PIKE METROPOLITAN HOUSING AUTHORITY

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2015

James G. Zupka, CPA, Inc.

Certified Public Accountants

Dave Yost · Auditor of State

Board of Directors
Pike Metropolitan Housing Authority
2626 Shyville Road
Piketon, Ohio 45661

We have reviewed the *Independent Auditor's Report* of the Pike Metropolitan Housing Authority, Pike County, prepared by James G. Zupka, CPA, Inc., 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 Pike Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

June 10, 2016

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BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2015

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pike Metropolitan Housing Authority
Piketon, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the Pike Metropolitan Housing Authority, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015, the Authority adopted Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68 ,* and restated its net position at December 31, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 and schedules of net pension liabilities and pension contributions on pages 34 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Pike Metropolitan Housing Authority, Ohio's basic financial statements. The Statement of Modernization Cost - Completed and the Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2, *U.S. Code of Federal Regulations (CFR),* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2016, on our consideration of the Pike Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, President

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James G. Zupka, CPA, Inc., ou=Accounting, email=jgzcpa@sbcglobal.net, c=US
Date: 2016.05.11 08:11:38 -04'00'

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

April 8, 2016

This Management's Discussion and Analysis (MD&A) for the Pike Metropolitan Housing Authority (Pike MHA) is intended to assist the reader identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Pike Metropolitan Housing Authority's financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2015, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Financial Highlights

- The Authority implemented the new accounting standard called GASB Statement No. 68, resulting in a prior period adjustment of $374,931 and a Net Pension Liability of $438,300 at YE 2015. After adjusting Net Position at YE 2014 for the prior period adjustment, Net Position decreased by $231,293 (8 percent) during 2015. Since the Authority engages in only business-type activities, the decrease is all in the category of business-type net position. Net Position was $2,579,202 at FY 2015 and Net Position at FY 2014 adjusted by prior period adjustment was $2,810,495.

- Revenues increased by $242,933 during 2015.

- The total expenses of all Authority programs increased by $96,318.

Overview of the Authority's Financial Statements

The Basic Financial Statements included elsewhere in this report are:

The Statement of Net Position,
The Statement of Revenues, Expenses and Changes in Net Position, and
The Statement of Cash Flows.

The Statement of Net Position is very similar to, and what most people would think of as, a Balance Sheet. In the first half it reports the value of assets Pike Metropolitan Housing Authority holds at December 31, 2015, that is, the cash Pike Metropolitan Housing Authority has, the amounts that are owed Pike Metropolitan Housing Authority from others, and the value of the equipment Pike Metropolitan Housing Authority owns. In the other half of the report it shows the liabilities Pike Metropolitan Housing Authority has, that is what Pike Metropolitan Housing Authority owes others at December 31, 2015; and what Net Position (or what is commonly referred to as Equity) Pike Metropolitan Housing Authority has at December 31, 2015. The two parts of the report are in balance, thus why many might refer to this type of report as a balance sheet, in that the total of the assets part equals the total of the liabilities plus net position (or equity) part.

In the statement, the Net Position part is broken out into three broad categories:

Net Investment in Capital Assets
Restricted Net Position, and
Unrestricted Net Position.

The balance in Net Investment in Capital Assets reflects the value of capital assets, that is assets such as land, buildings, and equipment, reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owned on those assets.

The balance in Restricted Net Position reflects the value of assets reported in the top part of the statement that are restricted for use by law or regulation, or when use of those assets is restricted by constraints placed on the assets by creditors.

The balance in Unrestricted Net Position is what is left over of Net Position after what is classified in the two previously mentioned components of Net Position. It reflects the value of assets available to Pike Metropolitan Housing to use to further its purposes.

The Authority's financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position, which is similar to an Income Statement. It is in essence a report showing what Pike Metropolitan Housing Authority earned, that is what its revenues or incomes were, versus what expenses Pike Metropolitan Housing Authority had over the same period. It shows how the Fund Balance (or net position or equity) changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if Pike Metropolitan Housing Authority had more in revenues than in expenses or vice-versa, and then how that net gain or net loss affected the Fund Balance (or net position or equity). The bottom line of the report, the Ending Total Net Position, is what is referred to in the above discussion of the Statement of Net Position that when added to the liabilities Pike Metropolitan Housing Authority has equals the total assets Pike Metropolitan Housing Authority has.

The Statement of Cash Flows is a report that shows how the amount of cash Pike Metropolitan Housing Authority had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in, and the cash going out. It helps the reader to understand the sources and uses of cash by Pike Metropolitan Housing Authority during the year, to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

Pike Metropolitan Housing Authority's Business-Type Funds

The financial statements included elsewhere in this report are presented using the Authority-wide perspective meaning the activity reported reflects the summed results of all the programs, or business -type funds of Pike Metropolitan Housing Authority. Pike Metropolitan Housing Authority consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.

Pike Metropolitan Housing Authority's programs include the following:

The Low Rent Public Housing program,
The Housing Choice Voucher program,
The Capital Fund Program (CFP),
The Business Activities, and
The State and Local Program.

Under the Low Rent Public Housing program, Pike Metropolitan Housing Authority rents dwelling units it owns to low to moderate-income families. Through an Annual Contributions Contract (commonly referred to as an ACC) with HUD, HUD provides an operating subsidy to Pike Metropolitan Housing Authority to help support the operations of the program. In addition, HUD provides funds for physical improvements to Pike Metropolitan Housing Authority's properties and funds for management improvements through Capital Fund Program grants.

Under the Section 8 Housing Choice Voucher program, Pike Metropolitan Housing Authority subsidizes the rents of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. This is called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit.

Under the Business Activities program, Pike Metropolitan Housing Authority owns several rental properties. These properties are not related to the HUD funded activities, and that is why it is reported as a business activity.

Under the State and Local program, the state and local funds represent Pike Metropolitan Authority's contracts with the Ohio Housing Finance Agency for construction of four residential housing facilities located at 193, 195, 197 and 199 Delay Drive.

Condensed Financial Statements

The following is a condensed Statement of Net Position compared to the prior year-end. Pike Metropolitan Housing Authority is engaged only in business-type activities.

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

	2015	2014 *
Assets		
Current and Other Assets	$ 462,723	$ 459,526
Capital Assets	5,773,139	6,001,849
Total Assets	6,235,862	6,461,375
Deferred Outflow of Resources	80,481	53,470
Total Assets and Deferred Outflow of Resources	$ 6,316,343	$ 6,514,845
Liabilities		
Current Liabilities	$ 277,344	$ 261,359
Long-term Liabilities	3,452,097	3,442,991
Total Liabilities	3,729,441	3,704,350
Deferred Inflow of Resources	7,700	0
Net Position		
Net Investment in Capital Assets	2,647,003	2,880,621
Restricted Net Position	135,485	112,806
Unrestricted Net Position	(203,286)	(182,932)
Total Net Position	2,579,202	2,810,495
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 6,316,343	$ 6,514,895

* Restated

For more detail information, see Statement of Net Position presented on page 11.

The 2014 numbers presented in the table have been restated to reflect the effect of the prior period adjustment related to the implementation of GASB Statement No. 68 so that a more meaningful comparison of 2014 balances to 2015 balances can be made. The biggest changes to the 2014 numbers due to the restatement are to non-current liabilities and unrestricted net positions. So while a net pension liability of $438,300 is being reported in 2015 that was not reported in 2014, after adjusting the 2014 numbers for the prior period adjustment, non-current liabilities changes only slightly, increasing by a modest amount. See the discussion about changes in incomes and expenses related to Table II to better understand changes in net position.

Total Net Position was decreased from the prior year-end by $231,293. The changes in income and expense from the period causing that change is discussed more in the next section where we discuss Table 2, the Modified Statement of Revenues, Expenses and Changes in Net Position.

Of the components of Net Position, the change in Net Investment in Capital Assets closely corresponds to the change in Capital Assets because that is what that component of Net Position represent. The change in Unrestricted Net Position reflects that change in Restricted Net Position and the overall decrease in Net Position discussed in the following section.

Otherwise balances did not change significantly from the prior year.

The following is a modified Statement of Revenues, Expenses and Changes in Net Position. Pike Metropolitan Housing Authority is engaged only in business-type activities.

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

	2015	2014
Revenues		
Total Tenant Revenues - Rents and Other	$ 401,248	$ 438,005
Operating Subsidies and Grants	3,090,912	2,798,415
Capital Grants	9,428	15,304
Investment Income	77	75
Gain or (Loss) on Sales of Assets	0	2,750
Other Revenues	124,022	128,205
Total Revenues	3,625,687	3,382,754
Expenses		
Administrative	544,260	562,823
Utilities	115,272	127,545
Maintenance	413,273	384,337
General Expenses	119,691	127,158
Housing Assistance Payments	2,219,626	2,119,417
Depreciation	444,858	439,382
Total Expenses	3,856,980	3,760,662
Net Increases (Decreases)	$ (231,293)	$ (377,908)
Prior Period Adjustment	$ (377,145)	$ 0

For more detailed information see Combined Statement of Revenues, Expenses and Changes in Net Position presented elsewhere in this report.

Changes to revenues were primarily in operating subsidies which increased $292,497. The increase in operating subsidies was mainly in the Housing Choice Voucher Program which increased to correspond with the increase in the expense.

Expenses overall increased in 2015 by $96,318. This was primarily reflected in the increase in the HAP payments under the Housing Choice Voucher Program, the result of an increase in program utilization over the prior year.

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

The most significant balance on the statement however is the prior period adjustment amount to reduce Net Position by about $374,931. This was the result of the implementation of GASB Statement No. 68. GASB Statement No. 68 has been cited often in the MD&A because implementation of the new accounting standard has had a very big impact on the financial statements of the Authority. The implementation of GASB Statement No. 68 will have a similar impact on the financial statements of almost all units of government in Ohio. Essentially what it requires of Pike Metropolitan Housing Authority is for it to report on its financial statements what is determined to be its share of the unfunded pension liability of the Ohio Public Employees Retirement System (OPERS). Despite that the large Net Pension Liability reported by Pike Metropolitan Housing Authority (more than $438,300) does not represent a true liability of the Agency in terms of if operations ceased today there is no invoice in that amount to paid, the concept behind the standard is that ultimately for OPERS to resolve the unfunded pension liability it has, it will have to impose an additional funding burden on the entities that contribute to it. State law mandates that employees of Pike Metropolitan Housing Authority are participants in OPERS and that Pike Metropolitan Housing Authority makes retirement contributions to OPERS on behalf of all its employees.

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The following is a condensed Statement of Changes in Capital Assets comparing the balance in capital assets at the year-end versus at the end of the prior year.

Table 3 - Condensed Statement of Changes in Capital Assets

	2015	2014
Land	$ 1,134,836	$ 1,134,836
Buildings and Improvements	11,091,454	11,051,326
Equipment	238,265	239,306
Accumulated Depreciation	(6,876,588)	(6,442,684)
Construction in Progress	185,172	19,065
Total Capital Assets, Net	$ 5,773,139	$ 6,001,849

Excluding the change in accumulated depreciation, capital assets increased by $205,194. Most of the increase was due to building improvements under the Business Activity.

The following is a comparison of debt outstanding at the year-end versus at the end of the prior period.

Table 4 - Condensed Statement of Changes in Debt Outstanding

	2015	2014
Current Portion of Debt	$ 168,103	$ 158,573
Long-Term Portion of Debt	2,958,033	2,962,655
Total	$ 3,126,136	$ 3,121,228

Debt was increased by $4,908 during year-end 2015. This was due to increased debt under Business Activity.

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Economic Factors

Pike Metropolitan Housing Authority faces the continuing prospect of declining HUD subsidies used to administer their programs and maintain their properties. Unfavorable economic times, as reflected in the numbers of families earning less in addition to those leaving the community because they cannot find adequate employment opportunities, also mean revenues from tenants are reduced because generally rents are based on the tenant families' ability to pay as dictated by the Federal government. Rising insurance, utility and other operating rates compound the effect of the reduction in incomes available to Pike Metropolitan Housing Authority to administer its program, and continue to challenge management to cut operating costs. The reduction in government assistance for the administration of programs and ongoing operating cuts by management means Pike Metropolitan Housing Authority can provide lesser services to clients.

Financial Contact

Questions concerning this report or requests for additional information should be directed to Ken Reed, Executive Director of the Pike Metropolitan Housing Authority, 2626 Shyville Road, Piketon, Ohio 45661.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2015

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 218,852
Restricted Cash and Cash Equivalents	172,139
Receivables, Net	5,152
Inventory, Net	21,547
Prepaid Expenses	45,033
Total Current Assets	462,723
Noncurrent Assets	
Non-depreciable Capital Assets	1,320,008
Depreciable Capital Assets, Net	4,453,131
Total Noncurrent Assets	5,773,139
TOTAL ASSETS	6,235,862
Deferred Outflows of Resources	80,481
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 6,316,343
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 12,489
Accrued Compensated Absences - Current	30,616
Tenant Security Deposits	36,654
Accrued Wages and Payroll Taxes	19,589
Intergovernmental Payable	5,897
Current Portion of Long-Term Debt	168,103
Other Current Liabilities	3,996
Total Current Liabilities	277,344
Noncurrent Liabilities	
Accrued Compensated Absences - Net of Current Portion	55,764
Long-Term Debt - Net of Current Portion	2,958,033
Net Pension Liability	438,300
Total Noncurrent Liabilities	3,452,097
Total Liabilities	3,729,441
Deferred Inflows of Resources	7,700
NET POSITION	
Net Investment in Capital Assets	2,647,003
Restricted Net Position	135,485
Unrestricted Net Position	(203,286)
Total Net Position	2,579,202
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 6,316,343

See accompanying notes to the basic financial statements.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

Operating Revenues	
Government Grants	$ 3,090,912
Tenant Revenue	401,248
Other Revenue	124,022
Total Operating Revenues	3,616,182
Operating Expenses	
Administrative	544,260
Utilities	115,272
Maintenance	413,273
General	51,254
Housing Assistance Payments	2,219,626
Total Operating Expenses Before Depreciation	3,343,685
Income (Loss) Before Depreciation	272,497
Depreciation	444,858
Operating Income (Loss)	(172,361)
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	77
Interest Expense	(68,437)
Total Non-Operating Revenues (Expenses)	(68,360)
Income (Loss) Before Capital Grants	(240,721)
Capital Grants	9,428
Change in Net Position	(231,293)
Total Net Position, Beginning of Year	3,187,640
Prior Period Adjustments	(377,145)
Net Position, End of Year	$ 2,579,202

See accompanying notes to the basic financial statements.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows from Operating Activities	
Cash Received from Government Grants	$ 3,144,186
Cash Received From Tenants	398,860
Cash Payments for Housing Assistance	(2,219,626)
Cash Payments for Administrative Expenses	(548,102)
Cash Payments for Other Operating Expenses	(569,621)
Cash Received - Other	122,598
Net Cash (Provided) by Operating Activities	328,295
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(216,148)
Capital Grants Received	9,428
Debt Principal and Interest	(221,727)
Debt Proceeds	158,198
Net Cash Provided by Capital and Other Related Financing Activities	(270,249)
Cash Flows from Investing Activities	
Interest and Investment Income Received	77
Net Cash Provided by Investing Activities	77
Net Increase (Decrease) in Cash and Cash Equivalents	58,123
Cash and Cash Equivalents, Beginning	332,868
Cash and Cash Equivalents, Ending	$ 390,991
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ (172,361)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	444,858
(Increase) Decrease in:	
Accounts Receivable - HUD	53,274
Accounts Receivable - Tenant	(2,330)
Prepaid Expenses	2,073
Inventory	2,079
Other Receivables	(150)
Deferred Outflows of Resources	(27,011)
Increase (Decrease) in:	
Accounts Payable	1,978
Intergovernmental Payable	(2,184)
Accrued Compensated Absences - Current	2,601
Tenants' Security Deposits	(1,284)
Accrued Wages and Payroll Taxes	3,590
Unearned Revenue	(38)
Other Current Liabilities	1,782
Accrued Compensated Absences - Long-Term	3,829
Net Pension Liability	9,889
Deferred Inflows of Resources	7,700
Net Cash Used by Operating Activities	$ 328,295

See accompanying notes to the basic financial statements.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Reporting Entity

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 - as amended by GASB 61 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units based on the above considerations.

Basis of Presentation

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

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.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary 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.

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.

Cash and Cash Equivalents
The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

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

Capital Assets

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight line method based on the following estimated useful lives:

Buildings	40 years
Building Improvements	15-27.5 years
Land Improvements	15 years
Equipment	7 years
Autos	5 years
Computers	5 years

Capitalization of Interest

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

Investments

Investments are stated at fair value. Cost based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments, if applicable.

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.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 9.

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

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 7)

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT**

For fiscal year 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68.*

The objective of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27,* is to improve accounting and financial reporting by state and local governments for pensions. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by the Authority.

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT** (Continued)

The objective of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision of usefulness of the financial reporting by requiring that disclosures be made governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No.69 did not have an effect on the Authority's financial statements.

The objective of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68,* is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement should be applied simultaneously with the provisions of Statement No. 68, and have been implemented by the Authority.

The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

Prior Period Adjustments:	
Net Pension Liability	$ (428,401)
Deferred Outflow - Payments Subsequent to Measurement Date	53,470
Other Prior Period Adjustments	(2,214)
Total Prior Period Adjustments	$ (377,145)

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.

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NOTE 3: **DEPOSITS AND INVESTMENTS**

Cash on Hand
At December 31, 2015, the Authority had undeposited cash on hand (petty cash) of $150.

At December 31, 2015, the carrying amount of the Authority's cash deposits was $390,841 and the bank balance was $437,621. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2015, deposits totaling $282,471 were covered by Federal Depository Insurance and deposits totaling $155,150 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

Custodial credit 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. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 110 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 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
The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2015, the Authority had no investments.

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NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Interest Rate Risk
As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk
The Authority has no investments at December 31, 2015 and therefore is not subject to credit risk.

Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

Concentration of Credit Risk
The Authority places no limit on the amount it may invest in any one insurer. The Authority's deposits in financial institutions represents 100 percent of its deposits.

NOTE 4: **RESTRICTED CASH**

The restricted cash balance of $172,139 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments	$ 3,527
Tenant Security Deposits	36,654
Insurance and Escrow Emmitt Station	15,710
Reserve for Replacement - Emmitt Station	116,248
Total Restricted Cash	$ 172,139

NOTE 5: CAPITAL ASSETS

A summary of capital assets at December 31, 2015 by class is as follows:

	Balance 01/01/2015	Reclasses/ Adjustments	Additions	Deletions	Balance 12/31/2015
Capital Assets Not Being Depreciated					
Land	$ 1,134,836	$ 0	$ 0	$ 0	$ 1,134,836
Construction in Progress	19,065	(3,950)	170,057	0	185,172
Total Capital Assets Not Being Depreciated	1,153,901	(3,950)	170,057	0	1,320,008
Capital Assets Being Depreciated					
Buildings and Improvements	11,051,326	3,950	36,178	0	11,091,454
Furniture, Equipment, and Machinery	239,306	0	9,913	(10,954)	238,265
Subtotal Capital Assets Being Depreciated	11,290,632	3,950	46,091	(10,954)	11,329,719
Accumulated Depreciation					
Buildings & Improvements	(6,230,317)	0	(419,294)	0	(6,649,611)
Furniture & Equipment	(212,367)	0	(25,564)	10,954	(226,977)
Total Accumulated Depreciation	(6,442,684)	0	(444,858)	10,954	(6,876,588)
Capital Assets Being Depreciated, Net	4,847,948	3,950	(398,767)	0	4,453,131
Total Capital Assets ,Net	$ 6,001,849	$ 0	$ (228,710)	$ 0	$ 5,773,139

NOTE 6: RESTRICTED NET POSITION

The Authority's restricted net position are as follows:

Section 8 Housing Choice Voucher funds provided for Housing Assistance Payments in excess of the amounts used	$ 3,527
Reserve for Replacement - Emmitt Station	116,248
Insurance and Escrow - Emmitt Station	15,710
Total	$ 135,485

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NOTE 7: **DEFINED BENEFIT PENSION PLANS**

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.

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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 OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension 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 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	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after Janaury 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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 and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of srvice for the first 35 years and 2.5% for service years in excess of 35

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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 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%
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 $57,095 for 2015.

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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 contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Proportionate Share of the Net Pension Liability	$ 438,300
Proportion of the Net Pension Liability	0.003634%
Pension Expense	$ 47,854

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	
Net difference between projected and actual earnings on pension plan investments	$ 23,386
Authority contributions subsequent to the measurement date	57,095
Total Deferred Outflows of Resources	$ 80,481
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 7,700

$57,095 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:	
2016	$ 2,294
2017	2,294
2018	5,252
2019	5,846
Total	$ 15,686

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS

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:

Wage Inflation	3 .75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	In dividual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projections 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.

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS (Continued)

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 the 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	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
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 Investements	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 investment was applied to all period of projected payments to determine the total pension liability.

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

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:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Authority's proportionate share of the net pension liability	$ 806,348	$ 438,300	$ 128,317

NOTE 8: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

OPERS maintains two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored 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. Please see the Plan Statement in the OPERS 2014 CAFR for details.

NOTE 8: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **Plan Description** (Continued)

The Ohio Revised Code permits, but does not require, OPERS to provide healthcare to its eligible benefit recipients. Authority to establish and amend healthcare coverage is provided in Chapter 145 of the Ohio Revised Code.

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

B. **Funding Policy**

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

Employer contribution rates are expressed as a percentage of the earnable salary payroll of active members. In 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 earnable salary for state and local employers. Active member contributions do not fund health care.

OPERS maintains that cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined Plans. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0 percent for calendar year 2015. As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.00 percent for the Traditional Plan. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The portion of actual Authority contributions for the years ended December 31, 2015, 2014 and 2013, which were used by OPERS to fund post-employment benefits were $9,568, $9,837, and $4,684, respectively.

NOTE 9: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn 15 days sick leave per year of service. Unused sick leave may be accumulated without limit. At the time of separation, employees receive payment for up to sixty (60) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Vacation shall not be accrued for a period longer than two (2) years. Any vacation accrued in excess of two (2) years shall be forfeited.

At December 31, 2015, based on the vesting method, $86,380 was accrued by the Authority for unused vacation and sick time. The current portion is $30,616 and the long term portion is $55,764.

NOTE 10: **INSURANCE**

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Pike is one. Deductibles and coverage limits are summarized below:

Type of Coverage	Deductible	Coverage Limits
Property	$ 1,500	$28,989,800 (Per Occurrence)
Boiler and Machinery	1,000	100,000,000
General Liability	0	6,000,000
Automobile Liability	500/0	ACV/6,000,000
Law Enforcement	0	6,000,000
Public Officials	0	6,000,000
Crime	500	1,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan with Aetna Health, Inc. for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 10: **LONG-TERM DEBT**

Change in Long-Term Liabilities:

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015	Current Portion
Compensated Absences	$ 79,950	$ 56,716	$ (50,286)	$ 86,380	$ 30,616
Long-Term Debt	3,121,228	158,198	(153,290)	3,126,136	168,103
Total	$ 3,201,178	$ 214,914	$ (203,576)	$ 3,212,516	$ 198,719

The Long-Term debt is detailed below:

	Original Loan Amount	Range of Maturity Date	Interest Rate	Life of Loan	12/31/15 Balance	Due Within One Year
Fifth Third Bank:						
- Loan No. 00067	$ 120,000	2002-2022	5.45%	20 Yrs.	$ 55,398	$ 7,019
- Loan No. 00158	$ 38,000	2008-2018	5.12%	10 Yrs.	23,174	2,487
- Loan No. 00125	$ 38,000	2008-2018	5.12%	10 Yrs.	21,900	2,555
Ohio Valley Bank:						
- 412 Market St.	$ 41,140	2005-2024	6.25%	20 Yrs.	24,138	2,178
- 236 St. Mary's	$ 55,009	2005-2025	7.25%	20 Yrs.	34,170	2,880
- 83 Circleview	$ 50,000	2010-2025	5.75%	15 Yrs.	36,223	2,977
- 228 St. Mary's	$ 46,206	2012-2027	5.63%	15 Yrs.	38,920	2,626
- Loan No. 069391	$ 530,000	2014-2024	5.00%	10 Yrs.	466,249	45,030
- Loan No. 71447	$ 35,610	2014-2030	4.38%	15 Yrs.	163,910	12,823
US Department of Agriculture:						
- Emmitt Station	$ 1,146,858	2005-2036	5.375%	30 Yrs.	1,085,456	8,049
- Emmitt Station	$ 350,000	2006-2036	5.375%	30 Yrs.	335,000	2,303
County MR/DD:						
- 212 St. Ann's Lane	$ 4,560	2009-2024	0.00%	15 Yrs.	2,584	304
- 337 Arlington	$ 6,300	2001-2016	0.00%	15 Yrs.	175	175
- 107 Commercial	$ 45,000	2001-2016	0.00%	15 Yrs.	2,250	2,250
- 107 Commercial	$ 3,285	2004-2019	0.00%	15 Yrs.	675	219
- 102 Sunrise	$ 45,000	2002-2017	0.00%	15 Yrs.	3,750	3,000
- 102 Sunrise	$ 3,961	2009-2024	0.00%	15 Yrs.	2,245	264
- 102 Sunrise	$ 20,832	2009-2024	0.00%	15 Yrs.	12,036	1,389
- 599 Walnut	$ 45,000	2002-2017	0.00%	15 Yrs.	4,750	3,000
- 412 Market	$ 48,600	2005-2020	0.00%	15 Yrs.	15,120	3,240
- 510 Rose Drive	$ 91,612	2008-2023	0.00%	15 Yrs.	43,770	6,108
- 221 St. Ann's Lane	$ 8,911	2009-2024	0.00%	15 Yrs.	5,099	594
- 221 St. Ann's Lane	$ 2,388	2003-2018	0.00%	15 Yrs.	451	159
- 83 Circleview	$ 118,889	2010-2025	0.00%	15 Yrs.	76,617	7,926
- 83 Circleview	$ 14,997	2010-2025	0.00%	15 Yrs.	9,665	1,000
- 107 Commercial	$ 34,727	2012-2027	0.00%	15 Yrs.	27,396	2,315
- 514 Carroll	$ 72,750	2012-2027	0.00%	15 Yrs.	56,179	4,850
- 337 Arlington	$ 27,300	2013-2028	0.00%	15 Yrs.	22,447	1,820
- 421 Market	$ 96,400	2013-2028	0.00%	15 Yrs.	76,584	6,427
- 510 Rose Drive	$ 20,950	2013-2028	0.00%	15 Yrs.	16,760	1,396
- 514 Carroll	$ 25,950	2013-2028	0.00%	15 Yrs.	21,337	1,730
- 514 Carroll	$ 25,450	2013-2028	0.00%	15 Yrs.	20,926	1,697
- 514 Carroll	$ 10,000	2015-2030	0.00%	15 Yrs.	9,611	667
- 514 Carroll	$ 20,000	2015-2030	0.00%	15 Yrs.	19,222	1,333
- 228 St. Mary's	$ 9,918	2012-2027	0.00%	15 Yrs.	7,769	661
County NSP:						
- 214 Grandview	$ 204,751	2010-2029	0.00%	20 Yrs.	153,564	10,238
- 146 Valleyview	$ 103,270	2012-2027	0.00%	20 Yrs.	82,616	5,164
Gallia-Meigs NSP:						
- 603 Church	$ 185,000	2011-2030	0.00%	20 Yrs.	148,000	9,250
Total Debt					$ 3,126,136	$ 168,103

NOTE 10: **LONG-TERM DEBT** (Continued)

The following is a summary of the Authority's future debt service requirements for debt payable as of December 31, 2015:

For the Year Ended December 31,	Principal	Interest	Total Payments
2016	$ 168,103	$ 69,430	$ 237,533
2017	171,405	64,434	235,839
2018	203,173	58,108	261,281
2019	173,274	52,435	225,709
2020	177,532	47,079	224,611
2021-2025	753,081	151,874	904,955
2026-2030	276,325	92,000	368,325
2031-2035	143,590	61,455	205,045
2036-2040	1,059,653	7,868	1,067,521
Totals	$ 3,126,136	$ 604,683	$ 3,730,819

NOTE 11: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2015.

NOTE 12: **OPERATING TRANSFER**

The Authority had the following operating transfers in 2015:

	Transfer From	Transfer To
Capital Fund	$ 38,078	$ 0
Public Housing	0	38,078
Total	$ 38,078	$ 38,078

This transfer represents the Capital Fund Grant allocation to support operations as permitted by the Department of Housing and Urban Development regulations.

NOTE 13: **CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 14: **CONSTRUCTION COMMITMENTS**

Pike Metropolitan Housing Authority issued a construction contract on September 24, 2015 in the amount of $492,500 for the development of the Hilltop Gardens Apartment Project. At December 31, 2015, the unpaid balance on the contract was $202,688. The project is being funded by grants of $404,900, a forgivable/declining balance loan of $200,000, and a permanent loan of $84,890.

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

	2014	2013
Authority's Proportion of the Net Pension Liability	0.003634%	0.003634%
Authority's Proportionate Share of the Net Pension Liability	$ 438,300	$ 428,401
Authority's Covered-Employee Payroll	$ 445,575	$ 434,326
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	98.37%	98.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

Amount presented as of the Authority's measurement date which is the prior year end.

PIKE METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contributions	$ 57,095	$ 53,469	$ 56,465	$ 40,596	$ 41,749	$ 37,205	$ 33,496	$ 26,900	$ 29,950	$ 32,702
Contribution In Relation to the Contractually Required Contributions	(57,095)	(53,469)	(56,465)	(40,596)	(41,749)	(37,205)	(33,496)	(26,900)	(29,950)	(32,702)
Contribution Deficiency/(Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered-Employee Payroll	$ 475,792	$ 445,575	$ 434,326	$ 405,960	$ 417,490	$ 413,389	$ 394,071	$ 384,286	$ 385,457	$ 361,748
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%	7.00%	7.77%	9.04%

STATEMENT OF MODERNIZATION COST - COMPLETED
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2015

Annual Contributions Contract C-5031

1. The total amount of modernization costs of the Capital Fund Program grants are shown below:

OH16P06050113	
Funds Approved	$ 115,664
Funds Expended	115,664
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 115,664
Funds Expended	115,664
Excess (Deficiency) of Funds Advanced	$ 0

2. All modernization work in connection with the Capital Fund Program has been completed.

3. The entire actual modernization cost or liabilities incurred by the Authority have been full paid.

4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

PIKE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Other Federal Program	State/Local	Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	89,636	53,798		604	74,814	218,852		218,852
113 Cash - Other Restricted		3,527			131,958	135,485		135,485
114 Cash - Tenant Security Deposits	16,632			811	19,211	36,654		36,654
100 Total Cash	106,268	57,325	-	1,415	225,983	390,991	-	390,991
126 Accounts Receivable - Tenants	4,309			1,878	1,190	7,377		7,377
126.1 Allowance for Doubtful Accounts -Tenants	-2,300				-75	-2,375		-2,375
127 Notes, Loans, & Mortgages Receivable - Current	150					150		150
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,159	-	-	1,878	1,115	5,152	-	5,152
142 Prepaid Expenses and Other Assets	1,661	4,776		1,117	37,479	45,033		45,033
143 Inventories	21,762					21,762		21,762
143.1 Allowance for Obsolete Inventories	-215					-215		-215
150 Total Current Assets	131,635	62,101	-	4,410	264,577	462,723	-	462,723
161 Land	615,223			37,500	482,113	1,134,836		1,134,836
162 Buildings	5,918,348			279,540	3,771,690	9,969,578		9,969,578
163 Furniture, Equipment & Machinery - Dwellings	60,860				7,494	68,354		68,354
164 Furniture, Equipment & Machinery - Administration	109,312	18,771			41,828	169,911		169,911
165 Leasehold Improvements				18,021	1,103,855	1,121,876		1,121,876
166 Accumulated Depreciation	-4,779,982	-17,436		-125,619	-1,953,551	-6,876,588		-6,876,588
167 Construction in Progress	3,730				181,442	185,172		185,172
160 Total Capital Assets, Net of Accumulated Depreciation	1,927,491	1,335	-	209,442	3,634,871	5,773,139	-	5,773,139
180 Total Non-Current Assets	1,927,491	1,335	-	209,442	3,634,871	5,773,139	-	5,773,139
200 Deferred Outflow of Resources	50,703	29,778				80,481		80,481
290 Total Assets and Deferred Outflow of Resources	2,109,829	93,214	-	213,852	3,899,448	6,316,343	-	6,316,343
312 Accounts Payable <= 90 Days	594	693		113	11,089	12,489		12,489
321 Accrued Wage/Payroll Taxes Payable	8,555	6,933			4,101	19,589		19,589
322 Accrued Compensated Absences - Current Portion	22,686	7,930				30,616		30,616
333 Accounts Payable - Other Government	3,469				2,428	5,897		5,897
341 Tenant Security Deposits	16,632			811	19,211	36,654		36,654
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds				11,522	156,581	168,103		168,103
346 Accrued Liabilities - Other	3,996					3,996		3,996
310 Total Current Liabilities	55,932	15,556	-	12,446	193,410	277,344	-	277,344
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				108,079	2,849,954	2,958,033		2,958,033
354 Accrued Compensated Absences - Non Current	43,305	12,459				55,764		55,764
357 Accrued Pension and OPEB Liabilities	276,129	162,171				438,300		438,300
350 Total Non-Current Liabilities	319,434	174,630	-	108,079	2,849,954	3,452,097	-	3,452,097
300 Total Liabilities	375,366	190,186	-	120,525	3,043,364	3,729,441	-	3,729,441
400 Deferred Inflow of Resources	4,851	2,849				7,700		7,700
508.4 Net Investment in Capital Assets	1,927,491	1,335		89,841	628,336	2,647,003		2,647,003
511.4 Restricted Net Position		3,527			131,958	135,485		135,485
512.4 Unrestricted Net Position	-197,879	-104,683		3,486	95,790	-203,286		-203,286
513 Total Equity - Net Assets / Position	1,729,612	-99,821	-	93,327	856,084	2,579,202	-	2,579,202
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	2,109,829	93,214	-	213,852	3,899,448	6,316,343	-	6,316,343

PIKE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31,2015

	Project Total	14.871 Housing Choice Vouchers	Other Federal Program	State/Local	Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	84,215			24,108	289,172	397,495		397,495
70400 Tenant Revenue - Other	2,822			30	901	3,753		3,753
70500 Total Tenant Revenue	87,037	-	-	24,138	290,073	401,248	-	401,248
70600 HUD PHA Operating Grants	369,322	2,492,321				2,861,643		2,861,643
70610 Capital Grants	9,428					9,428		9,428
70800 Other Government Grants			107,553		121,716	229,269		229,269
71100 Investment Income - Unrestricted	9	6				15		15
71400 Fraud Recovery		683				683		683
71500 Other Revenue	14,500	446		125	108,268	123,339		123,339
72000 Investment Income - Restricted					62	62		62
70000 Total Revenue	480,296	2,493,456	107,553	24,263	520,119	3,625,687	-	3,625,687
91100 Administrative Salaries	120,507	154,979		80	26,714	302,280		302,280
91200 Auditing Fees	2,730	3,000		750	5,700	12,180		12,180
91500 Employee Benefit contributions - Administrative	54,288	71,707		14	10,688	136,697		136,697
91600 Office Expenses	21,286	32,341		701	37,421	91,749		91,749
91000 Total Operating - Administrative	198,811	262,027	-	1,545	80,523	542,906	-	542,906
92400 Tenant Services - Other	1,354					1,354		1,354
92500 Total Tenant Services	1,354	-	-	-	-	1,354	-	1,354
93100 Water	37,927			1,422	34,515	73,864		73,864
93200 Electricity	8,657				29,244	37,901		37,901
93300 Gas	1,747				1,760	3,507		3,507
93000 Total Utilities	48,331	-	-	1,422	65,519	115,272	-	115,272
94100 Ordinary Maintenance and Operations - Labor	104,730			1,731	91,496	197,957		197,957
94200 Ordinary Maintenance and Operations - Materials and Other	20,558			204	31,161	51,923		51,923
94300 Ordinary Maintenance and Operations Contracts	25,208				25,017	50,225		50,225
94500 Employee Benefit Contributions - Ordinary Maintenance	60,919			1,202	51,047	113,168		113,168
94000 Total Maintenance	211,415	-	-	3,137	198,721	413,273	-	413,273
96110 Property Insurance				842	38,940	39,782		39,782
96100 Total insurance Premiums	-	-	-	842	38,940	39,782	-	39,782
96300 Payments in Lieu of Taxes	3,470				2,428	5,898		5,898
96400 Bad debt - Tenant Rents	3,420				2,154	5,574		5,574
96000 Total Other General Expenses	6,890	-	-	-	4,582	11,472	-	11,472
96710 Interest of Mortgage (or Bonds) Payable				6,466	61,971	68,437		68,437
96700 Total Interest Expense and Amortization Cost	-	-	-	6,466	61,971	68,437	-	68,437
96900 Total Operating Expenses	466,801	262,027	-	13,412	450,256	1,192,496	-	1,192,496
97000 Excess of Operating Revenue over Operating Expenses	13,495	2,231,429	107,553	10,851	69,863	2,433,191	-	2,433,191
97300 Housing Assistance Payments		2,219,231				2,219,231		2,219,231
97350 HAP Portability-In		395				395		395
97400 Depreciation Expense	216,093	1,334		11,367	216,064	444,858		444,858
90000 Total Expenses	682,894	2,482,987	-	24,779	666,320	3,856,980	-	3,856,980
10010 Operating Transfer In	38,078				107,553	145,631		145,631
10020 Operating transfer Out	-38,078		-107,553			-145,631		-145,631
10100 Total Other financing Sources (Uses)	-	-	-107,553	-	107,553	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-202,598	10,469	-	-516	-38,648	-231,293	-	-231,293
11020 Required Annual Debt Principal Payments						-		-
11030 Beginning Equity	2,168,417	30,648		93,843	894,732	3,187,640		3,187,640
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-236,207	-140,938				-377,145		-377,145
11170 Administrative Fee Equity		-103,348				-103,348		-103,348
11180 Housing Assistance Payments Equity		3,527				3,527		3,527
11190 Unit Months Available	1,164	6,300		48	852	8,364		8,364
11210 Number of Unit Months Leased	1,152	6,063		48	842	8,105		8,105

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

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Low Rent Public Housing Program	14.850	$ 320,213
Capital Fund Program	14.872	58,537
Total Public Housing Programs		378,750
Section 8 Tenant Based Programs		
Section 8 Housing Choice Voucher Program	14.871	2,492,321
Total Section 8 Tenant Based Programs		2,492,321
Total Direct U.S. Department of Housing and Urban Development		2,871,071
Passed Through from Pike County:		
Community Development Block Grant	14.218	121,716
Total Passed Through from Pike County		121,716
Total U.S. Department of Housing and Urban Development		2,992,787
U.S. Department of Agriculture		
Direct Programs:		
Rural Rental Housing Loan Subsidy	10.415	107,553
Total U.S. Department of Agriculture		107,553
Total Federal Expenditures		$ 3,100,340

This schedule is prepared on the accrual basis of accounting.

JAMES G. ZUPKA, C.P.A., INC.
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Pike Metropolitan Housing
Piketon, Ohio

Regional Inspector General for Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pike Metropolitan Housing Authority, 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 and have issued our report thereon dated April 8, 2016, wherein we noted that the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68,* and restatement its net position at December 31, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka, CPA, President

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

April 8, 2016

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

Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors	Regional Inspector General of Audit
Pike Metropolitan Housing Authority	Department of Housing and Urban
Piketon, Ohio	Development

Report on Compliance for Each Major Federal Program

We have audited the Pike Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2015. Pike Metropolitan Housing Authority, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Pike Metropolitan Housing Authority, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Pike Metropolitan Housing Authority, Ohio's compliance.

Opinion on Each Major Federal Program

In our opinion, the Pike Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, CPA,
President

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James G. Zupka CPA, Inc.
Certified Public Accountants

April 8, 2016

PIKE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
DECEMBER 31, 2015

1. **SUMMARY OF AUDITOR'S RESULTS**

2015(i)	Type of Financial Statement Opinion	Unmodified
2015(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2015(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2015(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2015(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2015(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2015(v)	Type of Major Programs' Compliance Opinion	Unmodified
2015(vi)	Are there any reportable findings under .510(a)	No
2015(vii)	Major Programs (list): Housing Choice Voucher Program - CFDA #14.871	
2015(viii)	Dollar Threshold: Type A\B Programs	Type A: >$750,000 Type B: all others
2015(ix)	Low Risk Auditee?	Yes

2. **FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**
   None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**
   None.

The prior audit report, as of December 31, 2014, included no findings.

PIKE COUNTY METROPOLITAN HOUSING AUTHORITY

PIKE 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
JUNE 28, 2016

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