35,683		66,627		66,627
71100 Investment Income - Unrestricted	472			139				11		622		622
71500 Other Revenue	10,999		4,744				6,260	43,869		65,872		65,872
71600 Gain or Loss on Sale of Capital Assets	1,125									1,125		1,125
72000 Investment Income - Restricted			35							35		35
70000 Total Revenue	3,429,920	43,398	1,731,512	247,457	245,212	25,097	6,260	35,683	562,094	6,326,633	-518,214	5,808,419
91100 Administrative Salaries	159,698	19,794	94,767	12,630					269,698	556,587		556,587
91200 Auditing Fees	6,900		2,300	2,300					2,300	13,800		13,800
91300 Management Fee	319,533		44,299	9,836	18,045	1,653		3,244		396,610	-396,610	-
91310 Book-keeping Fee	41,978		22,146							64,124	-64,124	-
91400 Advertising and Marketing	5,143		825							5,968		5,968
91500 Employee Benefit contributions - Administrative	123,358	14,540	43,710	6,169					126,769	314,546		314,546
91600 Office Expenses	22,149		9,161	3,786					15,432	50,528		50,528
91700 Legal Expense	12,197		146	22					172	12,537		12,537
91800 Travel	3,959	9,064	44	7					6,719	19,793		19,793
91900 Other	21,471		9,250						10,903	41,624		41,624
91000 Total Operating - Administrative	716,386	43,398	226,648	34,750	18,045	1,653	-	3,244	431,993	1,476,117	-460,734	1,015,383
92000 Asset Management Fee	57,480									57,480	-57,480	-
92100 Tenant Services - Salaries	76,634									76,634		76,634
92300 Employee Benefit Contributions - Tenant Services	17,665									17,665		17,665
92400 Tenant Services - Other	7,321									7,321		7,321
92500 Total Tenant Services	101,620	-	-	-	-	-	-	-	-	101,620	-	101,620

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
JUNE 30, 2013**

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	Component Units	State/Local	COCC	Subtotal	ELIM	Total
93100 Water	157,650								142	157,792		157,792
93200 Electricity	180,349								2,373	182,722		182,722
93300 Gas	82,092								1,010	83,102		83,102
93600 Sewer	109,546								101	109,647		109,647
93000 Total Utilities	529,637								3,626	533,263		533,263
94100 Ordinary Maintenance and Operations - Labor	325,645								16,104	341,749		341,749
94200 Ordinary Maintenance and Operations - Materials and Other	121,594			1,337						122,931		122,931
94300 Ordinary Maintenance and Operations Contracts	192,589		8,948						9,705	211,242		211,242
94500 Employee Benefit Contributions - Ordinary Maintenance	145,435								2,441	147,876		147,876
94000 Total Maintenance	785,263		8,948	1,337					28,250	823,798		823,798
95200 Protective Services - Other Contract Costs	193,000									193,000		193,000
95300 Protective Services - Other	-									-		-
95000 Total Protective Services	193,000									193,000		193,000
96110 Property Insurance	104,108									104,108		104,108
96120 Liability Insurance			865	129					3,254	4,119		4,119
96140 All Other Insurance										129		129
96100 Total Insurance Premiums	104,108		865	129					3,254	108,356		108,356
96200 Other General Expenses	15,124			54						27,755		27,755
96210 Compensated Absences	3,815		1,352				12,577		3,921	9,088		9,088
96300 Payments in Lieu of Taxes	26,695									26,695		26,695
96400 Bad debt - Tenant Rents	12,778									12,778		12,778
96000 Total Other General Expenses	58,412		1,352	54			12,577		3,921	76,316		76,316
96710 Interest of Mortgage (or Bonds) Payable	9,319									9,319		9,319
96700 Total Interest Expense and Amortization Cost	9,319									9,319		9,319
96900 Total Operating Expenses	2,555,225	43,398	237,813	36,270	18,045	1,653	12,577	3,244	471,044	3,379,269	-518,214	2,861,055
97000 Excess of Operating Revenue over Operating Expenses	874,695		1,493,699	211,187	227,167	23,444	-6,317	32,439	91,050	2,947,364		2,947,364

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
JUNE 30, 2013**

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	Component Units	State/Local	COCC	Subtotal	ELIM	Total
97300 Housing Assistance Payments			1,674,889	204,790	227,167	23,444		32,439		2,162,729		2,162,729
97350 HAP Portability-In								-		-		-
97400 Depreciation Expense	680,029		160						6,216	686,405		686,405
90000 Total Expenses	3,235,254	43,398	1,912,862	241,060	245,212	25,097	12,577	35,683	477,260	6,228,403	-518,214	5,710,189
10010 Operating Transfer In	56,068									56,068	-56,068	-
10020 Operating transfer Out	-56,068									-56,068	56,068	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	194,666	-	-181,350	6,397	-	-	-6,317	-	84,834	98,230	-	98,230
11020 Required Annual Debt Principal Payments	202,180									202,180		202,180
11030 Beginning Equity	11,145,630			9,000			112,641		-19,488	11,570,141		11,570,141
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-130,320								130,320	-		-
11170 Administrative Fee Equity			1,403							1,403		1,403
11180 Housing Assistance Payments Equity			139,605							139,605		139,605
11190 Unit Months Available	5,748		5,844		636			91		12,319		12,319
11210 Number of Unit Months Leased	5,592		4,895		636			91		11,214		11,214

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
<u>Public Housing Programs</u>		
Low Rent Public Housing Program	14.850	\$ 1,633,190
ROSS Grant Program	14.870	43,398
Capital Fund Program	14.872	968,723
Total Public Housing Programs		<u>2,645,311</u>
<u>Section 8 Programs</u>		
Shelter Plus Care Program	14.238	245,212
Supportive Housing Program	14.181	247,318
Section 8 Housing Choice Voucher Program	14.871	1,726,733
Total Section 8 Programs		<u>2,219,263</u>
<i>Total Direct Programs</i>		<u>4,864,574</u>
<i>Pass-Through Programs:</i>		
<u>Pass-Through City of Salem</u>		
HOME Investment Partnership Program	14.239	27,171
<u>Pass-Through City of East Liverpool</u>		
HOME Investment Partnership Program	14.239	8,512
<u>Pass-Through Columbiana County</u>		
HOME Investment Partnership Program	14.239	25,097
<i>Total Pass-Through Programs</i>		<u>60,780</u>
Total U.S. Department of Housing and Urban Development		<u>4,925,354</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 4,925,354</u>

This schedule is prepared on the accrual basis of accounting.

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

Certified Public Accountants

5240 East 98th Street

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Columbiana Metropolitan Housing Authority
East Liverpool, 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 Columbiana Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Columbiana Metropolitan Housing Authority, Ohio's basic financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Columbiana Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Columbiana Metropolitan Housing Authority, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Columbiana Metropolitan Housing Authority, Ohio's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Columbiana Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Columbiana Metropolitan Housing Authority, Ohio'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 Columbiana Metropolitan Housing Authority, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Digitally signed by James G. Zupka, CPA,
President
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o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
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December 13, 2013

JAMES G. ZUPKA, C.P.A., INC.
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5240 East 98th Street
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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Directors
Columbiana Metropolitan Housing Authority
East Liverpool, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Columbiana Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Columbiana Metropolitan Housing Authority, Ohio's major federal programs for the fiscal year ended June 30, 2013. Columbiana Metropolitan Housing Authority, Ohio's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Columbiana Metropolitan Housing Authority, Ohio's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Columbiana Metropolitan Housing Authority, Ohio'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 each major federal program. However, our audit does not provide a legal determination of the Columbiana Metropolitan Housing Authority, Ohio's compliance.

Opinion on Each Major Federal Program

In our opinion, the Columbiana Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

Digitally signed by James G. Zupka, CPA, President
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CPA, Inc., ou=Accounting, email=jgzcpa@sbcglobal.net,
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December 13, 2013

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
OMB CIRCULAR A-133 & §.505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS		
2013(i)	Type of Financial Statement Opinion	Unmodified
2013(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2013(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2013(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2013(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2013(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2013(v)	Type of Major Programs' Compliance Opinion	Unmodified
2013(vi)	Are there any reportable findings under §.510(a)?	No
2013(vii)	Major Programs (list):	
	Section 8 Housing Choice Voucher Program - CFDA #14.871	
	Capital Fund Program - CFDA #14.872	
2013(viii)	Dollar Threshold: Type A\B Programs	Type A: \$300,000 Type B: All Others
2013(ix)	Low Risk Auditee?	Yes
2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE IN ACCORDANCE WITH GAGAS		
	None.	
3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS		
	None.	

**COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Finding Number	Finding Summary	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding no Longer Valid: Explain
2012-001	Significant Deficiency - Proper Recording in the Financial Statements	Corrected.

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrence in this audit period.

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Dave Yost • Auditor of State

COLUMBIANA METROPOLITAN HOUSING AUTHORITY

COLUMBIANA 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
FEBRUARY 4, 2014**