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Certified Public Accountants, A.C.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
Single Audit
For the Year Ended March 31, 2016**

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...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Commissioners
Harrison Metropolitan Housing Authority
P. O. Box 146
82450 Cadiz-Jewett Road
Cadiz, Ohio 43907

We have reviewed the *Independent Auditor's Report* of the Harrison Metropolitan Housing Authority, Harrison County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period April 1, 2015 through March 31, 2016. 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 Harrison 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

December 19, 2016

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**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
FOR THE YEAR ENDED MARCH 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

October 7, 2016

Harrison Metropolitan Housing Authority
Harrison County
P.O. Box 146
82450 Cadiz-Jewett Rd.
Cadiz, OH 43907

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the **Harrison Metropolitan Housing Authority**, Harrison County, Ohio (the Authority), as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of Enterprise Housing Property Preservation, LLC, the Authority's discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the discretely presented component unit, is based solely on the report of the other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of Enterprise Housing Property Preservation, LLC in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.



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

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Harrison Metropolitan Housing Authority, Harrison County as of March 31, 2016, and the respective changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended March 31, 2016, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The supplemental financial data schedule presented on pages 42 through 47 is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The Schedule of Federal Awards Expenditures presents additional analysis as required by Title 2, *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016
UNAUDITED**

The management of the Harrison Metropolitan Housing Authority's (the "Authority" or Primary Government) offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended March 31, 2016. This 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, and (d) identify individual account issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the fiscal year ended March 31, 2016 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 11). In accordance with GASB Statement No. 34, paragraph 10, the financial information and discussion presented below focuses on the primary government. Due to the significance of the component unit when compared to the primary government, the financial information is provided for the component unit in some instances to provide for a more complete and meaningful discussion of financial results. Regardless discussion in the MD&A attempts to distinguish between information pertaining to the primary government and that of its component unit.

FINANCIAL HIGHLIGHTS

The management of the Harrison Metropolitan Housing Authority operates an independent for profit limited liability company, Enterprise Housing Property Preservation, L.L.C.

The primary government's programs include: Conventional Public-Housing, Capital Fund Program (CFP), Housing Choice Voucher Program, State/Local, and USDA Rural Development. The discretely presented Component Unit consists of Enterprise Housing Property Preservation, L.L.C.

- Net position for the primary government was \$1,165,904 and \$1,171,092 (restated) for the fiscal years ended March 31, 2016 and 2015, respectively. The Authority's net position decreased by \$5,188 or 0.4% during 2016, based on the current year activity.
- Revenues for the primary government increased by \$194,885 or 16.1% during 2016, and were \$1,407,381 and \$1,212,496 for 2016 and 2015, respectively.
- Expenses increased by \$58,518 or 4.3% during 2016 and were \$1,412,569 and \$1,354,051 for 2016 and 2015, respectively.
- Net position for the component unit was \$380,927 and \$430,066 for the fiscal years ended March 31, 2016 and 2015, respectively. The component unit Enterprise Housing Property Preservation, L.L.C.'s net position decreased by \$49,139 or 12.9% during 2016, based on the current year activity.
- Revenues for the component unit decreased \$49,283 or 26.7% during 2016, and were \$134,963 and \$184,246 for 2016 and 2015, respectively.
- Expenses increased by \$60,754 or 49.2% during 2016 and were \$184,102 and \$123,348 for 2016 and 2015, respectively

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016
UNAUDITED**

USING THIS ANNUAL REPORT

The following outlines the format of this report:

<p>MD&A</p> <p>~ Management Discussion and Analysis ~</p>
<p>Basic Financial Statements</p> <p>~ Statement of Net Position ~</p> <p>~ Statement of Revenues, Expenses and Changes in Net Position ~</p> <p>~ Statement of Cash Flows ~</p> <p>~ Notes to Financial Statements ~</p>
<p>Other Required Supplementary Information</p> <p>~Required Supplementary Information~ (Other than the MD&A)</p>

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented (pages 11-13) are those of the Authority as a whole (Authority-wide) and the component unit, discretely reported. The financial statements are further detailed by major account. This perspective (Authority-wide, major account, and component unit) allows the user to address relevant questions, broadens a basis for comparison year to year or Authority to Authority) and enhances the Authority's accountability.

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 that reflects assets, minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

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 - 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 - Consists of net position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016
UNAUDITED**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

FINANCIAL STATEMENTS BY MAJOR FUND

In general, the Authority's financial statements consist exclusively of an enterprise fund. An enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by private sector accounting.

Many of the funds maintained by the Authority are required by the United States Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

THE AUTHORITY'S PROGRAMS

Business Type Programs

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

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (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.

USDA Rural Development – Under the USDA Rural Development Program, the Authority rents units that it owns to low-income households. The USDA Rural Development Program is operated under a contract with the United States Department of Agriculture, and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30% of adjusted gross household income.

State/Local – The State and Local Programs include activity for management of a multi-family project, Bingham Terrace and management of USDA Rural Development properties.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016
UNAUDITED**

THE AUTHORITY'S PROGRAMS (Continued)

Business Type Programs (Continued)

Component Unit Activity - represents resources developed from a variety of activities including, but not limited, to the following:

Enterprise Housing Property Preservation, L.L.C. - provides routine building maintenance, scheduled property maintenance, unit renovation services to home owners, landlords, banking institutions, real estate agencies and commercial businesses of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, and Muskingum counties. Also, Enterprise Housing Property Preservation L.L.C. purchases various types of residential properties assess and renovates as needed and either utilizes them as an income producing rental or places them back on the open market for resale.

NEW GASB 68 REPORTING

Primary Government

During 2016, the Authority adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange"—that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016
UNAUDITED**

NEW GASB 68 REPORTING (Continued)

Primary Government (Continued)

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at March 31, 2015, from \$1,325,901 to \$1,171,092.

Component Unit

There is no effect on the reporting of the component unit as it relates to GASB 68 as there are no pension benefits offered by Enterprise Housing Property Preservation, LLC.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016
UNAUDITED**

AUTHORITY-WIDE STATEMENTS

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

**Table 1
Condensed Statement of Net Position Compared to Prior Year
Primary Government**

	<u>2016</u>	<u>Restated 2015*</u>
Assets		
Current and Other Assets	\$ 413,477	\$ 384,053
Capital Assets	1,318,089	1,335,601
Non-Current Assets	375,000	375,000
Deferred Outflow of Resources	72,406	6,882
Total Assets and Deferred Outflows of Resources	2,178,972	2,101,536
Liabilities		
Current Liabilities	137,605	114,372
Long-Term Liabilities	872,308	816,072
Deferred Inflow of Resources	3,155	-
Total Liabilities and Deferred Inflow of Resources	1,013,068	930,444
Net Position		
Net Investment in Capital Assets	677,409	681,199
Restricted	1,561	-
Unrestricted	486,934	489,893
Total Net Position	1,165,904	1,171,092
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 2,178,972	\$ 2,101,536

*Restated See Note 3

For more detailed information, see Statement of Net Position presented elsewhere in this report.

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Primary Government

During 2016, total assets and deferred outflows of resources for the primary government increased by \$77,436 due mainly to results of current year activities.

Total liabilities and deferred inflow of resources increased by \$82,624 most of the increase correlates with the implementation of GASB 68 and the reporting of deferred inflow of resources.

The following table presents details on the change in Net Position.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016
UNAUDITED**

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION (Continued)

Primary Government (Continued)

*Table 2
Change in Net Position – Primary Government*

	Unrestricted Net Position	Net Inv. In Capital Assets	Restricted Net Position
Beginning Net Position – Restated	\$ 489,893	\$ 681,199	\$ -
Results from Operation	(6,749)	-	1,561
Adjustment:			
Current Year Depreciation Expense	116,490	(116,490)	-
Current Year Capital Expenditures	(98,978)	98,978	-
Net Change in Debt Balance	(13,722)	13,722	-
Ending Net Position	<u>\$ 486,934</u>	<u>\$ 677,409</u>	<u>\$ 1,561</u>

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

Component Unit

During 2016, total assets for the component unit decreased by \$53,169. Total liabilities increased by \$4,030 and the total net position decreased by \$49,139 for the component unit Enterprise Housing Property Preservation, L.L.C.

The following table presents details on the change in Net Position of the Component Unit.

*Table 3
Change in Net Position – Component Unit*

	Unrestricted Net Position	Net Inv. In Capital Assets	Restricted Net Position
Beginning Net Position	\$ 210,674	\$ 219,392	\$ -
Results from Operation	(49,139)	-	-
Adjustment:			
Current Year Depreciation Expense	10,791	(10,791)	-
Current Year Capital Expenditures	(89,631)	89,631	-
Ending Net Position	<u>\$ 82,695</u>	<u>\$ 298,232</u>	<u>\$ -</u>

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016
UNAUDITED**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

**Table 4
Statement of Revenues, Expenses and Changes in Net Position – Primary Government**

	2016	2015
Revenues		
Tenant Revenue	\$ 259,283	\$ 240,217
Operating Subsidies	1,029,517	884,741
Investment/Other Income	118,581	87,538
Total Revenue	1,407,381	1,212,496
Expenses		
Administration	302,831	279,498
Tenant Services	517	844
Utilities	95,816	104,999
Maintenance	105,629	102,870
General, Insurance & Interest	37,964	46,716
Housing Assistance Payments	736,337	639,636
Other Non-Operating Expenses	16,985	51,832
Depreciation	116,490	127,656
Total Expenses	1,412,569	1,354,051
Change in Net Position	\$ (5,188)	\$ (141,555)

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

Tenant revenue increased slightly during 2016 in comparison to 2015. Operating subsidies from HUD increased largely due to the subsidies received for Housing Assistance Payments (HAP) related to the Housing Choice Voucher Program. The authority also received a CHIP grant award of \$40,000 which was used per the grant agreement at the Dunfee Court community a Rural Housing Development.

Overall total expenses increased \$58,518 during 2016 in comparison to 2015. Contributing factors are due to a variety of increases and decreases within the individual expense categories of daily operations.

The primary government contributed \$51,832 in unrestricted assets to its component unit Enterprise Housing Property Preservation, L.L.C. in 2015 compared to no contribution of unrestricted assets in 2016.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016
UNAUDITED**

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of March 31, 2016, the Authority had \$1,318,089 invested in a variety of capital assets as reflected in the following Table; this represents a net decrease of \$17,512.

**Table 5
Capital Assets (Net of Depreciation)-Primary Government**

	2016	2015
Capital Assets		
Land	\$ 137,179	\$ 137,179
Buildings	4,896,628	4,866,344
Furniture and Equipment	235,462	166,768
Accumulated Depreciation	(3,951,180)	(3,834,690)
Total Capital Assets	\$ 1,318,089	\$ 1,335,601

As of March 31, 2016, the component unit had \$298,232 invested in a variety of capital assets.

The following table summarizes the change in Capital Assets.

**Table 6
Change in Capital Assets-Primary Government**

	2016
Beginning Balance - Net	\$ 1,335,601
Additions – Operating	98,978
Depreciation Expense	(116,490)
Total Capital Assets	\$ 1,318,089

Refer to Note 7 for additional information on Capital Assets.

As of March 31, 2016, the Authority had \$654,402 in debt (mortgages) outstanding compared to \$667,667 the prior year. The component unit however had no debt at the end of 2016.

**Table 7
Condensed Statement of Changes in Debt Outstanding-Primary Government**

	2016
Beginning Balance – April 1, 2015	\$ 654,402
Current Year Principal Payments	(13,724)
Ending Balance – March 31, 2016	\$ 640,678

Refer to Note 10 for additional information on Debt Outstanding.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2016
UNAUDITED**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program
- Inflationary pressure on utility rates, supplies, and other costs

FINANCIAL CONTACT

Questions concerning any of the information provided in this Management Discussion & Analysis should be addressed to:

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Chief Financial Officer
Harrison Metropolitan Housing Authority
82450 Cadiz-Jewett Rd.
P.O. Box 146
Cadiz, Ohio 43907
Phone ~ (740) 942-8372 ext. 201
Email ~ dyeater@harrisonmha.com

HARRISON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED MARCH 31, 2016

	Primary Government	Component Unit
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 279,454	\$ 83,545
Cash and Cash Equivalents - Restricted	28,151	4,439
Receivables - Net of Allowance	83,487	-
Prepaid Expenses and Other Assets	22,385	3,829
Total Current Assets	413,477	91,813
Noncurrent Assets		
Capital Assets		
Land	137,179	58,900
Other Capital Assets - Net	1,180,910	239,332
Total Capital Assets	1,318,089	298,232
Pledged Escrow Receivable - Noncurrent	375,000	-
Total Noncurrent Assets	1,693,089	298,232
Deferred Outflows of Resources	72,406	-
Total Assets and Deferred Outflows of Resources	\$ 2,178,972	\$ 390,045
Liabilities		
Current Liabilities		
Accounts Payable	\$ 10,113	\$ 1,055
Accrued Wages/Payroll Taxes	12,920	777
Accrued Compensated Absences - Current	14,899	-
Accrued Liabilities - Other	9,782	2,847
Tenant Security Deposits	23,984	4,439
Unearned Revenue	51,958	-
Current Portion of Long-Term Debt	13,949	-
Total Current Liabilities	137,605	9,118
Noncurrent Liabilities		
Accrued Compensated Absences - Noncurrent	12,446	-
Long-Term Debt	626,731	-
Net Pension Liability	233,131	-
Total Noncurrent Liabilities	872,308	-
Total Liabilities	1,009,913	9,118
Deferred Inflows of Resources	3,155	-
Net Position		
Net Investment in Capital Assets	677,409	298,232
Restricted	1,561	-
Unrestricted	486,934	82,695
Total Net Position	1,165,904	380,927
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,178,972	\$ 390,045

See accompanying notes to the basic financial statements

**HARRISON METROPOLITAN HOUSING AUTHORITY
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
 FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Primary Government</u>	<u>Component Unit</u>
Operating Revenues:		
Tenant Revenue	\$ 259,283	\$ 35,449
Operating Subsidies	1,029,517	-
Other Revenues	118,570	99,273
Total Operating Revenues	<u>1,407,370</u>	<u>134,722</u>
Operating Expenses:		
Administrative	302,831	39,712
Tenant Services	517	-
Utilities	95,816	846
Maintenance	105,629	112,792
Insurance	26,046	6,887
Payment In Lieu of Taxes (PILOT)	9,782	3,074
Bad Debts	2,136	-
Housing Assistance Payments	736,337	-
Depreciation	116,490	10,791
Total Operating Expenses	<u>1,395,584</u>	<u>174,102</u>
Operating Income/(Loss)	11,786	(39,380)
Non-Operating Revenues (Expenses):		
Interest Revenue	11	241
Interest Expense	(10,417)	-
Other Non-Operating Expenses	(6,568)	(10,000)
Total Non-Operating Revenue (Expenses)	<u>(16,974)</u>	<u>(9,759)</u>
Change In Net Position	<u>(5,188)</u>	<u>(49,139)</u>
Total Net Position Beginning of Year	1,325,901	430,066
Prior Period Adjustment (Note 3)	<u>(154,809)</u>	<u>-</u>
Total Net Position End of Year	<u>\$ 1,165,904</u>	<u>\$ 380,927</u>

See accompanying notes to the basic financial statements

**HARRISON METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Primary Government</u>	<u>Component Unit</u>
Cash Flows From Operating Activities:		
Cash Received From HUD	\$ 1,029,517	\$ -
Cash Received From Tenants	291,556	47,988
Cash Received From Other Sources	169,786	99,273
Cash Payments For Housing Assistance Payments	(736,337)	-
Cash Payments For Other Operating Expenses	<u>(561,033)</u>	<u>(170,406)</u>
Net Cash Provided By (Used In) Operating Activities	<u>193,489</u>	<u>(23,145)</u>
Cash Flows From Capital And Related Financing Activities:		
Acquisition of Capital Assets and Other Assets	(98,978)	(89,631)
Other Non-Operating Expenses	(6,568)	(10,000)
Debt Payments - Principal	(13,724)	-
Debt Payments - Interest	<u>(10,417)</u>	<u>-</u>
Net Cash Provided By (Used In) Capital And Related Financing Activities	<u>(129,687)</u>	<u>(99,631)</u>
Cash Flows From Investing Activities:		
Interest Income	11	241
Net Cash Provided By (Used In) Investing Activities	<u>11</u>	<u>241</u>
Net Increase (Decrease) in Cash and Cash Equivalents	63,813	(122,535)
Cash And Cash Equivalents, Beginning	<u>243,792</u>	<u>210,519</u>
Cash And Cash Equivalents, Ending	<u>\$ 307,605</u>	<u>\$ 87,984</u>
Reconciliation Of Operating Income/(Loss) To Net Cash Provided By (Used In) Operating Activities		
Operating Income/(Loss)	\$ 11,786	\$ (39,380)
Adjustments To Reconcile Operating Income/(Loss) To Net Cash Provided By (Used In) Operating Activities		
Depreciation	116,490	10,791
(Increase)Decrease In:		
Receivables - Net of Allowance	31,547	10,125
Prepaid Expenses	2,842	(651)
Increase(Decrease) In:		
Employer Contributions to Pension Plan Subsequent to Measurement Date	8,208	-
Accounts Payable	(26,591)	(3,974)
Accrued Wages/Payroll Taxes	4,173	(2,698)
Accrued Compensated Absences	48	-
Accrued Liabilities - Other	(6,956)	228
Tenant Security Deposits	726	2,414
Deferred Revenue	<u>51,216</u>	<u>-</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 193,489</u>	<u>\$ (23,145)</u>

See accompanying notes to the basic financial statements

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 1: REPORTING ENTITY

Introduction

The Harrison Metropolitan Housing Authority was established 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. HUD is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

The financial statements of the Harrison 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.

As required by GAAP, the basic financial statements of the reporting entity include those of the Harrison Metropolitan Housing Authority and any component units. Component units are separate legal entities that; elected officials of a primary government are financially accountable for the entity or the nature and significance of the relationship between the entity and a primary government are such that to exclude the entity from the financial reporting entity would render the basic financial statements misleading or incomplete.

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. The following organization is described due to its relationship to the Authority.

The component unit column in the financial statements identifies the financial data of the Authority's individual component unit: Enterprise Housing Property Preservation, L.L.C. (the Company). It is reported separately to emphasize that it is a legally separate entity and provides services to clients of the Authority and others.

Enterprise Housing Property Preservation, L.L.C. is an organization that is owned by the Board of Commissioners of Harrison Metropolitan Housing Authority. It was established in 2014 as a for-profit company and is offering residents of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Muskingum and Tuscarawas counties commercial and residential maintenance services that include routine building maintenance, scheduled property maintenance and unit renovation services. Enterprise Housing Property Preservation also purchases various types of residential properties that are assessed and renovated. These properties are either kept as an income producing rental or are placed back on the open market for resale.

There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria. A summary of each program administered by the Authority included in the financial statements is provided to assist the reader in interpreting the basic financial statements. These programs constitute all programs subsidized by HUD and operated by the Authority.

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 1: REPORTING ENTITY

Description of Programs

A. Public Housing Program

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

B. Capital Fund Program

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

C. Housing Choice Voucher Program

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons. Under this program, the Authority determines the amount of subsidy a family will receive using HUD guidelines; however, there is a limit of the amount charged to the family.

D. USDA Rural Development

Under the USDA Rural Development Program, the Authority rents units that it owns to low-income households. The USDA Rural Development Program is operated under a contract with the United States Department of Agriculture, and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30% of adjusted gross household income.

E. State and Local Program

The State and Local Program includes activity for the management of a multi-family project, Bingham Terrace and rural development project Dunfee Court and Gable Estates and any other non-federal activities conducted by the Authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The Authority has created a number of sub-funds within the enterprise fund. Each sub-fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses.

The individual sub-funds account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. These sub-funds of the Authority are all considered Proprietary Fund Types. The sub-funds included in this category are as follows:

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

- **Public Housing Fund**

This Fund accounts for all activities and projects of the Public Housing Program (described previously) including Public Housing and Capital Fund Grants. The Authority either sets up separate funds within the Public Housing Fund for each program or assigns a particular set of general ledger accounts in order to account for income and expenses of each program separately. All sub-accounts or funds are combined to produce the financial statements of the Public Housing Fund.

- **Housing Choice Voucher Fund**

This fund accounts for the rental assistance program more fully described under the "Housing Choice Voucher Program," in Note 1.

- **Operating/Business Activities Fund**

This fund accounts for fees earned rendering contract administration services to agencies along with any non-federal miscellaneous activity.

- **Dunfee Court Fund**

This Fund accounts for all activities associated with the Rural Development Program (described previously) for this specific community. The Authority assigns a particular set of general ledger accounts in order to account for income and expenses of this community separately.

- **Gable Estates Fund**

This Fund accounts for all activities associated with the Rural Development Program (described previously) for this specific community. The Authority assigns a particular set of general ledger accounts in order to account for income and expenses of this community separately.

B. Basis of Accounting

Primary Government

The accrual basis of accounting is used to account for those operations that are financed and operated in a manner similar to private business, or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses excluding depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Component Unit

The Company utilizes the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Investments

Primary Government

Investments are restricted by the provisions of the HUD regulations (Note 4). Investments are valued at market value. Interest income earned in fiscal year 2016 totaled \$11 for the primary government.

Component Unit

Investments are unrestricted and are valued at market value. Interest income earned in fiscal year 2016 totaled \$241 for the component unit.

D. Receivables – Net of Allowance

Primary Government

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts was \$7 at March 31, 2016.

Component Unit

The Company has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Bad debts are treated as direct write-off in the period management determines that collection is not probable. There were no bad debts expensed for the year ended March 31, 2016.

E. Capital Assets

Primary Government

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority's capitalization policy is \$1,500. The following are the useful lives used for depreciation purposes:

Buildings	40 years
Building improvements	15 years
Furniture, equipment and machinery	7 years

Component Unit

Fixed assets are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the Statement of Operations. The rental property is depreciated over estimated service levels as follows:

Buildings and Improvements	7- 40 years
Vehicles	5 years

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. 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 statement of net position 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 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.

The following is a summary of changes in compensated absences for the year ended March 31, 2016:

	<u>Balance</u> <u>3/31/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>3/31/2016</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ 27,297	\$ 48	\$ -	\$ 27,345	\$ 14,899

H. Unearned Revenue

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied.

I. Budgetary Accounting

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

J. 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.

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position 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. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Operating Revenues and Expenses

Primary Government

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Component Unit

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the company and its tenants are typically one year or less. Service income is recognized as fees become due for monthly fixed fees and recognized as work is completed per-unit fees.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Ohio Public Employee Retirement System (OPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by OPERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

N. Deferred Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that is applicable to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 8.

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Deferred Inflows of Resources

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (Note 8).

P. Adoption of Accounting Pronouncement

The Authority adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68. The objective of these statements is to improve decision-usefulness of information in employer entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability will also be enhanced through new note disclosure and required supplementary information.

NOTE 3: PRIOR PERIOD ADJUSTMENT

The following prior period adjustment was made to net position due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these pronouncements had the following effect on net position as reported March 31, 2015:

Prior Period Adjustments:

Net Position March 31, 2015	\$ 1,325,901
Net Pension Liability	(161,691)
Deferred outflows of resources-employer contributions made subsequent to measurement date.	<u>6,882</u>
Restated Net Position March 31, 2015	<u>\$ 1,171,092</u>

Other than employer contributions subsequent to the measurement date, the Authority made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 4: DEPOSITS AND INVESTMENTS

A. Primary Government

Deposits

At fiscal year end, the carrying amount of the primary government's deposits was \$307,605 and its bank balances totaled \$345,523. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2016, \$250,000 of the primary government's bank balance was covered by Federal Depository Insurance (FDIC). The remainder was collateralized by securities pledged in the name of the Authority. Included in the carrying value of the Authority's deposits is \$200 in petty cash.

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

A. Primary Government (Continued)

Deposits (Continued)

Custodial credit risk is the risk that in the event of bank failure, the primary government's deposits may not be returned. All Deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted Chapter 135 of the Ohio Revised Code, is held in financial institutions pools at Federal Reserve banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank, and pledged as a pool of collateral against the public deposits it holds, or as specific collateral held at the Federal Reserve Bank in name of the Authority.

Investments

The Authority has a formal investment policy; although, the authority did not have investments at March 31, 2016.

Cash and cash equivalents included in the primary government's cash position at March 31, 2016, are as follows:

	Cash and Cash Equivalents
Cash – Unrestricted	\$ 279,454
Cash – Restricted	28,151
Total Cash and Cash Equivalents	\$ 307,605

B. Component Unit

Deposits

At fiscal year end, the carrying amount of the component unit's deposits was \$87,984 and its bank balances totaled \$90,981. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2016, \$90,981 of the component units' bank balance was covered by Federal Depository Insurance (FDIC). The Company has not experience any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

The Authority has a formal investment policy it relies on to manage the investments of the component unit; however, the component unit had no investments at March 31, 2016.

Cash and cash equivalents included in the component unit's cash position at March 31, 2016, are as follows:

	Cash and Cash Equivalents
Cash – Unrestricted	\$ 83,545
Cash – Restricted	4,439
Total Cash and Cash Equivalents	\$ 87,984

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 5: RESTRICTED CASH

Primary Government

The restricted cash balance of \$28,151 on the financial statements for the primary government represents the following:

Tenant Security Deposits	\$	23,984
Cash – Restricted for Payment of Current Liability		4,167
Total Restricted Cash		<u><u>28,151</u></u>

Component Unit

The restricted cash balance of \$4,439 on the financial statements for the component unit represents the following:

Tenant Security Deposits	\$	4,439
Total Restricted Cash		<u><u>4,439</u></u>

NOTE 6: INSURANCE COVERAGE

Primary Government

The Authority is covered for property damage, general liability, auto damage and liability, and public officials' liability through the State Housing Authority Risk Pool Association, Inc. (SHARP).

Additionally, workers' compensation is maintained through the State of Ohio, in which rates are calculated retrospectively. The authority is also fully insured through a premium payment plan for employee health care benefits. There was no significant reduction in coverages and no claims exceed insurance coverage during the past three years.

Component Unit

The Company is covered for property damage, general liability, auto damage and liability through Nationwide Insurance.

Additionally, workers' compensation is maintained through the State of Ohio, in which rates are calculated retrospectively. There was no significant reduction in coverages and no claims exceed insurance coverage as of the date of this audit report.

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 7: CAPITAL ASSETS

The following is a summary of changes:

A. Primary Government

	<u>Balance March 31, 2015</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance March 31, 2016</u>
Capital Assets Not Depreciated				
Land	\$ 137,179	\$ -	\$ -	\$ 137,179
Total Capital Assets Not Depreciated	<u>137,179</u>	<u>-</u>	<u>-</u>	<u>137,179</u>
Capital Assets, Being Depreciated				
Buildings and Building Improvements	4,866,344	30,284	-	4,896,628
Furniture and Equipment	166,768	68,694	-	235,462
Total Capital Assets, Being Depreciated	<u>5,033,112</u>	<u>98,978</u>	<u>-</u>	<u>5,132,090</u>
Less: Accumulated Depreciation	(3,834,690)	(116,490)	-	(3,951,180)
Subtotal Capital Assets Being Depreciated	<u>1,198,422</u>	<u>(17,512)</u>	<u>-</u>	<u>1,180,910</u>
Total Capital Assets	<u>\$ 1,335,601</u>	<u>\$ (17,512)</u>	<u>\$ -</u>	<u>\$ 1,318,089</u>
Buildings and Building Improvements				\$ 3,784,605
Furniture and Equipment				166,575
Total Accumulated Depreciation				<u>\$ 3,951,180</u>

The depreciation periods for the above asset classes are as follows:

Buildings	40 years
Building Improvements	15 years
Furniture and Equipment Dwellings	7 years
Furniture and Equipment Administration	3 to 7 years

B. Component Unit

	<u>Balance March 31, 2015</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance March 31, 2016</u>
Capital Assets Not Depreciated				
Land	\$ 51,800	\$ 7,100	\$ -	\$ 58,900
Total Capital Assets Not Depreciated	<u>51,800</u>	<u>7,100</u>	<u>-</u>	<u>58,900</u>
Capital Assets, Being Depreciated				
Buildings and Building Improvements	189,199	82,531	-	271,730
Furniture and Equipment	6,000	-	-	6,000
Total Capital Assets, Being Depreciated	<u>195,199</u>	<u>82,531</u>	<u>-</u>	<u>277,730</u>
Less: Accumulated Depreciation	(27,607)	(10,791)	-	(38,398)
Subtotal Capital Assets Being Depreciated	<u>167,592</u>	<u>71,740</u>	<u>-</u>	<u>239,332</u>
Total Capital Assets	<u>\$ 219,392</u>	<u>\$ 78,840</u>	<u>\$ -</u>	<u>\$ 298,232</u>

The depreciation periods for the above asset classes are as follows:

Buildings and Improvements	7 - 40 years
Vehicles	5 years

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 8: DEFINED BENEFIT PENSION PLANS

Primary Government

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually. Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually- required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – OPERS is a cost-sharing, multiple-employer public employee retirement system that provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. That report can be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642, by calling (800) 222-7377, or by visiting the OPERS Web site at www.opers.org.

OPERS administers three retirement plans, as described below:

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Primary Government (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

- 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 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.

Pension Benefits – All benefits of the System, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145. The Board, pursuant to ORC Chapter 145, has elected to maintain funds to provide health care coverage to eligible Traditional Pension and Combined plan retirees and survivors of members. Health care coverage does not vest and is not required under ORC Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the Board.

- **New Legislation** - Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have twenty years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired after January 7, 2013.
- **Age-and-Service Defined Benefits** – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service. Group C is for members eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2 percent of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5 percent for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2 percent for the first 35 years and a factor of 2.5 percent for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Refer to the age-and-service tables located in the OPERS 2014 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirements for unreduced benefit receive a percentage reduction in the benefit amounts. The base amounts of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0 percent to the member's FAS for the first 30 years of service. A factor 1.25 percent is applied to years in excess of 30. The benefit formula for transition Group C applies a factor of 1.0 percent to the member's FAS and the first 35 years of service and a factor of 1.25 percent is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Primary Government (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits – Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions, actual employer contributions and investment gains or losses resulting from the members' investment selections.

Disability Benefits – OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Survivor Benefits – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits.

Other Benefits – Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit. A death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

Contributions - The OPERS funding policy provides for periodic employee and employer contributions to all three plans (Traditional Pension, Combined and Member- Directed) at rates established by the Board, subject to limits set in statute. The rates established for member and employer contribution rates were approved based upon the recommendations of the System's external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code.

Member and employer contributions rates, as a percent of covered payroll, were the same for each covered group across all three plans for fiscal year ended March 31, 2016. Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Primary Government (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)(Continued)

Plan members were required to contribute 10 percent of their annual covered salary. The Authority was required to contribute 14 percent, a portion of which is set aside for funding post-retirement health care coverage. The Authority's contractually required contributions to OPERS for fiscal year 2016 was \$33,799 for the Traditional Plan and Combined Plan no participation for the Member-Directed Plan. The full amount was contributed during the fiscal year.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share on contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>Traditional</u>	<u>Combined</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability (Asset)	\$239,899	(\$6,768)	\$233,131
Proportion of the Net Pension Liability	0.001385%	0.013910%	
Pension Expense	\$33,708	\$3,569	\$37,277

The Authority reported deferred inflows and outflows arising from the current reporting period as of and for the year ended December 31, 2015, this does not include the subsequent employer contribution paid by the employer.

<u>Deferred Inflows/(Outflows)</u>	<u>Total Deferred Inflows/(Outflows) Arising in Current Reporting Period</u>	<u>2015 Amortization Period</u>	<u>First Year of Amortization Recognized in Pension Expense</u>	<u>Balance of 2015 Deferred Inflows/(Outflows) in Current Reporting Period</u>
Traditional Plan				
Difference Between Expected and Actual Experience	\$4,464	3.1673 years	\$1,409	\$3,055
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	(\$79,788)	5 years	(\$15,958)	(\$63,381)

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Primary Government (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)(Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions(Continued)

<u>Deferred Inflows/(Outflows)</u>	<u>Total Deferred Inflows/(Outflows) Arising in Current Reporting Period</u>	<u>2015 Amortization Period</u>	<u>First Year of Amortization Recognized in Pension Expense</u>	<u>Balance of 2015 Deferred Inflows/(Outflows) in Current Reporting Period</u>
Combined Plan				
Difference Between Expected and Actual Experience	\$1,845	9.4080 years	\$196	\$1,649
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	(\$3,347)	5 years	(\$669)	(\$2,677)

\$6,882 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the year ending March 31, 2017. Cumulative deferred inflows/(outflows) by resources by year to be recognized in future pension expenses in conjunction with any subsequent contributions for the Authority's fiscal year end March 31.

Year Ending December 31:	Traditional Plan Net Deferred Inflows/(Outflows) of Resources	Combined Plan Net Deferred Inflows/(Outflows) of Resources
2016	\$ (15,422)	\$ (361)
2017	(16,550)	(361)
2018	(17,950)	(361)
2019	(15,958)	(279)
2020	-	390
Thereafter	-	1,136
Total	\$ (65,880)	\$ 164

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Primary Government (Continued)

Actuarial Assumptions – OPERS (Continued)

OPERS's total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., future employment, mortality, cost trends). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

Actuarial Information	Traditional Pension Plan	Combined Plan
Valuation Date	December 31, 2015	December 31, 2015
Experience Study	5 Year Period Ended December 31, 2010	5 Year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions		
Investment Rate of Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
Projected Salary Increases	4.25% - 10.05% (includes wage inflation at 3.75%)	4.25% - 8.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.80% Simple	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.80% Simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used, set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Primary Government (Continued)

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation for 2015	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.31%
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other Investments	18.00	4.59
TOTAL	100.00%	5.27%

The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

Discount Rate - The discount rate used to measure the total pension liability was 8.0 percent for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0 percent), or one percentage point higher (9.0 percent) than the current rate.

Authority's Proportionate Share of the Net Pension Liability (asset)	1% Decrease 7.0%	Current Discount Rate 8.0%	1% Increase 9.0%
Traditional Pension Plan	\$ 382,218	\$ 239,899	\$ 119,858
Combined Plan	\$ (139)	\$ (6,768)	\$ (12,102)

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

Component Unit

The Company offers no pension plan benefits for its employees.

NOTE 9: POST-EMPLOYMENT BENEFITS

Primary Government

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-Direct Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined 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. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Settlement in the OPERS 2013 CAFR for details.

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 making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377, or by using the OPERS website at <http://www.opers.org>

The Ohio Revised Code provides 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-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016, the Authority contributed at a rate of 14.0 percent of covered payroll or \$39,432. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 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 the post-employment health care

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 9: POST-EMPLOYMENT BENEFITS (Continued)

Primary Government(Continued)

benefits. The portion of employer contributions allocated to the health care for members in both plans was 2.0 percent for the period ending March 31, 2016.

The OPERS Board of Trustees is also authorized to establish rules for payment of a portion of the health care benefits provided, 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 March 31, 2016, 2015, and 2014, which were used to fund post-employment benefits, were \$5,633, \$5,751 and \$6,511 respectively.

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

Component Unit

The Company offers no post-employment pension plan benefits for its employees.

NOTE 10: LONG-TERM DEBT

A. Primary Government

Harrison Metropolitan Housing Authority has the following mortgages outstanding as of March 31, 2016:

Dunfee Court - A first and second mortgage with the United States Department of Agriculture Rural Housing Service for a 12-unit project. Original loan amount \$373,300, dated January 30, 1985. Term of the loan is 50 years with interest rate of 10.75%, discounted to 1%. Balance outstanding as of March 31, 2016 was \$145,401. Second loan amount \$23,580, dated April 25, 1985. Term of the loan is 50 years with interest rate of 11.875%, discounted to 1%. Balance outstanding as of March 31, 2016 was \$9,921.

Gable Estate - United States Department of Agriculture Rural Housing Service loan for a 16-unit project. The amount of the loan was \$541,516, dated April 21, 1993. The term of the loan is 50 years with the interest rate of 7.75%, discounted to 1%. The outstanding balance as of March 31, 2016 was \$485,356.

The following is a summary of change in long-term debt for the year ended March 31, 2016:

<u>Description</u>	<u>Balance 3/31/2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 3/31/2016</u>	<u>Due Within One Year</u>
1st Mortgage Dunfee Court	\$ 153,538	\$ -	\$ 8,137	\$ 145,401	\$ 8,186
2nd Mortgage Dunfee Court	10,428	-	507	9,921	510
Gable Estate	490,436	-	5,080	485,356	5,253
<i>Total Mortgage Notes</i>	<u>\$ 654,402</u>	<u>\$ -</u>	<u>\$ 13,724</u>	<u>\$ 640,678</u>	<u>\$ 13,949</u>
Net Pension Liability	<u>\$ 161,691</u>	<u>\$ 71,440</u>	<u>\$ -</u>	<u>\$ 233,131</u>	<u>\$ -</u>

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 10: LONG-TERM DEBT (Continued)

A. Primary Government (Continued)

Debt maturities for future years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 13,949	\$ 6,407	\$ 20,356
2018	14,443	6,267	20,710
2019	14,969	6,123	21,092
2020	15,531	5,973	21,504
2021	16,130	5,818	21,948
2022-2026	91,157	26,535	117,692
2027-2031	113,684	21,557	135,241
2032-2036	109,304	15,746	125,050
2037-2041	136,456	10,050	146,506
2042-2045	115,055	2,458	117,513
	<u>\$ 640,678</u>	<u>\$ 106,934</u>	<u>\$ 747,612</u>

B. Component Unit

The Authority's component unit had no outstanding obligations on notes as of March 31, 2016.

NOTE 11: CONTINGENCIES

A. 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 March 31, 2016.

B. Litigation

In the normal course of operations, the Authority may be subject to litigations and claims. At March 31, 2016, the Authority was not aware of any such matters.

NOTE 12: FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2016, the Authority electronically submitted an unaudited version of the statement of net position, statement of revenues, expenses and changes in net position and other data to HUD REAC as required on the GAAP basis.

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 13: PLEDGED ESCROW RECEIVABLE

On June 15, 2010 the Authority signed a guarantee agreement to Bingham Terrace Preservation LP, an Ohio Limited Partnership, and Huntington Ohio ARRA Fund LLC, an Ohio Limited Liability Company. The authority is an affiliate of the General Partner of the Partnership, owner of a low-income housing project constructed by the partnership. The obligation of the Authority under the agreement is a pledge of \$500,000, which will be paid to the Primary Government as follows:

Primary Government	
Year Ending March 31:	
2017	\$ 125,000
2027	<u>250,000</u>
Total Pledged	<u>375,000</u>
Current	<u>-</u>
Long-term	<u><u>\$ 375,000</u></u>

NOTE 14: SUBSEQUENT EVENT

A. Primary Government

There were no subsequent events noted through the date of the report, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

B. Component Unit

There were no subsequent events noted through the date of the report, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

NOTE 15: RELATED PARY TRANSACTIONS

Maintenance Services Agreement - The Company has entered into an agreement with the Authority to provide building maintenance services to the properties under the Authority's ownership. The fees are fixed and charged on a monthly basis at a fee determined in the agreement. Service income related to this agreement totaled \$99,273 for the year ended March 31, 2016.

Administrative Reimbursement Agreement - The Company has entered into an administrative reimbursement agreement with the Authority to pay for the Company's portion of shared administrative costs in the amount of \$1,000 per month. The Company paid the Authority \$12,000 in relation to these services during the year ended March 31, 2016.

**HARRISON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED MARCH 31, 2016**

The following is the schedule of the Authority's proportionate share of the net pension liability of the Ohio Public Employees Retirement System for the last two measurement years (1), (2).

	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability:		
Traditional Plan	0.001385%	0.001385%
Combined Plan	0.013910%	0.013910%
Authority's Proportionate Share of the Net Pension Liability(Asset)	\$ 233,131	\$ 161,691
Authority's Covered-Employee Payroll (3)	281,657	205,389
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	82.77%	78.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		
Traditional Plan	81.08%	86.45%
Combined Plan	116.90%	114.83%

- (1) Information presented based on measurement period ended December 31, 2015 and 2014
(2) Information prior to 2014 is not available.
(3) Covered-employee payroll broken down by plan (Traditional vs. Combined) was not available.

**HARRISON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2016**

The following is the schedule of the Authority's contributions to the Ohio Public Employees Retirement System for the last three years (1).

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions (2)	\$ 39,432	\$ 28,755	\$ 32,556
Contributions in Relations to the Contractually Required Contributions	(39,432)	(28,755)	(32,556)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority-covered employee payroll	\$ 281,657	\$ 205,389	\$ 232,543
Contributions as a Percentage of Covered Employee Payroll	14.00%	14.00%	14.00%

- (1) Represents employer's fiscal year. Information prior to 2014 was not available. The authority will continue to present information for years available until a full 10-year trend is compiled
(2) Information broken down by plan type (traditional vs. combined) was not available.

**HARRISON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2016**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
<i>DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</i>		
Low Rent Public Housing	14.850	\$ 93,429
Public Housing Capital Fund Program	14.872	45,100
Housing Choice Vouchers	14.871	<u>832,239</u>
Total U.S. Department of Housing and Urban Development		<u>970,768</u>
<i>DIRECT FROM U.S. DEPARTMENT OF AGRICULTURE - RURAL HOUSING SERVICE:</i>		
Rural Rental Housing Loan	10.415	<u>58,749</u>
Total U.S. Department of Agriculture - Rural Housing Service		<u>58,749</u>
TOTAL - FEDERAL AWARDS EXPENDITURES		<u><u>\$ 1,029,517</u></u>

The accompanying notes to this schedule are an integral part of this schedule

**HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE 1 – PRESENTATION

The accompanying Schedule of Federal Awards Expenditures is a summary of the federal grant activity of the Harrison Metropolitan Housing Authority. This schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

NOTE 2 – COMPONENT UNIT

There were no federal expenditures for the component unit, Enterprise Housing Property Preservation, L.L.C.

NOTE 3 – INDIRECT COST RATE

The accompanying Schedule of Federal Awards Expenditures is a summary of the activity of the Authority's federal award programs. The 10% de minimis indirect cost rate was not used.

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
March 31, 2016

Description	Project Total CF and PH	Housing Choice Vouchers 14,871	10.415 Rural Development	State and Local	6.1 Component Unit - Discretely Presented	Total Before Elimination	Elim.	Total
111 Cash - Unrestricted	53,917	30,934	61,911	132,692	83,545	362,999	-	362,999
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	1,561	-	-	-	1,561	-	1,561
114 Cash - Tenant Security Deposits	12,253	-	11,731	-	4,439	28,423	-	28,423
115 Cash - Restricted for Payment of Current Liability	-	2,606	-	-	-	2,606	-	2,606
100 Total Cash	66,170	35,101	73,642	132,692	87,984	395,589	-	395,589
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	-	79,157	-	79,157	-	79,157
126 Accounts Receivable - Tenants	70	-	140	-	-	210	-	210
126.1 Allowance for Doubtful Accounts -Tenants	(7)	-	-	-	-	(7)	-	(7)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-
128 Fraud Recovery	-	4,588	227	-	-	4,815	-	4,815
128.1 Allowance for Doubtful Accounts - Fraud	-	(688)	-	-	-	(688)	-	(688)
129 Accrued Interest Receivable	-	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	63	3,900	367	79,157	-	83,487	-	83,487
131 Investments - Unrestricted	-	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	11,947	3,210	7,228	-	3,829	26,214	-	26,214
143 Inventories	-	-	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	12,736	-	12,736	(12,736)	-
145 Assets Held for Sale	-	-	-	-	-	-	-	-
150 Total Current Assets	78,180	42,211	81,237	224,585	91,813	518,026	(12,736)	505,290
161 Land	75,202	-	61,977	-	58,900	196,079	-	196,079
162 Buildings	3,803,047	-	1,093,581	-	271,730	5,168,358	-	5,168,358
163 Furniture, Equipment & Machinery - Dwellings	52,975	-	57,819	-	-	110,794	-	110,794
164 Furniture, Equipment & Machinery - Administration	120,642	-	1,471	2,555	6,000	130,668	-	130,668
165 Leasehold Improvements	-	-	-	-	-	-	-	-
166 Accumulated Depreciation	(3,253,373)	-	(697,663)	(144)	(38,398)	(3,989,578)	-	(3,989,578)
167 Construction in Progress	-	-	-	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	798,493	-	517,185	2,411	298,232	1,616,321	-	1,616,321
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	375,000	-	375,000	-	375,000

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
March 31, 2016

Description	Project Total CF and PH	Housing Choice Vouchers 14.871	10.415 Rural Development	State and Local	6.1 Component Unit - Discretely Presented	Total Before Elimination	Elim.	Total
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-	-	-	-
180 Total Non-Current Assets	798,493	-	517,185	377,411	298,232	1,991,321	-	1,991,321
190 Total Assets	876,673	42,211	598,422	601,996	390,045	2,509,347	(12,736)	2,496,611
200 Deferred Outflow of Resources	35,874	23,933	12,599	-	-	72,406	-	72,406
290 Total Assets and Deferred Outflow of Resources	912,547	66,144	611,021	601,996	390,045	2,581,753	(12,736)	2,569,017
311 Bank Overdraft	-	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	3,625	2,606	3,882	-	1,055	11,168	-	11,168
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	12,920	777	13,697	-	13,697
322 Accrued Compensated Absences - Current Portion	4,873	7,918	2,108	-	-	14,899	-	14,899
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-	-
341 Tenant Security Deposits	12,253	-	11,731	-	4,439	28,423	-	28,423
342 Unearned Revenue	1,842	-	116	50,000	-	51,958	-	51,958
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	13,949	-	-	13,949	-	13,949
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-	-	-
346 Accrued Liabilities - Other	9,782	-	-	-	2,847	12,629	-	12,629
347 Inter Program - Due To	-	-	12,736	-	-	12,736	(12,736)	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-
310 Total Current Liabilities	32,375	10,524	44,522	62,920	9,118	159,459	(12,736)	146,723
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	-	-	626,731	-	-	626,731	-	626,731
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	2,877	8,310	1,259	-	-	12,446	-	12,446
355 Loan Liability - Non Current	-	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	115,516	77,050	40,565	-	-	233,131	-	233,131
350 Total Non-Current Liabilities	118,393	85,360	668,555	-	-	872,308	-	872,308
300 Total Liabilities	150,768	95,884	713,077	62,920	9,118	1,031,767	(12,736)	1,019,031

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
March 31, 2016

Description	Project Total CF and PH	Housing Choice Vouchers 14.871	10.415 Rural Development	State and Local	6.1 Component Unit - Discretely Presented	Total Before Elimination	Elim.	Total
400 Deferred Inflow of Resources	1,562	1,044	549	-	-	3,155	-	3,155
508.4 Net Investment in Capital Assets	798,493	-	(123,495)	2,411	298,232	975,641	-	975,641
511.4 Restricted Net Position	-	1,561	-	-	-	1,561	-	1,561
512.4 Unrestricted Net Position	(38,276)	(32,345)	20,890	536,665	82,695	569,629	-	569,629
513 Total Equity - Net Position	760,217	(30,784)	(102,605)	539,076	380,927	1,546,831	-	1,546,831
600 Total Liabilities, Deferred Inflows of Resources, and Equity - Net Assets/Position	912,547	66,144	611,021	601,996	390,045	2,581,753	(12,736)	2,569,017
70300 Net Tenant Rental Revenue	161,341	-	88,576	-	35,449	285,366	-	285,366
70400 Tenant Revenue - Other	6,360	-	3,006	-	-	9,366	-	9,366
70500 Total Tenant Revenue	167,701	-	91,582	-	35,449	294,732	-	294,732
70600 HUD PHA Operating Grants	138,529	832,239	58,749	-	-	1,029,517	-	1,029,517
70610 Capital Grants	-	-	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	-	-
70800 Other Government Grants	-	-	40,000	-	-	40,000	-	40,000
71100 Investment Income - Unrestricted	6	-	5	-	241	252	-	252
71200 Mortgage Interest Income	-	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-
71400 Fraud Recovery	-	1,840	-	-	-	1,840	-	1,840
71500 Other Revenue	1,770	12,516	11,088	51,356	99,273	176,003	-	176,003
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-	-	-
70000 Total Revenue	308,006	846,595	201,424	51,356	134,963	1,542,344	-	1,542,344
91100 Administrative Salaries	66,357	51,097	26,328	-	10,601	154,383	-	154,383
91200 Auditing Fees	1,026	4,268	575	-	7,500	13,369	-	13,369
91300 Management Fee	-	-	14,925	-	-	14,925	-	14,925
91310 Book-keeping Fee	-	-	-	-	-	-	-	-
91400 Advertising and Marketing	75	-	-	-	53	128	-	128
91500 Employee Benefit contributions - Administrative	35,448	27,799	13,959	-	1,405	78,611	-	78,611
91600 Office Expenses	7,740	18,785	4,955	-	2,739	34,219	-	34,219
91700 Legal Expense	261	-	51	-	1,150	1,462	-	1,462

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
March 31, 2016

Description	Project Total CF and PH	Housing Choice Vouchers 14,871	10.415 Rural Development	State and Local	6.1 Component Unit - Discretely Presented	Total Before Elimination	Elim.	Total
91800 Travel	1,048	1,268	65	-	3,125	5,506	-	5,506
91810 Allocated Overhead	123	-	-	-	-	123	-	123
91900 Other	2,697	15,479	7,968	534	13,139	39,817	-	39,817
91000 Total Operating - Administrative	114,775	118,696	68,826	534	39,712	342,543	-	342,543
92000 Asset Management Fee	-	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-
92400 Tenant Services - Other	244	-	273	-	-	517	-	517
92500 Total Tenant Services	244	-	273	-	-	517	-	517
93100 Water	12,029	182	18,383	-	177	30,771	-	30,771
93200 Electricity	57,548	1,706	4,421	-	483	64,158	-	64,158
93300 Gas	303	486	758	-	186	1,733	-	1,733
93400 Fuel	-	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-	-
93600 Sewer	-	-	-	-	-	-	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-	-
93000 Total Utilities	69,880	2,374	23,562	-	846	96,662	-	96,662
94100 Ordinary Maintenance and Operations - Labor	8,986	1,728	1,383	-	53,485	65,582	-	65,582
94200 Ordinary Maintenance and Operations - Materials and Other	11,622	3,912	6,865	-	42,556	64,955	-	64,955
94300 Ordinary Maintenance and Operations Contracts	41,215	2,519	24,195	-	10,965	78,894	-	78,894
94500 Employee Benefit Contributions - Ordinary Maintenance	2,269	564	371	-	5,786	8,990	-	8,990
94000 Total Maintenance	64,092	8,723	32,814	-	112,792	218,421	-	218,421
95100 Protective Services - Labor	-	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-	-	-	-
96110 Property Insurance	14,945	3,293	7,808	-	6,887	32,933	-	32,933
96120 Liability Insurance	-	-	-	-	-	-	-	-
96130 Workmen's Compensation	-	-	-	-	-	-	-	-
96140 All Other Insurance	-	-	-	-	-	-	-	-
96100 Total insurance Premiums	14,945	3,293	7,808	-	6,887	32,933	-	32,933
96200 Other General Expense	-	-	6,521	-	10,000	16,521	-	16,521
96210 Compensated Absences	1,909	(1,291)	(571)	-	-	47	-	47

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
March 31, 2016

Description	Project Total CF and PH	Housing Choice Vouchers 14,871	10,415 Rural Development	State and Local	6.1 Component Unit - Discretely Presented	Total Before Elimination	Elim.	Total
96300 Payments in Lieu of Taxes/Real Estate Taxes	9,782	-	-	-	3,074	12,856	-	12,856
96400 Bad debt - Tenant Rents	2,136	-	-	-	-	2,136	-	2,136
96500 Bad debt - Mortgages	-	-	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	13,827	(1,291)	5,950	-	13,074	31,560	-	31,560
96710 Interest of Mortgage (or Bonds) Payable	-	-	10,417	-	-	10,417	-	10,417
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	10,417	-	-	10,417	-	10,417
96900 Total Operating Expenses	277,763	131,795	149,650	534	173,311	733,053	-	733,053
97000 Excess of Operating Revenue over Operating Expenses	30,243	714,800	51,774	50,822	(38,348)	809,291	-	809,291
97100 Extraordinary Maintenance	-	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-	-
97300 Housing Assistance Payments	-	736,337	-	-	-	736,337	-	736,337
97350 HAP Portability-In	-	-	-	-	-	-	-	-
97400 Depreciation Expense	84,268	-	32,078	144	10,791	127,281	-	127,281
97500 Fraud Losses	-	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-	-
90000 Total Expenses	362,031	868,132	181,728	678	184,102	1,596,671	-	1,596,671
10010 Operating Transfer In	-	-	-	-	-	-	-	-
10020 Operating transfer Out	-	-	-	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(54,025)	(21,537)	19,696	50,678	(49,139)	(54,327)	-	(54,327)

HARRISON METROPOLITAN HOUSING AUTHORITY
FDS SCHEDULE SUBMITTED TO REAC
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
March 31, 2016

Description	Project Total CF and PH	Housing Choice Vouchers 14.871	10.415 Rural Development	State and Local	6.1 Component Unit - Discretely Presented	Total Before Elimination	Elim.	Total
11020 Required Annual Debt Principal Payments	-		13,724	-	-	13,724	-	13,724
11030 Beginning Equity	890,950	41,918	(95,365)	488,398	430,066	1,755,967	-	1,755,967
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(76,708)	(51,165)	(26,936)	-	-	(154,809)	-	(154,809)
11050 Changes in Compensated Absence Balance	-		-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-		-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-		-	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-		-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-		-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-		-	-	-	-	-	-
XXXXX Ending Equity	760,217	(30,784)	(102,605)	539,076	380,927	1,546,831	-	1,546,831
11170 Administrative Fee Equity	-	21,817	-	-	-	21,817	-	21,817
11180 Housing Assistance Payments Equity	-	1,561	-	-	-	1,561	-	1,561
11190 Unit Months Available	600	3,180	336	-	53	4,169	-	4,169
11210 Number of Unit Months Leased	586	2,252	328	-	48	3,214	-	3,214
11270 Excess Cash	14,469	-	-	-	-	14,469	-	14,469
11610 Land Purchases	-	-	-	-	7,100	7,100	-	7,100
11620 Building Purchases	-	-	-	-	82,531	82,531	-	82,531
11630 Furniture & Equipment - Dwelling Purchases	-	-	51,702	-	-	51,702	-	51,702
11640 Furniture & Equipment - Administrative Purchases	13,286	-	1,150	2,555	-	16,991	-	16,991
11650 Leasehold Improvements Purchases	-	-	30,284	-	-	30,284	-	30,284
11660 Infrastructure Purchases	-	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-	-
B/S in Balance	-	-	-	-	-	-	-	-
N/A in Balance	-	-	-	-	-	-	-	-
Inv in F/A net of Debt in Balance	-	-	-	-	-	-	-	-
Restricted N/A in Balance	-	-	-	-	-	-	-	-



428 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

October 7, 2016

Harrison Metropolitan Housing Authority
Harrison County
P.O. Box 146
82450 Cadiz-Jewett Rd.
Cadiz, OH 43907

To the Board of Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Harrison Metropolitan Housing Authority**, Harrison County, (the Authority) as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 7, 2016, wherein we noted the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our report refers to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits from the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of Enterprise Housing Property Preservation, LLC, the Authority's discretely presented component unit, as described in our report on the Authority's financial statement. The financial statements of Enterprise Housing Property Preservation, LLC, the Authority's discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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



...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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Internal Control Over Financial Reporting (Continued)

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

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not required in this report that we reported to the Authority's management in a separate letter dated October 7, 2016.

Purpose of this Report

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



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

October 7, 2016

Harrison Metropolitan Housing Authority
Harrison County
P.O. Box 146
82450 Cadiz-Jewett Rd.
Cadiz, OH 43907

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited **Harrison Metropolitan Housing Authority's**, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended March 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



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Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended March 31, 2016.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
FOR THE YEAR ENDED MARCH 31, 2016**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Housing Choice Vouchers CFDA # 14.871
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

HARRISON COUNTY METROPOLITAN HOUSING AUTHORITY

HARRISON 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
DECEMBER 29, 2016**