LUCAS METROPOLITAN HOUSING AUTHORITY

LUCAS COUNTY, OHIO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

Board of Commissioners
Lucas Metropolitan Housing Authority
435 Nebraska Ave.
Toledo, Ohio 43697

We have reviewed the *Independent Auditor's Report* of the Lucas Metropolitan Housing Authority, Lucas County, prepared by Bastin & Company, LLC, for the audit period January 1, 2015 through December 31, 2015. 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 Lucas Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

August 19, 2016

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LUCAS METROPOLITAN HOUSING AUTHORITY

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Bastin & Company, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Lucas Metropolitan Housing Authority
435 Nebraska Avenue
Toledo, Ohio 43697

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the Lucas Metropolitan Housing Authority, Lucas County, Ohio (the Authority), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lucas Metropolitan Housing Authority, Lucas County, Ohio as of December 31, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

4286 Mt. Carmel – Tobasco Road, Suite A, Cincinnati, Ohio 45244-2372, Telephone/Fax (513) 753-3999

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2015, 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 – an amendment of GASB Statement No.68,* and as a result restated their December 31, 2014 net position. 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 as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplemental and Other Information

Our audit was conducted to opine on the Government's basic financial statements taken as a whole. The Financial Data Schedules and the Statement and Certification of Actual Modernization Cost present additional analysis and are not a required part of the basic financial statements. The Schedule of Federal Award 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 statement and 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 the statement and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the statement and 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, the statement and 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 June 10, 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.

Bastin & Company, LLC

Cincinnati, Ohio
June 10, 2016

The Lucas Metropolitan Housing Authority (LMHA or "Authority") management discussion and analysis (MD&A) is intended to (a) assist readers in focusing on the significant financial issues, (b) provide an overview of LMHA's financial activities for the year, (c) identify changes in the LMHA's financial position and (d) identify individual fund or program issues or concerns.

The MD&A is designed to focus on the current year's activities, resulting changes and currently known facts. Please read this in conjunction with the accompanying financial statements and notes to the financial statements for better comprehension.

LMHA offers this narrative overview of its financial activities for the year ending December 31, 2015.

MISSION STATEMENT

Housing is vital to our past, present and future! We create quality housing opportunities and build communities through collaborative partnerships. While stimulating economic growth, we empower individuals and develop the neighborhoods of tomorrow for the people of today.

FINANCIAL HIGHLIGHTS

Some key highlights of the 2015 financial report include:

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $63,344,074 at December 31, 2015.

- Operating revenues increased from the prior year by $4.0 million (9%) to $47,907,428 in 2015, compared to $43,877,508 for 2014. Operating expenses increased from the prior year by $451,365 (0.9%) to $50,728,201 in 2015, compared to $50,276,836 for 2014.

- During 2015, net capital assets increased by $18,516,969 reflecting significant construction that was completed on the new Collingwood Green Phase II Townhouse Complex located on the site adjacent to the new Collingwood Green Phase I housing development and the renovation of the Parqwood Apartment Complex, a former public housing project.

- The Authority implemented the new accounting standard called GASB No. 68, which resulted in a prior period adjustment of ($4,922,470) and a net pension liability of $5,754,842.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The following is a list of the financial statements included in this report:

MD&A
Management Discussion and Analysis

Financial Statements
Statements of Net Position
Statements of Revenues, Expenses, and Changes in Net Position
Statements of Cash Flows
Notes to the Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The focus of the statement of net position (the "unrestricted" net position) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position is reported in three broad categories.

Net Investment in Capital Assets: This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that have been used for the acquisition, construction, or improvement of those assets.

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

Unrestricted Net Position: This component of net position consists of net position that does not meet the definition of Net Investment in Capital Assets, or Restricted Net Position.

The *statement of revenues, expenses and changes in net position* is 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 investment income, gains and losses on capital asset disposals and interest expense.

The focus of the statement of revenues, expenses and changes in net position is the Increase (Decrease) in Net Position, which is similar to Net Income or Loss.

The *statement of cash flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities and investing activities.

The *notes to the financial statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

THE AUTHORITY'S PROGRAMS

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

- **Low Income Public Housing Program** – Under this program, the LMHA rents units that it owns to low-income households throughout Lucas County. This program operates under an Annual Contributions Contract (ACC) with HUD, which provides an operating subsidy that enables the Agency to provide rental housing at a lower cost, based on 30 percent of household income.

The LMHA currently owns and operates 2,609 rental units subsidized in this program. Per HUD requirements, these units are grouped into six (6) Asset Management Projects, based on size and geographic location that are operated by site-based LMHA Property Managers.

- **Section 8 Program** – Under this program, the LMHA administers contracts with independent landlords that own and lease units within the community. Through a separate ACC with HUD, the LMHA receives a subsidy from HUD that allows the Agency to structure a lease between the landlord and the renter that sets the rent at 30 percent of the household income. LMHA then subsidizes the family's rent through a housing assistance payment made to the landlord. Some of these contracts assist disabled veterans, while others may allow the resident to become homeowners, as a result of their participation in the program. The LMHA currently administers 5,535 vouchers among the various Section 8 Programs, including Housing Choice Voucher, Mainstream, Mod Rehab and Veterans Affairs Supportive Housing (VASH) programs.

- **Capital Fund Grants** – The LMHA receives additional funding from HUD for physical and management improvements to its units within the Low Income Public Housing Program, under the same Annual Contributions Contract. This program provides funding for large-scale improvements or unplanned emergencies that are not covered by the operating subsidy amounts previously mentioned.

- **Resident Service Grants** – Funding through this program is awarded by HUD to provide additional assistance to residents with special needs, or to provide community outreach connections that provide such assistance, for improved quality of life within the Low Income Public Housing community.

- **Shelter Plus Care Grant** – Funding through this program is awarded by HUD to assist community organizations that provide transitional housing for chronically homeless individuals with disabilities or special needs. The LMHA administers the program for a sponsored service provider, assisting with the cost of housing, thereby allowing them to provide supportive services by coordinating their efforts with other organizations for the homeless, to improve their quality of life.

- **Home Improvement Partnership Program** – Funding for this program was awarded by the City of Toledo that passed through funding from HUD. The grant from the City of Toledo provided a portion of the mixed financing agreement related to the Collingwood Green Phase I construction project. The objective of the Home Improvement Partnership Program is to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans.

- **Neighborhood Stabilization Program** – Funding for this program was awarded by the City of Toledo that passed through funding from HUD. The grant from the City of Toledo provided a portion of the mixed financing agreement related to the Collingwood Green Phase I construction project. The Neighborhood Stabilization Program was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment.

- **Non-HUD/Business Activities Programs** – This area includes programs such as: contract administration, a consortium with other housing authorities in Ohio to manage site-based properties for HUD; the Veterans Fund, a discretionary pool of funding from a variety of activities; the Homeownership Funds, proceeds from the old Turnkey III program, utilized to provide opportunities for low-income families to become homeowners; and the Central Office Cost Center, the management entity related to the operation of the Housing Authority created through the implementation of the asset management program.

- **Component Units**
  Westridge Apartments Development Corporation – Through the Westridge Apartments Development Corporation, the LMHA owns and operates a 190-unit apartment complex as a component unit of the Agency. This is a market rate rental site, with 25 percent of its units leased to lower-income residents.

  Collingwood Green Phase I – Through the Collingwood Green Phase I, LP, a 65 unit mixed-finance and mixed income apartment community was constructed in 2013. The development includes 65 units of housing owned by Collingwood Green Phase I, LP, of which 33 units are public housing units developed using Capital Funds received by LMHA from HUD, and a mixed-finance amendment to the Annual Contributions Contract between HUD and LMHA.

  Collingwood Green Phase II – Through the Collingwood Green Phase II, LP, a 66 unit mixed-finance and mixed income townhome community is now under construction. The development will include 66 housing units to be owned by Collingwood Green Phase II, LP, of which 33 units will be public housing, developed using Capital Funds received by LMHA from HUD, and a mixed-finance amendment to the Annual Contributions Contract between HUD and LMHA.

  Lucas Housing Services Corporation – Through the Lucas Housing Services Corporation, a wholly owned non-profit corporation, the LMHA acquired 53 parcels in 2013, from the Lucas County Land Reutilization Company for the purpose of rehabilitating the single family dwellings to be resold to buyers who are unable to obtain conventional mortgages. To date, the LMHA has successfully sold one home, and is currently working on another four.

  Parqwood Apartments LP – In October, 2014, the LMHA was awarded a new Rental Assistance Demonstration project (RAD) from HUD. This was the first award made with this new funding source, which allows us to renovate a former public housing project, and lease it under the Section 8 housing assistance program. The Parqwood Apartments LP was created to manage this newly developed site.

NEW GASB 68 REPORTING

During 2015, 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. 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 December 31, 2014, from $64,643,849 to $59,721,379.

AUTHORITY'S STATEMENTS

Statement of Net Position

The following table represents a condensed Statements of Net Position:

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

	December 31, 2015	Restated December 31, 2014
Current Assets	$27,688,338	$29,375,191
Other Noncurrent Assets	1,295,252	814,783
Capital Assets	82,540,390	64,023,421
Total Assets	111,523,980	94,213,395
Deferred Outflows of Resources	1,007,578	702,389
Current Liabilities	21,274,804	4,070,289
Noncurrent Liabilities	27,811,579	31,124,116
Total Liabilities	49,086,383	35,194,405
Deferred Inflows of Resources	101,101	-
Net Position:		
Net Investment in Capital Assets	59,239,436	49,137,417
Restricted	5,083,807	4,591,168
Unrestricted	(979,169)	5,992,794
Total Net Position	$63,344,074	$59,721,379

Major Factors Affecting the Statement of Net Position - Total assets increased by $17,310,585 and total liabilities increased by $13,891,978. These increases are primarily due to construction related projects funded through the issuance of debt for the Authority's blended component units.

Change of Restricted and Unrestricted Net Position - The following is an analysis of the changes in the components of Net Position:

Table 2 - Changes in Net Position

Class	Unrestricted	Restricted	Net Invested in Capital Assets
Beginning balance, December 31, 2014 as previously reported	$10,915,264	$4,591,168	$49,137,417
Prior period adjustment	(4,922,470)	-	-
Beginning balance, December 31, 2014 restated	5,992,794	4,591,168	49,137,417
Results of operation	3,622,695	-	-
Depreciation expense	4,756,620	-	(4,756,620)
Net capital asset additions	(23,273,589)	-	23,273,589
Net debt additions funding capital asset additions	8,414,950,	-	(8,414,950)
Change in restricted net position	(492,639)	492,639	-
Ending balance, December 31, 2015	($979,169)	$5,083,807	$59,239,436

By far the largest portion of the Authority's net position is reflected in its net investment in capital assets. The Authority uses these capital assets (e.g., buildings, machinery, and equipment) to provide housing services to residents; consequently, these assets are not available for future spending. The increase from 2014 reflects significant construction that was completed during 2015 on the new Collingwood Green Phase II Townhouse Complex and the renovation of the Parqwood Apartment Complex. Increases in net capital assets, offset by increases in construction related debt contributed to this increase in this portion of net assets.

Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

The unrestricted net position of the Authority is available for future use to provide program services. The decrease was mainly due to recognizing a prior period adjustment related to the implementation of GASB Statement No. 68 and the activities of the Authority's blended component units that used assets for capital related additions.

Statement of Revenues, Expenses and Changes in Net Position

The following table represents condensed Statements of Revenues, Expenses and Changes in Net Position:

Table 3 - Condensed Statement of Statement of Revenues, Expenses, and Changes in Net Position Compared to Prior Year

	Year Ended December 31, 2015	Restated Year Ended December 31, 2014
Operating Revenue		
Government Operating Grants	$38,224,853	$36,568,085
Tenant Revenue	6,826,481	6,217,582
Other Revenue	2,856,094	1,091,841
Total Operating Revenue	47,907,428	43,877,508
Operating Expenses		
Operating Expenses	24,337,355	23,286,303
Depreciation	4,756,620	4,637,865
Housing Assistance Payments	21,634,226	22,352,668
Total Operating Expenses	50,728,201	50,276,836
Operating Loss	(2,820,773)	(6,399,328)
Non-Operating Revenues (Expenses)	(679,287)	(660,013)
Capital Grants and Contributions	7,122,755	4,062,518
Increase (Decrease) in Net Position	3,622,695	(2,996,823)
Net Position, Beginning of year	59,721,379	N/A
Net Position, End of year	$63,344,074	$59,721,379

Major factors affecting the Statement of Revenue, Expenses, and Changes in Net Position include:

The information necessary to restate the 2014 beginning balance and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include the pension expense of $702,389 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions under the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $626,412. Consequently, in order to compare 2015 total expenses to 2014, the following adjustments are needed:

Total 2015 expenses under GASB 68	$50,728,201
Pension expense under GASB 68	(626,412)
2015 Contractually required contribution made after measurement date	700,517
Adjusted 2015 total expenses	50,802,306
Total 2014 expenses under GASB 27	50,276,836
Increase in total expenses not related to pension	$525,470

During 2015, the net position of the Authority increased by a total of $3,622,695.

The Authority's revenues are largely governmental revenues received from cost reimbursement and capital grants. The Authority draws down monies from the grant awards for allowable program expenses, except for non-cash transactions, such as depreciation expense and changes in compensated absences. The Authority's governmental revenues and other types of revenues were sufficient to cover all non-depreciation related expenses incurred during the year.

The Authority's operating revenues increased by $4,029,920 primarily due to increases in administrative fees earned, non-HUD grants and the recognition of development fees related to the Collingwood Green Phase II Townhouse Complex and the renovation of the Parqwood Apartment Complex. Operating expenses increased by $451,365 primarily due to increased operating and depreciation expenses which were offset by decreases in Housing Assistance Payments.

Net non-operating revenues (expenses) increased primarily due to additional interest expense on increased levels of debt that existed during the year. Capital contributions increased from 2014 levels primarily due to partner capital contributions relative to the Collingwood Green Phase I and II projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2015, the Authority's capital assets totaled $82,540,390 (capital assets net of accumulated depreciation) as reflected in the fo1lowing schedule.

	December 31, 2015	December 31, 2014
Land and improvements	$7,802,948	$7,795,448
Buildings and improvements	197,727,623	172,161,038
Furniture, fixtures and equipment	2,510,083	1,703,632
Construction in progress	7,381,414	10,547,351
Accumulated Depreciation	(132,881,678)	(128,184,048)
Total	$82,540,390	$64,023,421

During the year ending December 31, 2015, the net change in capital assets net of accumulated depreciation amounted to an increase of $18,516,969. The $25,566,585 increase in buildings is primarily due to recognizing construction costs related to the Collingwood Green Phase II housing development and the renovation of the Parqwood Apartment Complex. Accumulated depreciation increased by $4,697,630 primarily as a result of annual depreciation expense. Additional information on the Authority's capital assets can be found on page 25 of this report.

Debt

As of December 31, 2015, the Authority had $32,579,433 of debt, a net increase of $9,159,064 from the prior year. The increase is primarily a result of debt issued to fund construction of the Collingwood Green Phase II and Parqwood Apartments projects. Additional information on the Authority's long-term debt can be found on page 27 of this report.

ECONOMIC FACTORS

The following factors were considered in preparing the Authority's budget for the 2015 fiscal year.

The Authority has implemented site-specific budgeting and accounting. Both FY2014 and FY2015 budgets were prepared using the site-specific format as directed by HUD. Under the site-specific budget format, there are strict guidelines on how the Central Office Cost Center (COCC) will be funded. Funding for the COCC is derived from fees charged to Asset Management Projects (AMP). The AMPs represent site-specific public housing areas and are managed as separate subsidiary organizations. As such, AMPs have their own financial statements with revenues coming from subsidy transfers, rental accounts, and capital fund transfers. Oversight and supportive services are provided on a fee basis by the Authority's COCC. Additional revenues for the COCC are from the service fees charged to the Voucher programs and other smaller programs. Failure to operate within revenues received will result in lower operating revenue for both the AMPs and the COCC. Failing to maintain occupancy rates of 95% or higher for the AMPs will also reduce operating subsidy transfers between AMPs.

Other significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of the U.S. Department of Housing and Urban Development. Operating subsidy for the Low Income Housing Program was funded at 85 percent. Future years' funding levels are expected to be approximately 85 percent.
- The Administrative Fee funding for the Housing Choice Voucher Program was funded at 79 percent and levels are expected to increase in 2016.
- Local labor supply and demand, which can affect salary and wage rates of the Authority.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs, which affects the costs of the programs.
- Employee health insurance costs continue to rise.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances for all those with interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Lucas Metropolitan Housing Authority, P.O. Box 477, Toledo, Ohio 43697-0477, or call (419) 259-9447.

Lucas Metropolitan Housing Authority
Statement of Net Position
December 31, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 5,940,479
Cash and Cash Equivalents - Restricted	2,809,848
Investments	560,559
Investments - Restricted	15,758,340
Grants receivable	365,845
Tenant Accounts Receivables, Net of Allowance	320,056
Accounts Receivable - Other	1,758,304
Notes Receivable - Current	24,196
Other Current Assets	150,711
Total Current Assets	27,688,338
NONCURRENT ASSETS	
Notes Receivable - Noncurrent	718,105
Other Noncurrent Assets	577,147
Nondepreciable Capital Assets	15,184,362
Depreciable Capital Assets, Net	67,356,028
Total Noncurrent Assets	83,835,642
TOTAL ASSETS	111,523,980
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,007,578
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 112,531,558
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
CURRENT LIABILITIES	
Accounts Payable	$ 1,507,549
Accrued Interest Payable	166,895
Accrued Wages and Payroll Taxes	354,967
Accrued Compensated Absences - Current	148,111
Tenant Security Deposits	314,514
Notes payable - Current	5,021,254
Bonds Payable - Current	5,835,000
Loans Payable - Current	734,067
Capital Lease Payable - Current	39,166
Other Current Liabilities	7,153,281
Total Current Liabilities	21,274,804
NONCURRENT LIABILITIES	
Notes payable - Noncurrent	1,500,000
Bonds Payable - Noncurrent	9,665,000
Loans Payable - Noncurrent	2,566,810
Capital Lease Payable - Noncurrent	7,218,136
Accrued Compensated Absences - Noncurrent	839,291
Net Pension Liability	5,754,842
Other Noncurrent Liabilities	267,500
Total Noncurrent Liabilities	27,811,579
TOTAL LIABILITIES	49,086,383
DEFERRED INFLOWS OF RESOURCES	
Pension	101,101
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	49,187,484
NET POSITION	
Net Investment in Capital Assets	59,239,436
Restricted	5,083,807
Unrestricted (Deficit)	(979,169)
TOTAL NET POSITION	63,344,074
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 112,531,558

The accompanying notes are an integral part of these financial statements.

Lucas Metropolitan Housing Authority

Statement of Revenue, Expenses, and Changes in Net Position

For the Year Ended December 31, 2015

OPERATING REVENUE	
Government Operating Grants	$ 38,224,853
Tenant Revenue	6,826,481
Other Revenue	2,856,094
Total Operating Revenue	47,907,428
OPERATING EXPENSES	
Administrative	8,189,763
Resident Services	918,856
Utilities	3,753,585
Maintenance	8,224,049
Protective Service	1,073,200
General	1,395,122
Housing Assistance Payments	21,634,226
Insurance and Other Expenses	782,780
Depreciation	4,756,620
Total Operating Expenses	50,728,201
Operating Loss	(2,820,773)
NON-OPERATING REVENUES (EXPENSES)	
Gain on Sale of Capital Assets	32,537
Interest Income	135,227
Interest Expense	(847,051)
Total Non-operating Revenues (Expenses)	(679,287)
Loss Before Capital Contributions	(3,500,060)
CAPITAL CONTRIBUTIONS	
Capital Grants	7,122,755
Total Capital Contributions	7,122,755
Increase (Decrease) in Net Position	3,622,695
Net Position, Beginning of year	64,643,849
Prior Period Adjustment	(4,922,470)
Net Position, End of year	$ 63,344,074

The accompanying notes are an integral part of these financial statements.

Lucas Metropolitan Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Operating Grants	$ 38,291,768
Cash Received from Tenants	6,648,898
Other Receipts	2,313,768
Cash Payments for Housing Assistance	(21,634,226)
Cash Payments for Administrative Expenses	(8,602,735)
Cash Payments for Other Operating Expenses	(16,763,181)
Net Cash Provided by Operating Activities	254,292
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants and Contributions Received	5,715,487
Proceeds fromf Notes Receivable	20,167
Proceeds from Debt	9,690,981
Purchase of Capital Assets	(17,789,768)
Proceeds from Sale of Capital Assets	122,820
Principal and Interest Paid on Debt	(1,312,460)
Net Cash Used by Capital and Related Financing Activities	(3,552,773)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	163,044
Purchase of Investments	(3,574,790)
Net Cash Used by Investing Activities	(3,411,746)
Net Decrease in Cash and Cash Equivalents	(6,710,227)
Cash and Cash Equivalents, Beginning of year	15,460,554
Cash and Cash Equivalents, End of year	$ 8,750,327
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Income	$ (2,820,773)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating activities:	
Depreciation	4,756,620
Grants receivable	(18,872)
Tenant Account Receivables	(113,617)
Change in Allowance for Doubtful Accounts	(63,966)
Assets Held for Resale	41,568
Other assets	(498,107)
Prepaid Expenses	83,225
Deferred Outflows of Resources	(305,189)
Operating Accounts Payable	(488,319)
Accrued Wages and Payroll Taxes	(57,475)
Accrued Compensated Absences	(96,703)
Net Pension Liability	129,983
Other Liabilities	(395,184)
Deferred Inflows of Resources	101,101
Net Cash Provided by Operating Activities	$ 254,292

The accompanying notes are an integral part of these financial statements.

1. DESCRIPTION OF THE AUTHORITY, PROGRAMS AND REPORTING ENTITY

Description of the Authority and Programs

The Lucas Metropolitan Housing Authority (LMHA or the "Authority") was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

A summary of the significant programs administered by the Authority is provided below:

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

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

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.

Reporting Entity

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

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

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

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

Based upon the foregoing criteria, the Authority has included the operations of Westridge Apartments Development Corporation (WADC), Collingwood Green Phase I, LP, Collingwood Green Phase II, LP, Parqwood Apartments, LP and Lucas Housing Services Corporation as blended component units. WADC was established as a wholly owned for-profit corporation of the Authority in 2006 primarily for the purposes of owning and operating a mixed-income apartment complex. Collingwood Green Phase I, LP, was established as a wholly owned for-profit corporation which began operations in 2012, for the purpose of arranging for the mixed financing and construction of the Collingwood Green Senior Complex, a 65 unit community of which 33 units will be public housing units developed using Capital Funds received by LMHA from HUD, and a mixed-finance amendment to the Annual Contributions Contract between HUD and LMHA. Collingwood Green Phase II, LP, was established as a wholly owned for-profit corporation which began operations in 2014, for the purpose of arranging for the mixed financing and construction of the Collingwood Green Townhouse Complex, a 66 unit community of which 33 units will be public housing units developed using Capital Funds received by LMHA from HUD, and a mixed-finance amendment to the Annual Contributions Contract between HUD and LMHA. Lucas Housing Services Corporation was established as a wholly owned non-profit corporation of the Authority in 2013 primarily for the purposes of purchasing and rehabilitating 53 single family dwelling units for subsequent resale to buyers who are unable to obtain conventional mortgages. Parqwood Apartments LP was established in 2014. This development is the product of a new Rental Assistance Demonstration project (RAD) funding that was awarded to LMHA from HUD. This was the first award made with this new funding source, which allows LMHA to renovate a former public housing project and lease it under the Section 8 housing assistance program.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America 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.

A. Basis of Presentation

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

B. Fund Accounting

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

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

For financial statement presentation purposes, the funds of the Authority are grouped into the following fund type.

Proprietary Fund Type: The proprietary fund type is used to account for the Authority's ongoing activities which are similar to those found in a private sector. The following is the Authority's proprietary fund:

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

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

C. Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30,1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

D. Budgetary Data

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

E. Cash and Cash Equivalents

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less at the time of purchase are reported as cash equivalents on the financial statements.

F. Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents and investments represent amounts held in FSS escrow, other tenants' escrow accounts, employee Section 125 withholding accounts and construction accounts. Restricted investments consist of amounts whose use is restricted by HUD or debt requirements.

G. Investments

Investments are reported at fair value which is based on quoted market prices. For investments in open-end money market mutual funds, fair value is determined by the fund’s current share price. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the statement of revenues, expenses, and changes in net position.

H. Tenant Receivables and Recognition of Bad Debts

Tenant receivables are stated at net rent amounts. Tenant accounts are generally collectible as long as the tenant is occupying the unit. 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 uncollectable receivables was $68,050 at December 31, 2015.

I. Capital Assets

Capital assets are recorded at cost. Costs in excess of $5,000 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-40 years
Land and improvements	10-20 years
Furniture and fixtures, equipment, and moving vehicles	5-7 years

J. Capitalization of Interest

The Authority’s policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset

K. Compensated Absences

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

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

Compensated absences are expensed when earned with the amount reported as a fund liability.

L. Deferred Inflow/Outflow of Resources

In addition to assets, the statement 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 applied to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows or resources are reported for pension. The deferred outflows of resources related to pension are explained in Note 9.

In addition to liabilities, the statement of financial position reports 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 statement of net position. (See Note 9).

M. Net Position

Net position represents the difference between assets and liabilities.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that have been used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Operating Revenues and Expenses

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

O. Capital Contributions

Capital contributions arise from the contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction. During 2015, capital contributions totaled $7,122,755 consisting of $620,617 from Capital Fund Grants, $860,026 from capital contributions related to the Collingwood Green Phase I project and $5,642,112 from capital contributions related to the Collingwood Green Phase II project.

P. 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 pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Q. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2015, the Authority implemented the 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—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

GASB Statements Nos. 68 and 71 Adjustments to Net Position:	
Net Pension Liability	($5,624,859)
Deferred Outflow - Payments Subsequent to Measurement Date	702,389
Total Prior Period Adjustment	($4,922,470)

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.

4. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Authority has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool, State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Authority or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At December 31, 2015, the carrying amount of the Authority's deposits was $8,750,327 (including $3,625 of petty cash). Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2015, $2,911,705 of the Authority's bank balance of $9,637,956 was covered by Federal Depository Insurance and $6,726,251 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve Bank in the name of the Authority.

Investments

HUD, state statute and board resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority's investments at December 31, 2015 were as follows:

		Investment Maturities (in Years)		
Investment type	Fair Value	less than 1	1 to 3	3 to 5
Government Securities	$997,825	$ -	$497,575	$500,250
Money Market Mutual Funds	13,560,920	13,560,920	-	-
Negotiable CD's	1,760,154	-	1,512,701	247,453
Total	$16,318,899	$13,560,920	$2,010,276	$747,703

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The Authority's investment policy has no requirements beyond what the Ohio Revised Code requires.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has $997,825 of government agency securities that are invested in Federal National Mortgage Association and Federal Home Loan Bank securities, which are government-sponsored agencies, and of which the principal and interest are implicitly guaranteed by the United States government. The Standard and Poor's credit rating for the Federal National Mortgage Association and Federal Home Loan Bank securities held is AA+. The Authority also has $13,560,920 invested in money market mutual fund accounts, which are rated AAA by Standard & Poor's, and $1,760,154 in long term certificates of deposit, which are FDIC insured.

Concentration of Credit Risk – The Authority places no limit on the amount the Authority may invest with one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority has no policy beyond what the Ohio Revised Code requires for custodial credit risk.

5. OTHER CURRENT AND NONCURRENT ASSETS

A summary of other current and noncurrent assets as of December 31, 2015 is as follows:

	Other Current Assets	Other Noncurrent Assets
Interest Receivable	$6,866	$ -
Prepaid Expenses	128,116	-
Assets Held for Resale	15,729	-
Collingwood I Unearned Fees	-	73,180
Collingwood II Unearned Fees	-	209,200
Parqwood Unearned Fees	-	294,767
Total	$150,711	$577,147

6. CAPITAL ASSETS

A summary of capital assets by class is as follows:

Class	Balance January 1, 2015	Additions	Reductions	Balance December 31, 2015
Capital assets not being depreciated:				
Land and improvements	$7,795,448	$7,500	$ -	$7,802,948
Construction in progress	10,547,351	1,461,624	(4,627,561)	7,381,414
Subtotal	18,342,799	1,469,124	(4,627,561)	15,184,362
Capital assets being depreciated:				
Buildings and improvements	172,161,038	25,654,981	(88,396)	197,727,623
Furniture, fixtures and equipment	1,703,632	867,328	(60,877)	2,510,083
Subtotal	173,864,670	26,522,309	(149,273)	200,237,706
Total cost	$192,207,469	$27,991,433	($4,776,834)	$215,422,068
Accumulated depreciation:				
Buildings and improvements	($126,919,419)	($4,600,258)	$14,733	($131,594,944)
Furniture, fixtures and equipment	(1,264,629)	(66,361)	44,257	(1,286,734)
Total depreciation	(128,184,048)	(4,756,620)	58,990	(132,881,678)
Net Value	$64,023,421	$23,234,813	($4,717,844)	$82,540,390

7. COMPENSATED ABSENCES

Vacation and sick leave policies are established by agreement between the Authority and the American Federation of State, County and Municipal Employees, AFL-CIO, for members of the bargaining unit, and by personnel policy for management employees not covered by the labor agreement.

For both union and nonunion employees, these agreements provide for two weeks of paid vacation after one year of service, with an additional week for every five years of service thereafter, to a maximum of six weeks per year. Vacation time relating to a maximum of two years of service may be accumulated before it is lost.

For union personnel, the labor agreement provides for sick leave pay to be credited at a rate of eight hours per month, up to a maximum of 249 days. By limiting the use of sick leave during the fiscal year, an employee may receive an incentive bonus, to a maximum of $500. Nonunion personnel have the same provisions under the personnel policies.

For union personnel, in the event of voluntary termination of employment after 10 consecutive years of service or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 204 days accumulated, with a maximum payout of 102 days). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

For employees not covered under the labor agreement, in the event of voluntary termination of employment after five consecutive years of service, or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 249 days accumulated, with a maximum payout of 124.5 days). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

All employees hired prior to December 1, 2001 became eligible for longevity pay at the end of five years of service, at which time longevity pay begins to accrue from their anniversary date. Union personnel hired on December 1, 2001 and thereafter are not eligible for longevity pay. Union personnel receive longevity pay at their 1995 pay levels at the rate of 2 percent, 4 percent, 6 percent, and 8 percent for five years, 10 years, 15 years, and 20 years, respectively, of service. All nonunion personnel are eligible for longevity pay and receive longevity pay at their current pay levels at the rate of 1 percent, 2 percent, 3 percent, and 4 percent for five years, 10 years, 15 years, and 20 years, respectively, of service.

At December 31, 2015, $987,402 of vested vacation, sick leave, and longevity was accrued by the Authority for both union and nonunion personnel. Of this amount, $148,111 is due within one year as and is reported as a current liability. Non-vested amounts are not material to the financial statements and have not been accrued. A change of ($96,703) in the balance accrued at December 31, 2015 compared to December 31, 2014, represents amounts earned in 2015 less amounts paid out.

8 DEBT

Changes in long-term debt for the year ended December 31, 2015 are as follows:

	Restated Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015	Amount Due within One Year
Westridge Apartments Development Corporation, Note Payable	$5,135,517	$ -	($114,263)	$5,021,254	$5,021,254
Parqwood Apartments LP, RTCAP, Note Payable	1,500,000	-	-	1,500,000	-
Total Notes Payable	6,635,517	-	(114,263)	6,521,254	5,021,254
Collingwood Green Phase I, LP, Capital Fund Housing Revenue Bonds, Series 2012	5,010,000	-	(175,000)	4,835,000	180,000
Collingwood Green Phase II, LP, Capital Fund Housing Revenue Bonds, Series 2014	5,315,000	-	(150,000)	5,165,000	155,000
Parqwood Apartments LP, Multifamily Housing Revenue Bonds, Series 2014	5,500,000	-	-	5,500,000	5,500,000
Total Bonds Payable	15,825,000	-	(325,000)	15,500,000	5,835,000
Westridge Apartments Development Corporation, Loan Payable	809,852	-	(92,554)	717,298	717,298
Collingwood Green Phase II, Bridge Loan Payable, Red Capital	-	1,000,000	-	1,000,000	-
Parqwood Apartments LP, Building Loan Payable	150,000	1,433,579	-	1,583,579	16,769
Total Loans Payable	959,852	2,433,579	(92,554)	3,300,877	734,067
Capital Lease Payable	-	7,105,000	-	7,105,000	39,166
Premium on Capital Lease	-	152,302	-	152,302	-
Total Capital Lease Payable	-	7,257,302	-	7,257,302	39,166
Net Pension Liability	5,624,859	129,983	-	5,754,842	-
Compensated absences	1,084,105	65,914	(162,617)	987,402	148,111
Total	$30,129,333	$9,886,778	($694,434)	$39,321,677	$11,777,598

See Note 3 and 9 for information on the Authority's net pension liability.

Westridge Apartments Development Corporation
During 2006, the Westridge Apartments Development Corporation issued a note payable for $5,885,600 to fund the acquisition of the Westridge Apartments Development apartment complex. The note bears an interest rate of 5.99 percent and requires monthly payments of $35,249 through February 1, 2016. A lump-sum payment of the remaining principal balance is due in March 2016.

During 2013, the Authority obtained a loan for $925,545 to fund acquisition and improvements to the Westridge Apartments Development Corporation apartment complex. The loan maintains a floating variable interest rate equal to the Libor Rate plus 1.65 percent, rounded up to the next 1/8th of 1 percent. The loan requires quarterly principal payments of $23,139 plus interest, with a final balloon principal payment of $694,159 due on April 19, 2016.

Collingwood Green Phase I, LP
During 2012, the Authority issued $5,475,000 of Capital Fund Housing Revenue Bonds, Series 2012, for the development of the Collingwood Green Senior Complex. The bonds mature on September 1, 2031, and bear an interest rate of 5.25 percent and are secured with no more than 33 percent of LMHA's future capital funds, as addressed in Amendment 2012-01 to the Annual Contributions Contract (ACC) with HUD.

Collingwood Green Phase II, LP
During 2014 the Authority issued $5,315,000 of Capital Fund Housing Revenue Bonds, Series 2014, for the development of the Collingwood Green II project. The bonds mature on September 1, 2033, and bear an interest rate of 5.00 percent.

During 2015 the Authority secured a bridge loan from the Red Capital Group for the development of the Collingwood Green II project, in the amount of $1,000,000. The loan carries an interest rate of 2.00%, with eight annual payments in the amount of $135,304 beginning in April 2017.

Parqwood Apartments LP
During 2014 the Authority issued $5,500,000 of Multifamily Housing Revenue Bonds, Series 2014, for the development of the Parqwood Apartments project. The bonds mature on October 1, 2016, and bear an interest rate of 0.60 percent. Interest is payable in April and October of 2016, with full principal payable at maturity.

During 2014 Parqwood Apartments LP issued a RTCAP note payable of $1,500,000 for the development of the Parqwood Apartments project. The interest free loan is payable in four equal installments through August 31, 2024.

During 2014 Parqwood Apartments LP entered into a building loan agreement to provide interim financing during construction. The loan, which has a maximum amount limited to $1,700,000 provides for draws to be made against the available amount as needed during construction of the project. As of December 31, 2015, $1,583,579 of the available loan balance has been drawn down. The loan bears an interest rate of 4.55 percent. Due to the interim nature of the project a formal repayment amortization schedule has not been finalized.

During 2015, the Authority entered into a capital lease agreement with Grant Capital Management for the development of energy efficiencies within public housing units. The total value of the lease is $7,105,000, with payments beginning in year 2017 and ending in year 2036.

Future minimum principal and interest payments related to the Westridge Apartments Development Corporation, Note Payable are as follows:

Years Ending December 31,	Principal	Interest	Total
2016	$5,021,254	$75,890	$5,097,144
Total	$5,021,254	$75,890	$5,097,144

Future minimum principal and interest payments related to the Westridge Apartments Development Corporation, Loan Payable are as follows:

Years Ending December 31,	Principal	Interest	Total
2016	$717,298	$5,605	$722,903
Total	$717,298	$5,605	$722,903

Future minimum principal and interest payments related to the Collingwood Green Phase I, LP, Capital Fund Housing Revenue Bonds, Series 2012, are as follows:

Years Ending December 31,	Principal	Interest	Total
2016	$180,000	$253,838	$433,838
2017	190,000	244,387	434,387
2018	200,000	234,412	434,412
2019	210,000	223,912	433,912
2020	225,000	212,887	437,887
2021-2025	1,310,000	874,912	2,184,912
2026-2030	1,690,000	493,238	2,183,238
2031	830,000	43,575	873,575
Total	$4,835,000	$2,581,161	$7,416,161

Future minimum principal and interest payments related to the Collingwood Green Phase II, LP, Capital Fund Housing Revenue Bonds, Series 2014, are as follows:

Years Ending December 31,	Principal	Interest	Total
2016	$155,000	$258,250	$413,250
2017	165,000	250,500	415,500
2018	175,000	242,250	417,250
2019	185,000	233,500	418,500
2020	195,000	224,250	419,250
2021-2025	1,160,000	963,250	2,123,250
2026-2030	1,540,000	637,250	2,177,250
2031-2033	1,590,000	185,500	1,775,500
Total	$5,165,000	$2,994,750	$8,159,750

Future minimum principal and interest payments related to the Collingwood Green Phase II, LP, bridge loan are as follows:

Years Ending December 31,	Principal	Interest	Total
2016	$ -	$ -	$ -
2017	124,948	10,356	135,304
2018	117,635	17,669	135,304
2019	120,011	15,293	135,304
2020	122,436	12,868	135,304
2021-2024	514,970	26,246	541,216
Total	$1,000,000	$ 82,432	$1,082,432

Future minimum principal and interest payments related to the Parqwood Apartments LP, RTCAP, Note Payable are as follows:

Years Ending December 31,	Principal	Interest	Total
2016	$ -	$ -	$ -
2017	375,000	-	375,000
2018	-	-	-
2019	-	-	-
2020	375,000	-	375,000
2021-2024	750,000	-	750,000
Total	$1,500,000	$ -	$1,500,000

Future minimum principal and interest payments related to the Parqwood Apartments LP, Multifamily Housing Revenue Bonds, Series 2014, are as follows:

Years Ending December 31,	Principal	Interest	Total
2016	$5,500,000	$33,000	$5,533,000
Total	$5,500,000	$33,000	$5,533,000

Future minimum payments related to the capital lease are as follows:

Years Ending December 31,	Capital Lease
2016	$86,243
2017	523,208
2018	552,653
2019	556,992
2020	560,272
2021-2025	2,789,257
2026-2030	2,790,709
2031-2035	2,783,041
2036	463,750
Minimum Lease Payments	11,106,125
Less: Amount representing interest at the Authority's incremental borrowing rate of interest	(4,001,125)
Present value of minimum lease payments	$7,105,000

9. DEFINED BENEFIT PENSION PLAN

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 the accrual basis of accounting.

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in the OPERS' traditional plan with a few employees being members of the combined or member-directed plans; therefore, the following disclosure focuses only on the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final Average Salary (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.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Total Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $857,168 for 2015. The full amount was contributed during the year.

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

The net pension liability was measured as of December 31, 2014, 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 of the contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportionate Share of the Net Pension Liability	$5,624,859
Proportion of the Net Pension Liability	0.047714%
Pension Expense	$628,317

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	Traditional
Net difference between projected and actual investment earnings on pension plan investments	$307,061
Authority contributions subsequent to the measurement date	700,517
Total Deferred Outflows of Resources	$1,007,578
Deferred Inflows of Resources	
Difference between Expected and Actual Experience	$101,101

The $700,517 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 pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	Traditional
2016	$30,117
2017	30,117
2018	68,961
2019	76,765
Total	$205,960

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Information	**Traditional Plan**
Valuation Date	December 31, 2014
Experience Study	5 year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	8.00%
Wage Inflation	3.75%
Projected Salary Increases	4.25%-10.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	3.00% Simple

Mortality rates were based on 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.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term 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 real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees 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 table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	18.00%	4.59%
Total	100.00%	5.28%

Discount Rate

The discount rate used to measure the total pension liability was 8 percent. 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 benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments 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

The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

Authority's proportionate share of the net pension liability (asset)	1% Decrease (7.0%)	Discount Rate (8.0%)	1% Increase (9.0%)
Traditional Plan	$10,587,259	$5,754,842	$1,684,781

10. POST EMPLOYMENT BENEFITS

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

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

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a standalone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-2227377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014-2015, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to the health care plan was 2.0 percent during calendar 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Authority's actual employer contributions for December 31, 2015, 2014 and 2013 which were used to fund post-employment benefits were $122,850, $119,808, and $60,901, respectively; 100 percent has been contributed for 2015, 2014 and 2013.

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

11. OTHER LIABILITIES

A summary of other current and noncurrent liabilities as of December 31, 2015 is as follows:

	Other Current Liabilities	Other Noncurrent Liabilities
Collingwood I construction and development fees payable	$1,601,573	$ -
Collingwood II construction and development fees payable	2,529,542	34,441
Parqwood construction and development fees payable	2,551,065	-
Family Self Sufficiency Program escrow liability	334,718	233,059
Unearned revenues	128,888	-
Other miscellaneous items	7,495	-
Total	$7,153,281	$267,500

12. NET INVESTED IN CAPITAL ASSETS

A summary of the portion of net position that represents net invested in capital assets as of December 31, 2015 is as follows:

Capital assets, net of accumulated depreciation	$82,540,390
Less: Total capital related debt	(32,579,433)
Debt proceeds in project construction accounts	9,278,479
Total	$59,239,436

13. RESTRICTED NET POSITION

A summary of restricted net position as of December 31, 2015 is as follows:

Home Ownership Reserves	$3,699,878
Required Capital Reserves	438,854
Housing Choice Voucher Program Reserves	212,626
Collingwood I Required Project Reserves	411,136
Collingwood II Lease-up Reserves	34,000
Parqwood Required Project Reserves	119,422
Westridge Required Project Reserves	167,891
Total	$5,083,807

14. RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

No insurance settlements have exceeded coverage in any of the past three fiscal years and there has not been any significant reduction in insurance coverage in the current year.

15. CONTINGENCIES

The Authority receives financial assistance from federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2015.

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2015, the Authority was involved in several such matters. While the outcome of the above matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

16. SUBSEQUENT EVENTS

On February 29, 2016, the Westridge Apartments Development Corporation issued a term note payable in the amount of $4,905,000 to refinance the outstanding balance on a note issued during 2006 that funded the acquisition of the apartment complex (outstanding balance at December 31, 2015 of $5,021,254). The newly issued note carries a variable interest rate equal to the Libor rate plus 2.3%. The note matures on March 1, 2021 with the option of accelerated retirement by the Corporation.

On March 21, 2016, the Westridge Apartments Development Corporation issued a term note payable in the amount of $717,298 to refinance the outstanding balance on a loan issued during 2013 that funded the acquisition and improvements to the apartment complex. The newly issued note carries a variable interest rate equal to the Libor rate plus 1.71%. The note matures on March 21, 2023 with the option of accelerated retirement by the Corporation.

LUCAS METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM-TRADITIONAL PLAN
LAST TWO FISCAL YEARS (1)

	2014	2013
Authority's Proportion of the Net Pension Liability	0.047714%	0.047714%
Authority's Proportionate Share of the Net Pension Liability	$5,754,842	$5,624,859
Authority's Covered Employee Payroll	$5,573,475	$5,966,762
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	103.25%	94.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available

Amounts presented are as of the Authority's measurement date, which is December 31 of the previous year.

LUCAS METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM-TRADITIONAL PLAN
LAST THREE YEARS (1)

	2015	2014	2013
Contractually Required Contribution	$700,517	$690,417	$775,679
Contributions in Relation to the Contractually Required Contribution	(700,517)	(690,417)	(775,679)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Authority Covered-Employee Payroll	$5,837,642	$5,573,475	$5,966,762
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

Supplemental Information

Lucas Metropolitan Housing Authority
Entity Wide Balance Sheet Summary
December 31, 2015

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$4,534,862			$125,918	$16,588	$38,944			$752,768		$38,154	$433,245	$5,940,479		$5,940,479
112 Cash - Restricted - Modernization and Development					$643,079								$643,079		$643,079
113 Cash - Other Restricted	$33,529			$412,156	$677,550				$140,455				$1,263,690		$1,263,690
114 Cash - Tenant Security Deposits	$221,357				$93,157								$314,514		$314,514
115 Cash - Restricted for Payment of Current Liabilities	$41,744			$322,072	$223,770		$979						$588,565		$588,565
100 Total Cash	$4,831,492	$0	$0	$860,146	$1,654,144	$38,944	$979	$0	$893,223	$0	$38,154	$433,245	$8,750,327	$0	$8,750,327
122 Accounts Receivable - HUD Other Projects	$205,075		$23,697								$12,734		$241,506		$241,506
124 Accounts Receivable - Other Government		$85,787	$4,591					$33,961					$124,339		$124,339
125 Accounts Receivable - Miscellaneous			$0		$1,459,399				$394,371				$1,853,770	-$95,466	$1,758,304
126 Accounts Receivable - Tenants	$103,199				$237,597								$340,796		$340,796
126.1 Allowance for Doubtful Accounts -Tenants	-$31,305				-$2,917								-$34,222		-$34,222
127 Notes, Loans, & Mortgages Receivable - Current									$24,196				$24,196		$24,196
128 Fraud Recovery	$26,965			$20,345									$47,310		$47,310
128.1 Allowance for Doubtful Accounts - Fraud	-$13,483			-$20,345									-$33,828		-$33,828
129 Accrued Interest Receivable	$88,457				$15,837				$13,521			$1,328	$119,143	-$112,277	$6,866
120 Total Receivables, Net of Allowances for Doubtful Accounts	$378,908	$85,787	$28,288	$0	$1,709,916	$0	$0	$33,961	$432,088	$0	$12,734	$1,328	$2,683,010	-$207,743	$2,475,267
131 Investments - Unrestricted					$43,263							$517,296	$560,559		$560,559
132 Investments - Restricted					$4,802,637				$10,955,703				$15,758,340		$15,758,340
142 Prepaid Expenses and Other Assets					$28,129							$99,987	$128,116		$128,116
144 Inter Program Due From									$256,483			$282,962	$539,445	-$539,445	$0
145 Assets Held for Sale					$15,729								$15,729		$15,729
150 Total Current Assets	$5,210,400	$85,787	$28,288	$860,146	$8,253,818	$38,944	$979	$33,961	$12,537,497	$0	$50,888	$1,334,818	$28,435,526	-$747,188	$27,688,338
161 Land	$6,614,318				$1,130,310				$11,000			$47,320	$7,802,948		$7,802,948
162 Buildings	$150,809,252				$41,797,346				$559,010			$4,562,015	$197,727,623		$197,727,623
163 Furniture, Equipment & Machinery - Dwellings	$0				$640,542								$640,542		$640,542
164 Furniture, Equipment & Machinery - Administration	$187,727			$56,498	$548,020				$65,958			$1,011,338	$1,869,541		$1,869,541
166 Accumulated Depreciation	-$124,417,352			-$45,066	-$3,554,577				-$133,383			-$4,731,300	-$132,881,678		-$132,881,678
167 Construction in Progress	$4,934,611				$1,006,192				$1,440,611				$7,381,414		$7,381,414
160 Total Capital Assets, Net of Accumulated Depreciation	$38,128,556	$0	$0	$11,432	$41,567,833	$0	$0	$0	$1,943,196	$0	$0	$889,373	$82,540,390	$0	$82,540,390
171 Notes, Loans and Mortgages Receivable - Non-Current	$7,563,900				$575,907			$1,105,316	$3,888,777			$1,283,948	$14,417,848	-$13,699,743	$718,105
174 Other Assets					$2,133,397								$2,133,397	-$1,556,250	$577,147
180 Total Non-Current Assets	$45,692,456	$0	$0	$11,432	$44,277,137	$0	$0	$1,105,316	$5,831,973	$0	$0	$2,173,321	$99,091,635	-$15,255,993	$83,835,642
200 Deferred Outflow of Resources	$492,217			$138,742								$376,619	$1,007,578		$1,007,578
290 Total Assets and Deferred Outflow of Resources	$51,395,073	$85,787	$28,288	$1,010,320	$52,530,955	$38,944	$979	$1,139,277	$18,369,470	$0	$50,888	$3,884,758	$128,534,739	-$16,003,181	$112,531,558

Lucas Metropolitan Housing Authority
Entity Wide Balance Sheet Summary
December 31, 2015

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	$654,273		$9	$23,708	$238,419			$6,300	$19,557			$237,245	$1,179,511		$1,179,511
321 Accrued Wage/Payroll Taxes Payable	$90,934			$29,472	$830							$233,731	$354,967		$354,967
322 Accrued Compensated Absences - Current Portion	$62,558			$19,738								$65,815	$148,111		$148,111
325 Accrued Interest Payable					$108,476				$170,696				$279,172	-$112,277	$166,895
331 Accounts Payable - HUD PHA Programs				$2,041									$2,041		$2,041
333 Accounts Payable - Other Government	$94,177				$223,493				$8,327				$325,997		$325,997
341 Tenant Security Deposits	$221,357				$93,157								$314,514		$314,514
342 Unearned Revenue	$29,098				$102,979		$979						$133,056		$133,056
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					$11,255,321				$374,166				$11,629,487		$11,629,487
345 Other Current Liabilities	$12,646			$322,072									$334,718		$334,718
346 Accrued Liabilities - Other	$2,982			$26,790	$6,751,201								$6,780,973	-$95,466	$6,685,507
347 Inter Program - Due To	$170,696	$85,787	$28,279		$141,918			$11,398	$101,367				$539,445	-$539,445	$0
310 Total Current Liabilities	$1,338,721	$85,787	$28,288	$423,821	$18,915,794	$0	$979	$17,698	$674,113	$0	$0	$536,791	$22,021,992	-$747,188	$21,274,804
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					$17,766,552				$16,883,137				$34,649,689	-$13,699,743	$20,949,946
353 Non-current Liabilities - Other	$33,529			$199,530	$34,441								$267,500		$267,500
354 Accrued Compensated Absences - Non Current	$354,490			$111,850								$372,951	$839,291		$839,291
357 Accrued Pension and OPEB Liabilities	$2,811,326			$792,433								$2,151,083	$5,754,842		$5,754,842
350 Total Non-Current Liabilities	$3,199,345	$0	$0	$1,103,813	$17,800,993	$0	$0	$0	$16,883,137	$0	$0	$2,524,034	$41,511,322	-$13,699,743	$27,811,579
300 Total Liabilities	$4,538,066	$85,787	$28,288	$1,527,634	$36,716,787	$0	$979	$17,698	$17,557,250	$0	$0	$3,060,825	$63,533,314	-$14,446,931	$49,086,383
400 Deferred Inflow of Resources	$1,605,639			$13,921								$37,791	$1,657,351	-$1,556,250	$101,101
508.4 Net Investment in Capital Assets	$38,128,556			$11,432	$15,194,439				-$8,684,107			$889,373	$45,539,693	$13,699,743	$59,239,436
511.4 Restricted Net Position				$212,626	$732,449				$4,138,732				$5,083,807		$5,083,807
512.4 Unrestricted Net Position	$7,122,812			-$755,293	-$112,720	$38,944		$1,121,579	$5,357,595	$0	$50,888	-$103,231	$12,720,574	-$13,699,743	-$979,169
513 Total Equity - Net Assets / Position	$45,251,368	$0	$0	-$531,235	$15,814,168	$38,944	$0	$1,121,579	$812,220	$0	$50,888	$786,142	$63,344,074	$0	$63,344,074
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$51,395,073	$85,787	$28,288	$1,010,320	$52,530,955	$38,944	$979	$1,139,277	$18,369,470	$0	$50,888	$3,884,758	$128,534,739	-$16,003,181	$112,531,558

Lucas Metropolitan Housing Authority
Entity Wide Revenue and Expense Summary
for the year ended December 31, 2015

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$4,607,615				$1,926,325								$6,533,940		$6,533,940
70400 Tenant Revenue - Other	$291,948				$593								$292,541		$292,541
70500 Total Tenant Revenue	$4,899,563	$0	$0	$0	$1,926,918	$0	$0	$0	$0	$0	$0	$0	$6,826,481	$0	$6,826,481
70600 HUD PHA Operating Grants	$12,754,156		$219,086	$23,335,276		$526,421	$101,834			$214,860	$238,889		$37,390,522		$37,390,522
70610 Capital Grants	$620,617												$620,617		$620,617
70710 Management Fee												$2,461,504	$2,461,504	-$2,461,504	$0
70720 Asset Management Fee												$304,360	$304,360	-$304,360	$0
70730 Book Keeping Fee												$501,863	$501,863	-$501,863	$0
70740 Front Line Service Fee												$727,001	$727,001	-$727,001	$0
70700 Total Fee Revenue												$3,994,728	$3,994,728	-$3,994,728	$0
70800 Other Government Grants			$8,901					$825,430					$834,331		$834,331
71100 Investment Income - Unrestricted	$605			$1,858	$0				$1,120			$25,795	$29,378		$29,378
71200 Mortgage Interest Income	$80,720				$15,837				$4,980				$101,537	-$8,031	$93,506
71300 Proceeds from Disposition of Assets Held for Sale		$60,868			$14,536								$75,404		$75,404
71310 Cost of Sale of Assets		-$102,169			-$267								-$102,436		-$102,436
71400 Fraud Recovery				$55,375									$55,375		$55,375
71500 Other Revenue	$142,761				$7,248,594				$701,893			$1,336,384	$9,429,632	-$99,743	$9,329,889
71600 Gain or Loss on Sale of Capital Assets	-$4,749								-$3,654			$40,940	$32,537		$32,537
72000 Investment Income - Restricted					$40				$12,303				$12,343		$12,343
70000 Total Revenue	$18,493,673	-$41,301	$227,987	$23,392,509	$9,205,658	$526,421	$101,834	$825,430	$716,642	$214,860	$238,889	$5,397,847	$59,300,449	-$4,102,502	$55,197,947
91100 Administrative Salaries	$810,497			$738,944	$222,134	$28,813					$9,028	$1,837,618	$3,647,034		$3,647,034
91200 Auditing Fees	$15,082			$14,437	$7,081	$491			$2,079		$154	$10,471	$49,795		$49,795
91300 Management Fee	$1,900,420			$482,031	$105,951	$16,387					$5,135		$2,509,924	-$2,461,504	$48,420
91310 Book-keeping Fee	$222,084			$267,813	$0	$9,111					$2,855		$501,863	-$501,863	$0
91400 Advertising and Marketing	$7,724			$1,393	$19,504	$47					$15	$96,765	$125,448		$125,448
91500 Employee Benefit contributions - Administrative	$238,285			$295,444	$19,540	$9,718					$3,045	$619,741	$1,185,773		$1,185,773
91600 Office Expenses	$444,315			$279,644	$49,134	$9,514			$50,327		$2,981	$803,849	$1,639,764	-$53,908	$1,585,856
91700 Legal Expense	$54,998			$1,053	$221	$36			$14,689		$11	$2,837	$73,845		$73,845
91800 Travel	$3,984			$2,777	$0	$94					$30	$47,159	$54,044		$54,044
91900 Other	$798,311			$61,984	$196,239	$2,865	$2,798	$1,787	$69,060		$896	$433,032	$1,566,972	-$147,424	$1,419,548
91000 Total Operating - Administrative	$4,495,700	$0	$0	$2,145,520	$619,804	$77,076	$2,798	$1,787	$136,155	$0	$24,150	$3,851,472	$11,354,462	-$3,164,699	$8,189,763
92000 Asset Management Fee	$304,360												$304,360	-$304,360	$0
92100 Tenant Services - Salaries			$30,794							$214,860			$245,654		$245,654
92200 Relocation Costs	$97												$97		$97
92400 Tenant Services - Other	$405,796		$197,193		$98				$58,170			$11,848	$673,105		$673,105
92500 Total Tenant Services	$405,893	$0	$227,987	$0	$98	$0	$0	$0	$58,170	$214,860	$0	$11,848	$918,856	$0	$918,856

Lucas Metropolitan Housing Authority
Entity Wide Revenue and Expense Summary
for the year ended December 31, 2015

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Subtotal	ELIM	Total
93100 Water	$1,559,114			$4,480	$110,574	$152			$1,897		$48	$2,197	$1,678,462		$1,678,462
93200 Electricity	$1,289,711			$19,936	$78,542	$678			$3,706		$213	$43,997	$1,436,783		$1,436,783
93300 Gas	$559,670			$4,607	$46,039	$157			$2,669		$49	$25,149	$638,340		$638,340
93000 Total Utilities	$3,408,495	$0	$0	$29,023	$235,155	$987	$0	$0	$8,272	$0	$310	$71,343	$3,753,585	$0	$3,753,585
94100 Ordinary Maintenance and Operations - Labor	$1,811,065				$101,529							$168,268	$2,080,862		$2,080,862
94200 Ordinary Maintenance and Operations - Materials and Other	$659,298			$566	$33,640	$19					$6	$111,039	$804,568		$804,568
94300 Ordinary Maintenance and Operations Contracts	$4,027,871			$281,548	$385,163	$8,898			$28,502		$2,788	$439,714	$5,174,484	-$609,341	$4,565,143
94500 Employee Benefit Contributions - Ordinary Maintenance	$676,169				$20,291							$70,579	$767,039		$767,039
94000 Total Maintenance	$7,174,403	$0	$0	$282,114	$540,623	$8,917	$0	$0	$28,502	$0	$2,794	$789,600	$8,826,953	-$609,341	$8,217,612
95200 Protective Services - Other Contract Costs	$441,930			$144	$8,869	$5					$2		$450,950		$450,950
95300 Protective Services - Other	$622,250												$622,250		$622,250
95500 Employee Benefit Contributions - Protective Services															
95000 Total Protective Services	$1,064,180	$0	$0	$144	$8,869	$5	$0	$0	$0	$0	$2	$0	$1,073,200	$0	$1,073,200
96110 Property Insurance	$304,788			$1,677	$106,142	$57			$12,425		$18	-$37,216	$387,891		$387,891
96120 Liability Insurance	$161,376			$44,867	$14,350	$1,526			$1,122		$478	$55	$223,774		$223,774
96130 Workmen's Compensation	$22,861			$7,040	$481	$240					$75	$17,889	$48,586		$48,586
96140 All Other Insurance												$18,732	$18,732		$18,732
96100 Total insurance Premiums	$489,025	$0	$0	$53,584	$120,973	$1,823	$0	$0	$13,547	$0	$571	-$540	$678,983	$0	$678,983
96200 Other General Expenses	$105,047			$44,079		$788			$31,147		$247	$3,806	$185,114		$185,114
96210 Compensated Absences	$186,898			$106,123		-$63					-$20	$259,009	$551,947		$551,947
96300 Payments in Lieu of Taxes	$176,206				$292,226				$17,633				$486,065		$486,065
96400 Bad debt - Tenant Rents	$171,996												$171,996		$171,996
96000 Total Other General Expenses	$640,147	$0	$0	$150,202	$292,226	$725	$0	$0	$48,780	$0	$227	$262,815	$1,395,122	$0	$1,395,122
96710 Interest of Mortgage (or Bonds) Payable					$332,653				$516,569				$849,222	-$8,031	$841,191
96730 Amortization of Bond Issue Costs					$5,860								$5,860		$5,860
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$338,513	$0	$0	$0	$516,569	$0	$0	$0	$855,082	-$8,031	$847,051
96900 Total Operating Expenses	$17,982,203	$0	$227,987	$2,660,587	$2,156,261	$89,533	$2,798	$1,787	$809,995	$214,860	$28,054	$4,986,538	$29,160,603	-$4,086,431	$25,074,172
97000 Excess of Operating Revenue over Operating Expenses	$511,470	-$41,301	$0	$20,731,922	$7,049,397	$436,888	$99,036	$823,643	-$93,353	$0	$210,835	$411,309	$30,139,846	-$16,071	$30,123,775

Lucas Metropolitan Housing Authority
Entity Wide Revenue and Expense Summary
for the year ended December 31, 2015

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	14.896 PIH Family Self-Sufficiency Program	14.856 Lower Income Housing Assistance Program Section 8 Moderate	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance	$587				$5,850								$6,437		$6,437
97200 Casualty Losses - Non-capitalized	$103,797												$103,797		$103,797
97300 Housing Assistance Payments				$20,805,521		$510,110	$99,036	$17,873			$201,686		$21,634,226		$21,634,226
97400 Depreciation Expense	$3,767,758			$4,440	$751,877				$50,459			$182,086	$4,756,620		$4,756,620
97800 Dwelling Units Rent Expense					$16,071								$16,071	-$16,071	$0
90000 Total Expenses	$21,854,345	$0	$227,987	$23,470,548	$2,930,059	$599,643	$101,834	$19,660	$860,454	$214,860	$229,740	$5,168,624	$55,677,754	-$4,102,502	$51,575,252
10010 Operating Transfer In	$840,925				$52,009				$848,569				$1,741,503	-$1,741,503	$0
10020 Operating transfer Out	-$1,689,494							-$52,009					-$1,741,503	$1,741,503	$0
10091 Inter Project Excess Cash Transfer In	$450,000												$450,000	-$450,000	$0
10092 Inter Project Excess Cash Transfer Out	-$450,000												-$450,000	$450,000	$0
10100 Total Other financing Sources (Uses)	-$848,569	$0	$0	$0	$52,009	$0	$0	-$52,009	$848,569	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$4,209,241	-$41,301	$0	-$78,039	$6,327,608	-$73,222	$0	$753,761	$704,757	$0	$9,149	$229,223	$3,622,695	$0	$3,622,695

Lucas Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
through December 31, 2015

Capital Fund Program Number OH12P006501-11

1. The Program Costs are as follows:

Funds Approved	$	4,333,062
Funds Expended		4,333,062
Excess (Deficiency) of Funds Approved	$	-

Funds Advanced	$	4,333,062
Funds Expended		4,333,062
Excess (Deficiency) of Funds Approved	$	-

2. All costs have been paid and there are no outstanding obligations.

3. The Actual Modernization Cost Certificate (HUD 53001) was approved and filed on May 11, 2016.

4. The final costs on the certification agree to the Authority's records.

LUCAS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U. S. Department of Housing and Urban Development		
Direct Programs:		
Public and Indian Housing	14.850	$ 10,458,494
Housing Voucher Cluster:		
Section 8 Housing Choice Voucher Program	14.871	23,335,276
Total Housing Voucher Cluster		23,335,276
Supportive Housing for Persons with Disabilities	14.181	526,421
Section 8 Project-Based Cluster		
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856	238,889
Total Section 8 Project-Based Cluster		238,889
Public Housing Capital Fund	14.872	2,916,279
Shelter Plus Care	14.238	101,834
Resident Opportunity and Supportive Services - Service Coordinators	14.870	219,086
Family Self-Sufficiency Program	14.896	214,860
Total Direct Programs		38,011,139
Programs Passed through the City of Toledo:		
Home Investment Partnerships Program	14.239	825,430
Total Passed Through Programs		825,430
Total Federal Awards Expenditures		$ 38,836,569

See accompanying notes to schedule.

LUCAS METROPOLITAN HOUSING AUTHORITY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015

1. Basis of Presentation

The Schedule of Federal Awards Expenditures has been prepared using the basis of accounting described in the notes to the financial statements.

2. Public Housing Capital Funds (CFDA Number 14.872)

Expenditures for the Public Housing Capital Fund were from the following grants.

OH12P006501-11	$15,352
OH12P006501-12	165,785
OH12P006501-13	610,482
OH12P006501-14	2,041,639
OH12P006501-15	83,021
Total	$2,916,279

3. Program Passed Through the City of Toledo (CFDA 14.239)

The Home Investment Partnerships Program funds (CFDA 14.239) were provided to the Authority as part of the financing arrangement for the Parqwood Apartments project and for a rehabilitation project administered by the Lucas Housing Services Corporation. The grant was provided by the City of Toledo, Department of Neighborhoods as a pass-through award of funds received from HUD. The grant documents do not provide a pass through entity identification number.

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

Lucas Metropolitan Housing Authority
435 Nebraska Avenue
Toledo, Ohio 43697

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 Lucas Metropolitan Housing Authority, Lucas County, Ohio (the Authority), as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2016, wherein we noted the Authority adopted new accounting guidelines in Governmental Accounting Standards Board 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*.

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.

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*.

4286 Mt. Carmel – Tobasco Road, Suite A, Cincinnati, Ohio 45244-2372, Telephone/Fax (513) 753-3999

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.

Bastin & Company, LLC

Cincinnati, Ohio
June 10, 2016

Bastin & Company, LLC
Certified Public Accountants

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

Lucas Metropolitan Housing Authority
435 Nebraska Avenue
Toledo, Ohio 43697

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the Lucas 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 Lucas Metropolitan Housing Authority's major federal program for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with federal statues, 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 Entity'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.

Opinion on the Major Federal Program

In our opinion, the Lucas Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2015.

4286 Mt. Carmel – Tobasco Road, Suite A, Cincinnati, Ohio 45244-2372, Telephone/Fax (513) 753-3999

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.

Bastin & Company, LLC

Cincinnati, Ohio
June 10, 2016

LUCAS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

SUMMARY OF AUDITOR'S RESULTS

Type of financial statement opinion	Unmodified
Were there any material control weaknesses reported at the financial statement level?	No
Were there any other significant deficiencies in internal control reported at the financial statement level?	No
Was there any reported material noncompliance reported at the financial statement level?	No
Were there any material internal control weakness reported for major federal programs?	No
Were there any other significant deficiencies in internal control reported for major federal programs?	No
Type of major programs' compliance opinion	Unmodified
Are there any reportable findings?	No
Major programs:	Section 8 Housing Choice Voucher Program CFDA 14.871
Dollar threshold to distinguish between Type A/B programs:	Type A: >$1,165,097 Type B: all others
Low risk auditee?	Yes

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

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

LUCAS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

There were no findings in the prior year audit report.

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Dave Yost • Auditor of State

LUCAS METROPOLITAN HOUSING AUTHORITY

LUCAS 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
SEPTEMBER 1, 2016