

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

of the

**LOGAN COUNTY METROPOLITAN
HOUSING AUTHORITY**

for the

Year Ended December 31, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Logan Metropolitan Housing Authority, Logan County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 17, 2012

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**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Logan County Metropolitan Housing Authority
Bellevue, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying financial statements of the business-type activities of Logan County Metropolitan Housing Authority, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of Logan County Metropolitan Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Logan County Metropolitan Housing Authority, as of December 31, 2011, and the changes in financial position, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2012, on our consideration of Logan County Metropolitan Housing Authority'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 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.

much more than an accounting firm

Our audit was conducted for the purpose of forming an opinion on the financial statements of Logan County Metropolitan Housing Authority taken as a whole. The FDS schedule and cost certification are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of federal awards expenditures 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 financial statements. The schedule of federal awards expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Jones, Cochenour & Co.

May 4, 2012

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended December 31, 2011**

Unaudited

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

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

FINANCIAL HIGHLIGHTS

- The Authority’s net assets decreased by \$225,250 (or 4.1%) during 2011. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net Assets were \$5.2 million and \$5.5 million for 2011 and 2010, respectively.
- Revenues decreased by \$378,317 (or 14.4%) during 2011, and were \$2.2 million and \$2.6 million for 2011 and 2010, respectively.
- The total expenses of all Authority programs increased by \$127,257 (or 5.4%). Total expenses were \$2.5 and \$2.3 million for 2011 and 2010, respectively.

USING THIS ANNUAL REPORT

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

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

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2011

Unaudited

AUTHORITY-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses and changes in Net Assets (similar to an Income Statement). This statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income and interest expense. The focus of the Statement of Revenues, Expenses and Changes in fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

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

FUND FINANCIAL STATEMENTS

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

Conventional Public Housing - Under the conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties. In 2009, the Authority received additional funding from the Capital Fund Stimulus Grant.

Housing Choice Voucher Program - Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2011**

Unaudited

Formula Capital Fund Stimulus Grant – The Authority received funding through the American Recovery and Reinvestment Act (ARRA) as part of the Capital Fund Program. These funds were for physical improvements of the Authority's properties.

Business Activities - Represents non-HUD resources developed from a variety of activities.

AUTHORITY-WIDE STATEMENTS

STATEMENT OF NET ASSETS

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

**TABLE 1
STATEMENT OF NET ASSETS**

	2011	2010
Current and Other Assets	\$ 588,776	\$ 656,753
Capital Assets	4,781,889	4,952,139
TOTAL ASSETS	5,370,665	5,608,892
Current Liabilities	74,156	81,449
Long-term liabilities	48,020	53,705
TOTAL LIABILITIES	122,176	135,154
Net Assets:		
Invested in Capital Assets, Net of Related Debt	4,781,889	4,952,139
Restricted net assets - HAP	173,307	177,471
Unrestricted	293,293	344,128
TOTAL NET ASSETS	\$ 5,248,489	\$ 5,473,738

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

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Net assets decreased due mainly to the depreciation of capital assets. Also affecting net assets was the expenditure of unrestricted reserve funds for equipment purchases and cost overruns due to decreased funding.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2011**

Unaudited

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

	2011	2010
Revenues		
Tenant Revenue - Rents and Other	\$ 105,324	\$ 109,463
Operating Subsidies and Grants	1,948,059	2,407,716
Capital Grants	110,644	43,702
Investment Income	170	166
Gain on disposition of assets	-	11,668
Other revenues	79,375	49,174
TOTAL REVENUE	2,243,572	2,621,889
Expenses		
Administration	504,592	502,376
Tenant Services	71	1,502
Utilities	29,497	22,248
Insurance	36,214	37,460
Maintenance	218,702	190,113
General	24,591	20,289
Housing Assistance Payment	1,341,871	1,275,052
Depreciation	313,284	292,525
TOTAL EXPENSES	2,468,822	2,341,565
CHANGE IN NET ASSETS	\$ (225,250)	\$ 280,324

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

Revenue decreased due to decreases in operating subsidies and grants and tenant revenues. Operating subsidies and grants decreased due to decreased award amounts. Tenant revenues have decreased due to units being taken off line, and therefore vacant, in order to complete necessary repairs and improvements.

Expenses increased due to increases in the housing assistance payments, insurance costs, and depreciation.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2011**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the Authority had \$4.8 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$170,252 or 3.4% from the end of last year.

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

	2011	2010
Land and Land Rights	\$ 683,200	\$ 683,200
Buildings	7,885,450	7,777,856
Equipment - Administrative	348,021	417,099
Equipment - Dwellings	235,759	141,958
Accumulated Depreciation	(4,370,541)	(4,067,973)
TOTAL	\$ 4,781,889	\$ 4,952,140

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE - NET	\$ 4,952,140
Additions	143,032
Depreciation Expense	(313,283)
ENDING BALANCE	\$ 4,781,889

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

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2011**

Unaudited

DEBT ADMINISTRATION

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

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

FINANCIAL CONTACT

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

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2011**

ASSETS

Cash and cash equivalents	\$	185,053
Cash and cash equivalents - restricted		201,991
Intergovernmental receivables		12,385
Tenant receivables - net of allowance		1,518
Other receivables		133,575
Inventory		30,297
Prepaid expenses		23,957
TOTAL CURRENT ASSETS		588,776

CAPITAL ASSETS

Land		683,200
Property and equipment - net		4,098,689
TOTAL CAPITAL ASSETS, NET		4,781,889

TOTAL ASSETS 5,370,665

CURRENT LIABILITIES

Accounts payable		4,258
Accounts payable - other government		9,217
Accrued compensated absences - current		9,422
Tenant security deposits		27,996
Accrued wages and payroll taxes		14,750
Deferred revenue		2,291
Other current liabilities		6,222
TOTAL CURRENT LIABILITIES		74,156

NON-CURRENT LIABILITIES

Accrued compensated absences - non-current		6,109
FSS liability		20,906
Other liabilities		21,005
TOTAL NON-CURRENT LIABILITIES		48,020

TOTAL LIABILITIES 122,176

NET ASSETS

Invested in capital assets - net of related debt		4,781,889
Unrestricted net assets		293,293
Restricted net assets		173,307
NET ASSETS	\$	5,248,489

See accompanying notes to the basic financial statements

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2011

OPERATING REVENUES	
Program operating grants and subsidies	\$ 1,948,059
Rental income	105,324
Other operating income	79,375
TOTAL OPERATING REVENUES	2,132,758
 OPERATING EXPENSES	
Administrative	504,592
Tenant services	71
Utilities	29,497
Maintenance	218,702
Insurance premiums	36,214
General	24,590
Housing assistance payments	1,341,871
Depreciation	313,284
TOTAL OPERATING EXPENSES	2,468,821
OPERATING INCOME	(336,063)
 NON-OPERATING REVENUE	
Interest income	170
Capital grants	110,644
TOTAL NON-OPERATING REVENUE	110,814
CHANGE IN NET ASSETS	(225,249)
NET ASSETS BEGINNING OF YEAR	5,473,738
NET ASSETS END OF YEAR	\$ 5,248,489

See accompanying notes to the basic financial statements

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from HUD	\$	2,055,120
Cash received from tenants		104,027
Cash received other revenue		130,888
Cash payments for housing assistance payments		(1,341,871)
Cash payments for administrative/operations		(820,341)
Cash payments to HUD and other government		(8,656)

		<hr/> NET CASH PROVIDED BY OPERATING ACTIVITIES
		119,167

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital grants received		110,644
Acquisition of capital assets		(143,032)

		<hr/> NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES
		(32,388)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received		170
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CHANGE IN CASH AND CASH EQUIVALENTS		86,949
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CASH AND CASH EQUIVALENTS, BEGINNING		<hr/> 300,095
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CASH AND CASH EQUIVALENTS, ENDING	\$	<hr/> 387,044
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**RECONCILIATION OF OPERATING LOSS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating loss	\$	(336,063)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		313,284
(Increase) decrease in:		
Receivables - net of allowance		157,274
Inventory - net of allowance		(3,622)
Prepaid expenses		1,272
Increase (decrease) in:		
Accounts payable		(16,621)
Accrued wages and taxes		(967)
Accrued compensated absences		(1,905)
Accounts payable - other government		(553)
Tenant security deposits		1,426
Other current liabilities		5,648
Deferred revenue		(11)
Other non-current liabilities		5

		<hr/> NET CASH PROVIDED BY OPERATING ACTIVITIES
	\$	<hr/> 119,167

See accompanying notes to the basic financial statements

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

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

The nucleus of the financial reporting entity as defined by the Government Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

Basis of Presentation

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

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of Statements and Interpretations of Financial Accounting Standards Board issued after November 30, 1989 that do not conflict with GASB pronouncements. The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

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

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

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

Measurement Focus and Basis of Accounting

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

Enterprise Fund

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

Accounting and Reporting Non-exchange Transactions

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

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

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

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

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

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Estimates

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

Cash and Cash Equivalents

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

Investments

The provisions of the HUD Regulations restrict investments. Investments are stated at fair market value. At December 31, 2011, the Authority did not have any investments.

Tenant Receivables -net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectibility of outstanding tenant receivable balances at the end of the year. At December 31, 2011, all Authority believed \$802 of the accounts receivable to be uncollectible.

Inventory

Inventory consists of materials and supplies and are stated at cost (first-in, first-out method), which approximates market.

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

The allowance for obsolete inventory was \$308 at December 31, 2011.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$750 or more per unit. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are directly expensed. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

Restricted Cash

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences

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

All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

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

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

Due From/To Other Programs

Interprogram receivables and payables are reflected in the FDS and are eliminated for the financial statement.

Deferred Revenue

Deferred revenue represents rental receipts received before the first of the month when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets – net of related debt 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 assets are recorded as restricted when there are limitations imposed on their use either by internal or external restrictions.

Operating Revenues and Expenses

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

Budgetary Accounting

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

2. DEPOSITS AND INVESTMENTS

Deposits

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

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

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.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

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

The carrying amount of the Authority's deposits was \$386,744 at December 31, 2011, plus \$300 petty cash. The corresponding bank balances were \$428,729. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," as of December 31, 2011, \$290,396 was covered by federal depository insurance, while \$138,332 was exposed to custodial risk.

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

Investments

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

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

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

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

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

3. CAPITAL ASSETS

The following is a summary of changes in capital assets at December 31, 2011:

CAPITAL ASSETS, NOT BEING DEPRECIATED	12/31/2010	Additions	Disposals	12/31/2011
Land and Land Improvements	\$ 683,200	\$ -	\$ -	\$ 683,200
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	\$ 683,200	\$ -	\$ -	\$ 683,200
CAPITAL ASSETS BEING DEPRECIATED				
Building and Improvements	\$ 7,777,856	\$ 107,594	\$ -	\$ 7,885,450
Furniture and Equipment	559,057	35,438	(10,715)	583,780
Totals at Historical Costs	8,336,913	143,032	(10,715)	8,469,230
Less: Accumulated Depreciation	(4,067,973)	(313,283)	10,715	(4,370,541)
TOTAL DEPRECIABLE CAPITAL ASSETS, NET	4,268,940	(170,251)	-	4,098,689
TOTAL CAPITAL ASSETS	\$ 4,952,140	\$ (170,251)	\$ -	\$ 4,781,889
Accumulated Depreciation by Class:				
Building and Improvements		\$ (3,595,952)	\$ (282,003)	\$ (3,877,955)
Furniture and Fixtures		(472,021)	(20,565)	(492,586)
TOTAL ACCUMULATED DEPRECIATION		\$ (4,067,973)	\$ (302,568)	\$ (4,370,541)

4. DEFINED BENEFIT PENSION PLANS – PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

- a. The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan.
- b. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year.) Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- c. The Combined Plan – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011 and 2010, member and employer contribution rates were consistent across all three plans. The 2011 and 2010 member contribution rates were 10 percent of covered payroll for members and 14 percent of covered payroll for employers. The Authority's required contributions for the years ended December 31, 2011, 2010, and 2009 were \$55,883, \$44,373, and \$43,762 respectively. All required payments of contributions have been made through December 31, 2011.

5. POSTEMPLOYMENT BENEFITS

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

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

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

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

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

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2011 and 2010, the employer contributions allocated to the health care plan was 5.5 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended December 31, 2011 and 2010, which were used to fund post-employment benefits, were \$21,954 and \$17,432, respectively.

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

6. COMPENSATED ABSENCES

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

Annual vacation leave is given to all full time permanent employees on a pro-rate basis; two weeks per year for service one through five years, three weeks for six to ten years of service and four weeks for ten years of service or more. The annual leave earned must be taken on or before December 31 of each year. No accumulation is permitted and as such there is no accrual at December 31, 2011.

Sick leave accrues for full time permanent employees on the basis of 10 hours per month, cumulative to 120 days or 960 hours. An employee at the time of retirement from active service with the authority may elect to be paid cash for one-third (1/3) of the value of accrued unused sick leave credit at the employees rate of pay at the time of retirement. The Authority's policy is to begin to accrue sick leave for employees five (5) years before they are eligible for retirement. At December 31, 2011, the authority had \$15,531 sick leave accrued for employees who will be eligible to retire within the next five years.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

The following is a summary of changes in compensated absences for the year ended December 31, 2011:

Description	Balance 12/31/2010	Increases	Decreases	Balance 12/31/2011	Due Within One Year
Compensated Absences Payable	\$ 17,436	\$ 10,692	\$ (12,597)	\$ 15,531	\$ 9,422

7. CONTINGENCIES

Grants

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 December 31, 2011.

Commitments and Contingencies

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

Risk Management

The Authority is exposed to various risks of loss related to torts; theft to, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2011, the Authority was insured through the State Housing Authority Risk Pool Association, Inc. (SHARP), a public entity risk pool operating a common risk management and insurance program for its housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through commercial insurance companies.

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

8. FAMILY SELF-SUFFICIENCY PROGRAM

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

At December 31, 2011, the Authority held in escrow \$20,906 for the Family Self-Sufficiency Program. The Authority recognizes the escrow as cash and due to FSS participants on the balance sheet.

9. SCHEDULE OF FEDERAL AWARDS

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

10. PAYMENT IN LIEU OF TAXES

The Authority has cooperation agreements with certain municipalities under which it makes payment in lieu of real estate taxes for various public services. Expense recognized for payment in lieu of taxes for the year ended December 31, 2011 totaled \$8,103.

11. FINANCIAL DATA SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2011, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net assets and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by HUD.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

12. RELATED PARTY

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

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

- Fees received from Logan-Belle HAND under an annual administrative agreement and other equaled \$55,600.
- Charges to Logan-Belle HAND for the year ended December 31, 2011 equaled \$3,110.
- Amounts due from Logan-Belle HAND at December 31, 2011 equaled \$121,388.

13. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year ended December 31, 2011, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

14. CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2011, the Authority implements GASB Statement No. 51, Accounting and Reporting for Intangible Assets, GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, GASB Statement No. 55, Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and GASB Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies.

The implementation of GASB statements mentioned above did not affect the presentation of the financial statements of the Authority.

15. ECONOMIC DEPENDENCY

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

16. RESTRICTED NET ASSETS

For the year ended December 31, 2011, the Authority had \$194,213 restricted net assets available for the Housing Choice Voucher Program with \$173,307 in its HAP reserve account and \$20,906 for the Family Self-Sufficiency Program. \$21,005 was available for the Family Self-Sufficiency Program in the Other Business Activities Program.

13. SUBSEQUENT EVENTS

On January 1, 2012, the Executive Director of the Authority was appointed as the Executive Director of Logan-Belle HAND. There were no other subsequent events through May 4, 2012, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

Balance Sheet

FDS Schedule Submitted to HUD

Proprietary Fund Type

Enterprise Fund

Year Ended December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$122,963	\$20,867		\$143,830		\$143,830
113 Cash - Other Restricted		\$194,213	\$21,005	\$215,218		\$215,218
114 Cash - Tenant Security Deposits	\$27,996			\$27,996		\$27,996
100 Total Cash	\$150,959	\$215,080	\$21,005	\$387,044	\$0	\$387,044
122 Accounts Receivable - HUD Other Projects	\$12,385			\$12,385		\$12,385
125 Accounts Receivable - Miscellaneous	\$1,939	\$4,446	\$121,387	\$127,772		\$127,772
126 Accounts Receivable - Tenants	\$2,320			\$2,320		\$2,320
126.1 Allowance for Doubtful Accounts - Tenants	-\$802			-\$802		-\$802
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0		\$0
128 Fraud Recovery		\$5,803		\$5,803		\$5,803
128.1 Allowance for Doubtful Accounts - Fraud		\$0		\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$15,842	\$10,249	\$121,387	\$147,478	\$0	\$147,478
142 Prepaid Expenses and Other Assets	\$23,957			\$23,957		\$23,957
143 Inventories	\$30,605			\$30,605		\$30,605
143.1 Allowance for Obsolete Inventories	-\$308			-\$308		-\$308
144 Inter Program Due From	\$131,699	\$885	\$1,902	\$134,486	-\$134,486	\$0
150 Total Current Assets	\$352,754	\$226,214	\$144,294	\$723,262	-\$134,486	\$588,776
161 Land	\$683,201			\$683,201		\$683,201
162 Buildings	\$7,885,449			\$7,885,449		\$7,885,449
163 Furniture, Equipment & Machinery - Dwellings	\$235,759			\$235,759		\$235,759
164 Furniture, Equipment & Machinery - Administration	\$244,514	\$103,507		\$348,021		\$348,021
166 Accumulated Depreciation	-\$4,267,147	-\$103,394		-\$4,370,541		-\$4,370,541
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,781,776	\$113	\$0	\$4,781,889	\$0	\$4,781,889
180 Total Non-Current Assets	\$4,781,776	\$113	\$0	\$4,781,889	\$0	\$4,781,889
190 Total Assets	\$5,134,530	\$226,327	\$144,294	\$5,505,151	-\$134,486	\$5,370,665

See independent auditors' report

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$4,166	\$92		\$4,258		\$4,258
321 Accrued Wage/Payroll Taxes Payable	\$9,399	\$5,351		\$14,750		\$14,750
322 Accrued Compensated Absences - Current Portion	\$6,064	\$3,358		\$9,422		\$9,422
331 Accounts Payable - HUD PHA Programs		\$1,114		\$1,114		\$1,114
333 Accounts Payable - Other Government	\$8,103			\$8,103		\$8,103
341 Tenant Security Deposits	\$27,996			\$27,996		\$27,996
342 Deferred Revenues	\$2,291			\$2,291		\$2,291
345 Other Current Liabilities	\$6,222			\$6,222		\$6,222
347 Inter Program - Due To	\$15,172		\$119,314	\$134,486	-\$134,486	\$0
310 Total Current Liabilities	\$79,413	\$9,915	\$119,314	\$208,642	-\$134,486	\$74,156
353 Non-current Liabilities - Other		\$20,906	\$21,005	\$41,911		\$41,911
354 Accrued Compensated Absences - Non Current	\$305	\$5,804		\$6,109		\$6,109
350 Total Non-Current Liabilities	\$305	\$26,710	\$21,005	\$48,020	\$0	\$48,020
300 Total Liabilities	\$79,718	\$36,625	\$140,319	\$256,662	-\$134,486	\$122,176
508.1 Invested In Capital Assets, Net of Related Debt	\$4,781,776	\$113		\$4,781,889		\$4,781,889
511.1 Restricted Net Assets		\$173,307		\$173,307		\$173,307
512.1 Unrestricted Net Assets	\$273,036	\$16,282	\$3,975	\$293,293		\$293,293
513 Total Equity/Net Assets	\$5,054,812	\$189,702	\$3,975	\$5,248,489	\$0	\$5,248,489
600 Total Liabilities and Equity/Net Assets	\$5,134,530	\$226,327	\$144,294	\$5,505,151	-\$134,486	\$5,370,665

See independent auditors' report

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Total
70300 Net Tenant Rental Revenue	\$98,199			\$98,199
70400 Tenant Revenue - Other	\$7,125			\$7,125
70500 Total Tenant Revenue	\$105,324	\$0	\$0	\$105,324
70600 HUD PHA Operating Grants	\$430,144	\$1,517,915		\$1,948,059
70610 Capital Grants	\$110,644			\$110,644
71100 Investment Income - Unrestricted	\$35	\$13		\$48
71400 Fraud Recovery		\$4,552		\$4,552
71500 Other Revenue	\$5,200	\$11,100	\$58,524	\$74,824
72000 Investment Income - Restricted		\$122		\$122
70000 Total Revenue	\$651,347	\$1,533,702	\$58,524	\$2,243,573
91100 Administrative Salaries	\$133,988	\$122,281	\$31,312	\$287,581
91200 Auditing Fees	\$6,050	\$2,471		\$8,521
91500 Employee Benefit contributions - Administrative	\$43,724	\$55,022	\$12,548	\$111,294
91600 Office Expenses			\$600	\$600
91700 Legal Expense	\$8,250			\$8,250
91800 Travel	\$3,152	\$1,357	\$285	\$4,794
91900 Other	\$65,554	\$19,123	\$780	\$85,457
91000 Total Operating - Administrative	\$260,718	\$200,254	\$45,525	\$506,497
92400 Tenant Services - Other	\$71			\$71
92500 Total Tenant Services	\$71	\$0	\$0	\$71
93100 Water	\$2,827			\$2,827
93200 Electricity	\$14,189			\$14,189
93300 Gas	\$5,387			\$5,387
93600 Sewer	\$7,094			\$7,094
93000 Total Utilities	\$29,497	\$0	\$0	\$29,497
94100 Ordinary Maintenance and Operations - Labor	\$53,243		\$3,448	\$56,691
94200 Ordinary Maintenance and Operations - Materials and Other	\$54,398		\$5,043	\$59,441
94300 Ordinary Maintenance and Operations Contracts	\$71,800			\$71,800
94500 Employee Benefit Contributions - Ordinary Maintenance	\$30,237		\$533	\$30,770
94000 Total Maintenance	\$209,678	\$0	\$9,024	\$218,702

See independent auditors' report

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
Project Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2011

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Total
96110 Property Insurance	\$15,447			\$15,447
96120 Liability Insurance	\$6,733	\$480		\$7,213
96130 Workmen's Compensation	\$8,128	\$1,892		\$10,020
96140 All Other Insurance	\$3,534			\$3,534
96100 Total insurance Premiums	\$33,842	\$2,372	\$0	\$36,214
96210 Compensated Absences	\$5,992	\$4,700		\$10,692
96300 Payments in Lieu of Taxes	\$8,103			\$8,103
96400 Bad debt - Tenant Rents	\$3,847	\$44		\$3,891
96000 Total Other General Expenses	\$17,942	\$4,744	\$0	\$22,686
96900 Total Operating Expenses	\$551,748	\$207,370	\$54,549	\$813,667
97000 Excess of Operating Revenue over Operating Expenses	\$99,599	\$1,326,332	\$3,975	\$1,429,906
97300 Housing Assistance Payments		\$1,341,871		\$1,341,871
97400 Depreciation Expense	\$313,059	\$225		\$313,284
90000 Total Expenses	\$864,807	\$1,549,466	\$54,549	\$2,468,822
10010 Operating Transfer In	\$18,453			\$18,453
10020 Operating transfer Out	-\$18,453			-\$18,453
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$213,460	-\$15,764	\$3,975	-\$225,249
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$5,268,272	\$205,466	\$0	\$5,473,738
11170 Administrative Fee Equity		\$16,395		\$16,395
11180 Housing Assistance Payments Equity		\$173,307		\$173,307
11190 Unit Months Available	1133	3552		4685
11210 Number of Unit Months Leased	1122	3513		4635
11270 Excess Cash	\$178,320			\$178,320
11610 Land Purchases	\$0			\$0
11620 Building Purchases	\$107,594			\$107,594
11630 Furniture & Equipment - Dw elling Purchases	\$0			\$0
11640 Furniture & Equipment - Administrative Purchases	\$35,438			\$35,438

See independent auditors' report

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
Project Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2011

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$98,199		\$98,199
70400 Tenant Revenue - Other	\$7,125		\$7,125
70500 Total Tenant Revenue	\$105,324	\$0	\$105,324
70600 HUD PHA Operating Grants	\$349,152	\$80,992	\$430,144
70610 Capital Grants		\$110,644	\$110,644
71100 Investment Income - Unrestricted	\$35		\$35
71500 Other Revenue	\$5,200		\$5,200
70000 Total Revenue	\$459,711	\$191,636	\$651,347
91100 Administrative Salaries	\$115,610	\$18,378	\$133,988
91200 Auditing Fees	\$6,050		\$6,050
91500 Employee Benefit contributions - Administrative	\$43,724		\$43,724
91700 Legal Expense	\$8,250		\$8,250
91800 Travel	\$3,152		\$3,152
91900 Other	\$64,855	\$699	\$65,554
91000 Total Operating - Administrative	\$241,641	\$19,077	\$260,718
92400 Tenant Services - Other	\$71		\$71
92500 Total Tenant Services	\$71	\$0	\$71
93100 Water	\$2,827		\$2,827
93200 Electricity	\$14,189		\$14,189
93300 Gas	\$5,387		\$5,387
93600 Sewer	\$7,094		\$7,094
93000 Total Utilities	\$29,497	\$0	\$29,497
94100 Ordinary Maintenance and Operations - Labor	\$52,518	\$725	\$53,243
94200 Ordinary Maintenance and Operations - Materials and Other	\$30,664	\$23,734	\$54,398
94300 Ordinary Maintenance and Operations Contracts	\$52,797	\$19,003	\$71,800
94500 Employee Benefit Contributions - Ordinary Maintenance	\$30,237		\$30,237
94000 Total Maintenance	\$166,216	\$43,462	\$209,678

See independent auditors' report

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
Project Statement of Revenues, Expenses and Changes in Retained Earnings
FDS Schedule Submitted to HUD
Proprietary Fund Type
Enterprise Fund
Year Ended December 31, 2011

	Low Rent	Capital Fund	Total Project
96110 Property Insurance	\$15,447		\$15,447
96120 Liability Insurance	\$6,733		\$6,733
96130 Workmen's Compensation	\$8,128		\$8,128
96140 All Other Insurance	\$3,534		\$3,534
96100 Total insurance Premiums	\$33,842	\$0	\$33,842
96210 Compensated Absences	\$5,992		\$5,992
96300 Payments in Lieu of Taxes	\$8,103		\$8,103
96400 Bad debt - Tenant Rents	\$3,847		\$3,847
96000 Total Other General Expenses	\$17,942	\$0	\$17,942
96900 Total Operating Expenses	\$489,209	\$62,539	\$551,748
97000 Excess of Operating Revenue over Operating Expenses	-\$29,498	\$129,097	\$99,599
97400 Depreciation Expense	\$205,605	\$107,454	\$313,059
90000 Total Expenses	\$694,814	\$169,993	\$864,807
10010 Operating Transfer In	\$18,453		\$18,453
10020 Operating transfer Out		-\$18,453	-\$18,453
10100 Total Other financing Sources (Uses)	\$18,453	-\$18,453	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$216,650	\$3,190	-\$213,460
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$5,268,272	\$0	\$5,268,272
11190 Unit Months Available	1133		1133
11210 Number of Unit Months Leased	1122		1122
11270 Excess Cash	\$178,320		\$178,320
11620 Building Purchases	\$0	\$107,594	\$107,594
11640 Furniture & Equipment - Administrative Purchases	\$32,388	\$3,050	\$35,438

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**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATION
December 31, 2011**

	<u>OH16-P072-501-09</u>
Total Expended	<u>\$ 185,515</u>
Total Received	<u>\$ 185,515</u>

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

See independent auditors' report

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
Year Ended December 31, 2011**

	<u>FEDERAL CFDA NUMBER</u>	<u>FUNDS EXPENDED</u>
<u>FROM U.S. DEPARTMENT OF HUD</u>		
<u>DIRECT PROGRAMS</u>		
Public and Indian Housing	14.850	\$ 349,152
Section 8 Housing Choice Vouchers	14.871	1,517,915
Public Housing Capital Fund Program	14.872	<u>191,636</u>
Total Expenditures of Federal Awards		<u>\$ 2,058,703</u>

See independent auditors' report



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

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

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the basic financial statements of the business-type activities of Logan County Metropolitan Housing Authority as of and for the year ended December 31, 2011 and have issued our report thereon dated May 4, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Logan County Metropolitan Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Logan County Metropolitan Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Logan Metropolitan Housing Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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This report is intended solely for the information and use of the board of directors, management, Auditor of State, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Jones, Cochenour & Co.

**Jones, Cochenour & Co.
May 4, 2012**



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

We have audited Logan County Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Logan County Metropolitan Housing Authority's major federal programs for the year ended December 31, 2011. Logan County Metropolitan Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Logan County Metropolitan Housing Authority's management. Our responsibility is to express an opinion on Logan County Metropolitan Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Logan County Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Logan County Metropolitan Housing Authority's compliance with those requirements.

In our opinion, Logan County Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

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

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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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management, Auditor of State, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jones, Cochenour & Co.".

Jones, Cochenour & Co.
May 4, 2012

**Logan County Metropolitan Housing Authority
Logan County**

**Summary of Auditors' Results and Schedule of Findings
OMB Circular A-133 § .505
December 31, 2011**

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

**Logan County Metropolitan Housing Authority
Summary of Auditors' Results and Schedule of Findings
OMB Circular A-133 § .505 - Continued
December 31, 2011**

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

There were no findings for the year ended December 31, 2011.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no findings for the year ended December 31, 2011.



Dave Yost • Auditor of State

LOGAN METROPOLITAN HOUSING AUTHORITY

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 31, 2012