

**ADAMS METROPOLITAN
HOUSING AUTHORITY
ADAMS COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2015**

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



Dave Yost • Auditor of State

Board of Directors
Adams Metropolitan Housing Authority
401 East 7th Street
Manchester, Ohio 45144

We have reviewed the *Independent Auditor's Report* of the Adams Metropolitan Housing Authority, Adams County, prepared by James G. Zupka, CPA, Inc., for the audit period October 1, 2014 through September 30, 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 Adams Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

June 1, 2016

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ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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

Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Adams Metropolitan Housing Authority
Manchester, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited the accompanying financial statements of the Adams Metropolitan Housing Authority, Adams County, Ohio as of and for the fiscal year ended September 30, 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 Adams Metropolitan Housing Authority, as of September 30, 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 September 30, 2015, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and adjusted its net position at September 30, 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 11 and Schedules of the Authority's Proportionate Share of the Net Pension Liability and the Authority's Pension Contributions to the Ohio Public Employees Retirement System on pages 36 to 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2016, on our consideration of the Adams 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: 2016.03.31 11:22:22 -0400

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

March 23, 2016

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Unaudited)**

The Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the financial activity of the Adams Metropolitan Housing Authority (the Authority) for the period, (c) identify changes in the Authority's financial position from the previous year, and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the financial activity of the current year, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- Total assets and Deferred Outflows of Resources were \$3,841,925 and \$4,058,757 in 2015 and 2014, respectively. The Authority-wide statements reflect a decrease in total assets of \$216,832 (or 5 percent) in 2015.
- Revenues decreased from \$1,899,163 in 2014 to \$1,680,840 in 2015, a decrease of 11 percent.
- The total expenses of all Authority programs decreased in the current period. Total expenses were \$1,974,578 and \$2,372,519 in 2015 and 2014, respectively, a decrease of \$397,941 (or 17 percent).

USING THIS ANNUAL REPORT

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

MD&A
- Management Discussion and Analysis -

Basic Financial Statements
- Authority-Wide Financial Statements -

Other Required Supplementary Information
**- Required Supplementary Information -
(Other than the MD&A)**

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Unaudited)

Authority Financial Statements

The Authority's financial statements are designed to be corporate-like in that all business-type activities of the Authority are consolidated into one column that summarizes all financial activity for all the Authority's programs.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources of the Authority. The Statement is presented in the format where assets, minus liabilities, equals Net Position, commonly referred to as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-Current."

The focus of the Statement of Net Position, the Unrestricted Net Position, represents the net available liquid (non-capital) assets, net of liabilities, of the Authority. Net position is reported in three broad categories:

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

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

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

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

The focus of the Statement of Revenues, Expenses, and Changes in Fund Net Position is the Change in Net Position, which is similar to Net Income or Loss.

Finally, the Authority's financial statements also include a Statement of Cash Flows. This Statement reports net cash provided by or used for operating activities, non-operating financial activities, and capital and related financing activities.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Unaudited)**

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar than these for the Authority. The Authority consists exclusively of enterprise funds rather than governmental funds. Enterprise funds utilize the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting rather than what is more common in financial statements for other types of governmental entities.

The Authority maintains its accounting records by program consistent with how funding is provided for these programs by the U.S. Department of Housing and Urban Development (HUD).

THE AUTHORITY'S PROGRAMS

Conventional Public Housing

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

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to provide rental assistance to landlords so participants generally pay 30 percent of household income for rent and utilities.

Capital Fund Program

The Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties. HUD's Capital Fund Program provides grant funds for development, renovation, and construction of Public Housing projects.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Unaudited)**

AUTHORITY STATEMENTS

Statement of Net Position

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

Table 1 - Condensed Statement of Net Position

	2015	2014
<u>Assets</u>		
Current Assets	\$ 181,054	\$ 131,312
Capital Assets	3,624,794	3,927,445
Deferred Outflows	36,077	0
Total Assets and Deferred Outflows	<u>\$ 3,841,925</u>	<u>\$ 4,058,757</u>
<u>Liabilities</u>		
Current Liabilities	\$ 88,137	\$ 50,441
Long-Term Liabilities	365,537	74,930
Deferred Inflows	5,111	0
Total Liabilities and Deferred Inflows	<u>458,785</u>	<u>125,371</u>
<u>Net Position</u>		
Net Investment in Capital Assets	3,624,794	3,927,445
Restricted	0	1,257
Unrestricted	(241,654)	4,684
Total Net Position	<u>3,383,140</u>	<u>3,933,386</u>
Total Liabilities and Net Position	<u>\$ 3,841,925</u>	<u>\$ 4,058,757</u>

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

Major Factors Affecting the Statement of Net Position

Current Assets increased \$49,742 (about 38 percent) over 2014. The increase was primarily in cash. The change closely corresponds to the change in Current Liabilities. FSS escrows increased and more of it is considered to be current at the end of 2015 because the Agency is anticipating participants to graduate from the program. Accounts Payable also increased primarily due to a timing issue, when invoices were received and paid. Capital Assets and the corresponding component of Net Position, Net Investment in Capital Assets, dropped by almost \$303,000, a reflection that depreciation on existing assets far outpaced capital additions.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Unaudited)**

Otherwise notable changes are the appearance on the statement of new account categories, Deferred Outflow of Resources and Deferred Inflows of Resources, a large increase in Long-Term Liabilities, and a sharp drop in Unrestricted Net Position. The factor causing these changes is the implementation of a new accounting statement called GASB Statement No. 68. The implementation of GASB Statement No. 68 will have a similar impact of the financial statements of almost all units of government in Ohio. Essentially what it requires of Adams MHA is 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 very large Net Pension Liability reported by Adams MHA (almost \$291,000) does not represent a true liability of the Agency in terms of if operations ceased today there is no invoice in that amount to be 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 Adams MHA are participants in OPERS and that Adams MHA makes retirement contributions to OPERS on behalf of all of its employees.

Table 2 presents details on the changes in Unrestricted Net Position:

Table 2- Change in Unrestricted Net Position	
Beginning Balance at October 1, 2014	\$ 4,684
Prior Period Adjustment (1)	(256,508)
Change in Net Position 2015	(293,738)
Adjustments:	
Current Year Depreciation Expense (2)	312,121
Capital Revenue (3)	(9,470)
Change in Restricted Net Position	1,257
Ending Balance at September 30, 2015	\$ (241,654)

- (1) Related to implementation of GASB Statement No. 68.
- (2) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
- (3) Capital changes impact the component of Net Position named Net Investment in Capital Assets, and therefore must be deducted in this calculation.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Unaudited)**

While the change in net position is a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides, for some, a clearer indication of the change in the financial well-being of the Agency.

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

Table 3- Modified Statement of Revenues, Expenses, and Changes in Fund Net Position

	2015	2014
<u>Revenues</u>		
Tenant Revenue - Rents and Other	\$ 170,433	\$ 129,691
Operating Subsidies and Grants	1,499,559	1,729,717
Capital Grants	9,470	25,436
Investment Income	64	68
Other Revenues	1,314	14,251
Total Revenues	1,680,840	1,899,163
 <u>Expenses</u>		
Administrative	411,429	442,025
Tenant Services	39,578	33,381
Utilities	144,679	133,889
Maintenance	234,650	257,205
General	69,138	60,769
Housing Assistance Payments	762,983	1,096,462
Depreciation	312,121	348,788
Total Expenses	1,974,578	2,372,519
 Prior Period Adjustment	(256,508)	0
 Net Increases (Decreases) in Net Position	\$ (550,246)	\$ (473,356)

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

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Unaudited)**

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

Total revenue dropped by a little more than \$218,000 (about 11 percent). Expenses also dropped considerably (about 17 percent). On the revenue side, Tenant Revenues were up modestly. Since rental amounts are based on family incomes, this is a reflection of family incomes increasing. On the expense side modest decreases were noted in Administrative and Maintenance Expenses, a reflection of belt tightening by management. But the biggest part of the drop in incomes and the biggest part of the drop in expenses was related. Both were related to the amount of spending on rental assistance payments to clients of the Section 8 Housing Choice Voucher (HCV) program. HUD in recent years has more closely tied the level of funding provided Housing Authorities for making rental assistance payments under the program to the level of spending by Housing Authorities. So contributing to the drop in HUD funding for this was the drop in spending by the Agency.

Having a big impact on the Change in Net Position from the prior period was the negative Prior Period Adjustment of more than \$256,000. That entry is related to the implementation of GASB Statement No. 68 addressed in a previous section reflecting the portion of the Net Pension Liability that existed prior to the implementation in this accounting period of the new reporting for the liability.

CAPITAL ASSETS

As of year end, the Authority had about \$3,625,000 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (current purchases less depreciation) of about \$303,000 (or 8 percent) from the end of last year. The change in capital assets corresponds closely to the depreciation expense in the period because the Authority had only minimal capital additions in the period.

Table 4 - Capital Assets at Year-End (net of Depreciation)

	2015	2014
Land and Land Rights	\$ 379,202	\$ 379,202
Buildings & Improvements	9,875,164	9,865,694
Equipment	420,631	420,631
Accumulated Depreciation	<u>(7,050,203)</u>	<u>(6,738,082)</u>
Total	<u><u>\$ 3,624,794</u></u>	<u><u>\$ 3,927,445</u></u>

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(Unaudited)**

DEBT

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the U.S. Department of Housing and Urban Development is subject to cuts due to the tight Federal budget situation.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.

FINANCIAL CONTACT

The individual to be contacted regarding this report is James R. Bowman III, Executive Director of the Adams Metropolitan Housing Authority, at (937) 549-2648. Specific requests may be submitted to the Adams Metropolitan Housing Authority at 401 East Seventh Street, Manchester, Ohio 45144-1401.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 84,740
Restricted Cash	40,589
Receivables, Net	41,891
Prepaid Expenses and Other Assets	<u>13,834</u>
Total Current Assets	<u>181,054</u>

Noncurrent Assets

Non-depreciable Capital Assets	379,202
Depreciable Capital Assets, Net of Depreciation	<u>3,245,592</u>
Total Noncurrent Assets	<u>3,624,794</u>

DEFERRED OUTFLOWS OF RESOURCES	<u>36,077</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,841,925</u>
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LIABILITIES

Current Liabilities

Accounts Payable	\$ 11,760
Accrued Compensated Absences	7,030
Accrued Liabilities	52,124
Intergovernmental Payables	1,916
Tenant Security Deposits	<u>15,307</u>
Total Current Liabilities	<u>88,137</u>

Noncurrent Liabilities

Accrued Compensated Absences, Non-Current	63,262
Noncurrent Liabilities - Other	11,361
Net Pension Liability	<u>290,914</u>
Total Noncurrent Liabilities	<u>365,537</u>
Total Liabilities	<u>453,674</u>

DEFERRED INFLOWS OF RESOURCES	<u>5,111</u>
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NET POSITION

Net Investment in Capital Assets	3,624,794
Restricted	0
Unrestricted	<u>(241,654)</u>
Total Net Position	<u>3,383,140</u>

TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	<u>\$ 3,841,925</u>
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See accompanying notes to the basic financial statements.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<u>Operating Revenues</u>	
Tenant Revenue	\$ 170,433
Government Operating Grants	1,499,559
Other Revenue	<u>1,314</u>
Total Operating Revenues	<u>1,671,306</u>
 <u>Operating Expenses</u>	
Administrative	411,429
Tenant Services	39,578
Utilities	144,679
Maintenance	234,650
General	69,138
Housing Assistance Payments	762,983
Depreciation Expense	<u>312,121</u>
Total Operating Expenses	<u>1,974,578</u>
Operating Income (Loss)	<u>(303,272)</u>
 <u>Non-Operating Revenues (Expenses)</u>	
Interest and Investment Income	<u>64</u>
Total Non-Operating Revenues (Expenses)	<u>64</u>
 Income (Loss) before Contributions and Transfers	 (303,208)
 Capital Grants	 <u>9,470</u>
 Net Increase/(Decrease) in Net Position	 <u>(293,738)</u>
 Total Net Position at Beginning of Year	 3,933,386
 Prior Period Adjustment	 <u>(256,508)</u>
 Total Net Position at End of Year	 <u>\$ 3,383,140</u>

See accompanying notes to the basic financial statements.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<u>Cash Flows from Operating Activities</u>	
Operating Grants Received	\$ 1,497,249
Tenant Revenue Received	160,336
Other Revenue Received	1,314
General and Administrative Expenses Paid	(871,144)
Housing Assistance Payments	<u>(750,999)</u>
Net Cash Provided by Operating Activities	<u>36,756</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	<u>64</u>
Net Cash Provided from Investing Activities	<u>64</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Grant Funds Received	9,470
Property and Equipment Purchased	<u>(9,470)</u>
Net Cash Provided by Capital - Related Financing Activities	<u>0</u>
Net Increase in Cash	36,820
Cash and Cash Equivalents at Beginning of Year	<u>88,509</u>
Cash and Cash Equivalents at End of Period	<u>\$ 125,329</u>
<u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Net Operating Income (Loss)	\$ (303,272)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	312,121
(Increase) Decrease in HUD Receivable	(186)
(Increase) Decrease in Other Receivables	(12,736)
Increase (Decrease) in Accounts Payable	5,677
Increase (Decrease) in Other Current Liabilities	26,921
Increase (Decrease) in Accrued Expenses Payable	2,278
Increase (Decrease) in Tenant Security Deposits	2,639
Increase (Decrease) in Compensated Absences	1,811
Increase (Decrease) in Non-Current Liabilities - Other *	<u>1,503</u>
Net Cash Provided by Operating Activities	<u>\$ 36,756</u>

* Does not reflect non-cash increase to net Pension Liability of \$256,508.

See accompanying notes to the basic financial statements.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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(CONTINUED)

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

Reporting Entity (Continued)

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

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

Basis of Presentation

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

Fund Accounting

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

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

Proprietary Fund Types

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

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

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(CONTINUED)

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

Measurement Focus/Basis of Accounting

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

Description of Programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities, including modernization and development of housing owned by the Authority.

C. **Housing Choice Voucher Program**

The Housing Choice Voucher Program is authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit, or public landlords to subsidize rentals for low-income persons.

Investments

The provisions of HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending September 30, 2015 totaled \$64.

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(CONTINUED)

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

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight line method over the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	3-7 years

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Operating Revenues and Expenses

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

Capital Contributions

This represents contributions made available to the Authority by HUD, which were used by the Authority to make capital improvements to its federally aided projects.

Cash and Cash Equivalents

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

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(CONTINUED)

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

Compensated Absences

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

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 fund liability.

Budgetary Accounting

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

Accounting and Reporting for Non-Exchange Transactions

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

Estimates

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

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(CONTINUED)**

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 the 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 government-wide 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 government-wide 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*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. GASB Statement No. 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported September 30, 2014:

Adjustments:

Net Pension Liability (OPERS Tradition Plan)	\$ (284,343)
Deferred Outflow - Payment Subsequent to Measurement Date	<u>27,835</u>
Prior Period Adjustment	<u>\$ (256,508)</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

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

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

NOTE 3: **DEPOSITS AND INVESTMENTS**

Deposits

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

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year end September 30, 2015, the carrying amount of the Authority's deposits totaled \$125,329 (including \$75 petty cash) and its bank balance was \$158,604. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of September 30, 2015, \$158,604 was covered by Federal Depository Insurance.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

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

Deposits (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits.

Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in a single financial institution's collateral 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 the Federal Reserve bank in the name of the Authority. No deposits were subject to custodial credit risk at September 30, 2015.

NOTE 4: **RESTRICTED CASH**

Restricted cash balance as of September 30, 2015 or \$40,589 represents cash on hand for the following:

FSS Escrow Funds Held for Tenants	\$ 25,282
Tenant Security Deposit	<u>15,307</u>
Total Restricted Cash and Investment	<u>\$ 40,589</u>

NOTE 5: **NET RECEIVABLES**

Receivable balances net of allowances for doubtful accounts as of September 30, 2015 of \$33,500 represents amounts due to the Authority from the following:

Department of Housing and Urban Development	\$ 2,670
Current and former Tenants	72,721
Allowance for Doubtful Accounts	<u>(33,500)</u>
	<u>\$ 41,891</u>

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(CONTINUED)**

NOTE 6: CAPITAL ASSETS

The following is a summary of changes:

	Balance 09/30/2014	Additions	Deletions	Balance 09/30/2015
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 379,202	\$ 0	\$ 0	\$ 379,202
Total Capital Assets Not Being Depreciated	<u>379,202</u>	<u>0</u>	<u>0</u>	<u>379,202</u>
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	9,865,694	9,470	0	9,875,164
Furniture, Equipment, and Machinery - Dwelling	229,391	0	0	229,391
Administrative	191,240	0	0	191,240
Total Capital Assets Being Depreciated	<u>10,286,325</u>	<u>9,470</u>	<u>0</u>	<u>10,295,795</u>
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(6,359,762)	(306,650)	0	(6,666,412)
Furniture and Equipment	(378,320)	(5,471)	0	(383,791)
Total Accumulated Depreciation	<u>(6,738,082)</u>	<u>(312,121)</u>	<u>0</u>	<u>(7,050,203)</u>
Depreciable Assets, Net	<u>3,548,243</u>	<u>(302,651)</u>	<u>0</u>	<u>3,245,592</u>
Total Capital Assets, Net	<u>\$ 3,927,445</u>	<u>\$ (302,651)</u>	<u>\$ 0</u>	<u>\$ 3,624,794</u>

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

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(CONTINUED)

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

Net Pension Liability (Continued)

require adjusting this estimate annually. Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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(CONTINUED)**

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

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

OPERS administers three retirement plans, as described below:

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

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

New Legislation - Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have twenty years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired after January 7, 2013.

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(CONTINUED)

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

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

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service. Group C is for members eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2 percent of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5 percent for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2 percent for the first 35 years and a factor of 2.5 percent for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Refer to the age-and-service tables located in the OPERS 2014 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirements for unreduced benefit receive a percentage reduction in the benefit amounts. The base amounts of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

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

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(CONTINUED)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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(CONTINUED)**

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Member and employer contributions rates, as a percent of covered payroll, were the same for each covered group across all three plans for fiscal year ended June 30, 2015. Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

Plan members were required to contribute 10 percent of their annual covered salary. The Authority was required to contribute 14 percent, a portion of which is set aside for funding post-retirement health care coverage. The Authority's contractually required contributions to OPERS for fiscal year 2015 was \$31,426 for the Traditional Plan and no participation for the Combined Plan. Total contractually required contributions, including contributions, for the Member-Directed Plan and post retirement health care, was \$36,269. The full amount was contributed during the fiscal year.

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

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

	<u>Traditional</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability (Asset)	\$ 290,914	\$ 290,914
Proportion of the Net Pension Liability	0.002412%	
Pension Expense	\$ 35,603	\$ 35,603

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(CONTINUED)**

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

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

At September 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Total
Deferred Outflows of Resources		
Net difference between Projected and actual earnings on pension plan investments	\$ 15,522	\$ 15,522
Authority Contributions Subsequent to the Measurement Date	20,555	20,555
Total Deferred Outflows of Resources	\$ 36,077	\$ 36,077
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 5,111	\$ 5,111
Total Deferred Inflows of Resources	\$ 5,111	\$ 5,111

\$20,555 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the year ending September 30, 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:

	Traditional Plan Net Deferred Outflow of Resources
Fiscal Year Ending September 30:	
2016	\$ 1,522
2017	1,522
2018	3,486
2019	3,881
2020	0
Thereafter	0
Total	\$ 10,411

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(CONTINUED)**

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

Actuarial Assumptions - OPERS

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

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

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

Actuarial Information	Traditional Pension Plan	Combined Plan
Valuation Date	December 31, 2014	December 31, 2014
Experience Study	5 year Period Ended December 31, 2010	5 year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
Projected Salary Increases	4.25%-10.05% (includes wage inflation at 3.75%)	4.25%-8.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	3.00% Simple	3.00% Simple

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

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)**

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

Actuarial Assumptions - OPERS (Continued)

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

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

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

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

Authority's proportionate share of the net pension liability (asset)	1% Decrease (7.0%)	Discount Rate (8.0%)	1% Increase (9.0%)
Traditional Pension Plan	\$ 535,199	\$ 290,914	\$ 85,168

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Settlement in the OPERS 2013 CAFR for details.

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

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

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

NOTE 8: **POST-EMPLOYMENT BENEFITS**

B. Funding Policy

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

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

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0 percent for the period ending September 30, 2015.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions to OPERS for the year ended September 30, 2015, 2014, and 2013 which were used by OPERS to fund post-employment benefits were \$4,843, \$5,238, and \$5,449, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on December 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care coverages, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)**

NOTE 9: COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of the Authority and are based on local and state laws. All permanent employees will earn 4.6 hours of sick leave per eighty (80) hours of service. Unused sick leave may accumulated without limit. At the time of retirement, employees shall be paid the value of twenty-five (25) percent of unused sick leave subject to a maximum payment equal to sixty (60) days of sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Employees will be paid for all unused vacation time upon their separation from service.

The following is a summary of changes in compensated absences for the year ended September 30, 2015:

	Balance	Additions	Used	Balance	Due Within
	09/30/14	09/30/14	09/30/14	09/30/15	One Year
Compensated Leave	\$ 68,481	\$ 19,406	\$(17,595)	\$ 70,292	\$ 7,030

NOTE 10: NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

NOTE 11: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During fiscal year ending September 30, 2015, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(CONTINUED)

NOTE 12: **CONTINGENCIES**

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the Federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptures amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2015.

Litigations and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 2015, the Authority was not aware of any such matters that would have a material effect on the financial statements.

NOTE 13: **IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During the fiscal year, the Authority adopted the following GASB statements.

For 2015, the Authority has implemented GASB Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*.

The objective of GASB Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*, is to improve financial reporting by statement and local government pension plans. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by the Authority.

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.

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 this 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.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
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)**

Traditional Plan	2015	2014
Authority's Proportion of the Net Pension Liability/Asset	0.002412%	0.002412%
Authority's Proportionate Share of the Net Pension Liability	\$ 290,914	\$ 284,343
Authority's Covered-Employee Payroll	\$ 261,883	\$ 303,533
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	111.09%	93.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2014 is not available.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
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
<u>Contractually Required Contributions</u>										
<u>Traditional Plan</u>	\$ 31,426	\$ 36,424	\$ 40,478	\$ 33,409	\$ 32,770	\$ 28,173	\$ 26,564	\$ 21,480	\$ 23,740	\$ 31,016
Total Required Contributions	\$ 31,426	\$ 36,424	\$ 40,478	\$ 33,409	\$ 32,770	\$ 28,173	\$ 26,564	\$ 21,480	\$ 23,740	\$ 31,016
Contribution In Relation to the Contractually										
<u>Required Contributions</u>	(31,426)	(36,424)	(40,478)	(33,409)	(32,770)	(28,173)	(26,564)	(21,480)	(23,740)	(31,016)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Authority's Covered-Employee Payroll</u>										
<u>Traditional Plan</u>	\$ 261,883	\$ 303,533	\$ 311,369	\$ 334,090	\$ 327,700	\$ 313,033	\$ 312,518	\$ 306,857	\$ 305,534	\$ 343,097
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%
<u>Traditional Plan</u>										

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2015

	Project Total	14,896 PIH Family Self- Sufficiency Program	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	65,479		19,261	84,740		84,740
113 Cash - Other Restricted			25,282	25,282		25,282
114 Cash - Tenant Security Deposits	15,307			15,307		15,307
100 Total Cash	80,786	-	44,543	125,329	-	125,329
122 Accounts Receivable - HUD Other Projects	2,670			2,670		2,670
125 Accounts Receivable - Miscellaneous	15,555			15,555		15,555
126 Accounts Receivable - Tenants	55,958			55,958		55,958
126.1 Allowance for Doubtful Accounts -Tenants	-27,000			-27,000		-27,000
126.2 Allowance for Doubtful Accounts - Other	-6,000			-6,000		-6,000
128 Fraud Recovery			1,208	1,208		1,208
128.1 Allowance for Doubtful Accounts - Fraud			-500	-500		-500
120 Total Receivables, Net of Allowances for Doubtful Accounts	41,183	-	708	41,891	-	41,891
142 Prepaid Expenses and Other Assets	13,834			13,834		13,834
144 Inter Program Due From	3,927			3,927	-3,927	-
150 Total Current Assets	139,730	-	45,251	184,981	-3,927	181,054
161 Land	379,202			379,202		379,202
162 Buildings	9,875,164			9,875,164		9,875,164
163 Furniture, Equipment & Machinery - Dwellings	229,391			229,391		229,391
164 Furniture, Equipment & Machinery - Administration	140,662		50,578	191,240		191,240
166 Accumulated Depreciation	-6,999,625		-50,578	-7,050,203		-7,050,203
160 Total Capital Assets, Net of Accumulated Depreciation	3,624,794	-	-	3,624,794	-	3,624,794
180 Total Non-Current Assets	3,624,794	-	-	3,624,794	-	3,624,794
200 Deferred Outflow of Resources	28,140		7,937	36,077		36,077
290 Total Assets and Deferred Outflow of Resources	3,792,664	-	53,188	3,845,852	-3,927	3,841,925
312 Accounts Payable <= 90 Days	10,883		877	11,760		11,760
321 Accrued Wage/Payroll Taxes Payable	12,809		2,676	15,485		15,485
322 Accrued Compensated Absences - Current Portion	4,640		2,390	7,030		7,030
333 Accounts Payable - Other Government	1,916			1,916		1,916
341 Tenant Security Deposits	15,307			15,307		15,307
345 Other Current Liabilities			13,921	13,921		13,921
346 Accrued Liabilities - Other	18,618		4,100	22,718		22,718
347 Inter Program - Due To			3,927	3,927	-3,927	-
310 Total Current Liabilities	64,173	-	27,891	92,064	-3,927	88,137
353 Non-current Liabilities - Other			11,361	11,361		11,361
354 Accrued Compensated Absences - Non Current	41,760		21,502	63,262		63,262
357 Accrued Pension and OPEB Liabilities	226,913		64,001	290,914		290,914
350 Total Non-Current Liabilities	268,673	-	96,864	365,537	-	365,537
300 Total Liabilities	332,846	-	124,755	457,601	-3,927	453,674
400 Deferred Inflow of Resources	3,987		1,124	5,111		5,111
508.4 Net Investment in Capital Assets	3,624,794			3,624,794		3,624,794
511.4 Restricted Net Position				-		-
512.4 Unrestricted Net Position	-168,963		-72,691	-241,654		-241,654
513 Total Equity - Net Assets / Position	3,455,831	-	-72,691	3,383,140	-	3,383,140
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	3,792,664	-	53,188	3,845,852	-3,927	3,841,925

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	162,588			162,588		162,588
70400 Tenant Revenue - Other	7,845			7,845		7,845
70500 Total Tenant Revenue	170,433	-	-	170,433	-	170,433
70600 HUD PHA Operating Grants	569,448	29,746	900,365	1,499,559		1,499,559
70610 Capital Grants	9,470			9,470		9,470
71100 Investment Income - Unrestricted	64			64		64
71400 Fraud Recovery			574	574		574
71500 Other Revenue	343		397	740		740
70000 Total Revenue	749,758	29,746	901,336	1,680,840	-	1,680,840
91100 Administrative Salaries	143,695		50,179	193,874		193,874
91200 Auditing Fees	6,745		1,686	8,431		8,431
91500 Employee Benefit contributions - Administrative	117,440		36,489	153,929		153,929
91600 Office Expenses	27,161		12,535	39,696		39,696
91700 Legal Expense	2,127			2,127		2,127
91800 Travel	2,464		811	3,275		3,275
91900 Other	5,209		4,888	10,097		10,097
91000 Total Operating - Administrative	304,841	-	106,588	411,429	-	411,429
92100 Tenant Services - Salaries		16,049	6,211	22,260		22,260
92300 Employee Benefit Contributions - Tenant Services		13,697	3,621	17,318		17,318
92500 Total Tenant Services	-	29,746	9,832	39,578	-	39,578
93100 Water	114,684			114,684		114,684
93200 Electricity	27,307			27,307		27,307
93300 Gas	2,688			2,688		2,688
93000 Total Utilities	144,679	-	-	144,679	-	144,679
94100 Ordinary Maintenance and Operations - Labor	53,537			53,537		53,537
94200 Ordinary Maintenance and Operations - Materials and Other	23,079			23,079		23,079
94300 Ordinary Maintenance and Operations Contracts	82,667			82,667		82,667
94500 Employee Benefit Contributions - Ordinary Maintenance	45,421			45,421		45,421
94000 Total Maintenance	204,704	-	-	204,704	-	204,704
96110 Property Insurance	27,535			27,535		27,535
96120 Liability Insurance			5,647	5,647		5,647
96130 Workmen's Compensation	1,195		546	1,741		1,741
96140 All Other Insurance				-		-
96100 Total insurance Premiums	28,730	-	6,193	34,923	-	34,923
96210 Compensated Absences	2,983		967	3,950		3,950
96300 Payments in Lieu of Taxes	1,711			1,711		1,711
96400 Bad debt - Tenant Rents	28,554			28,554		28,554
96000 Total Other General Expenses	33,248	-	967	34,215	-	34,215
96900 Total Operating Expenses	716,202	29,746	123,580	869,528	-	869,528
97000 Excess of Operating Revenue over Operating Expenses	33,556	-	777,756	811,312	-	811,312
97100 Extraordinary Maintenance	29,946			29,946		29,946
97300 Housing Assistance Payments			762,983	762,983		762,983
97400 Depreciation Expense	312,121			312,121		312,121
90000 Total Expenses	1,058,269	29,746	886,563	1,974,578	-	1,974,578
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-308,511	-	14,773	-293,738	-	-293,738
11030 Beginning Equity	3,964,418		-31,032	3,933,386		3,933,386
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-200,076		-56,432	-256,508		-256,508
11170 Administrative Fee Equity			-70,998	-70,998		-70,998
11180 Housing Assistance Payments Equity			-1,693	-1,693		-1,693
11190 Unit Months Available	1,692		3,456	5,148		5,148
11210 Number of Unit Months Leased	1,602		2,511	4,113		4,113

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
Low Rent Public Housing Program	14.850	<u>\$ 539,502</u>
Section 8 Housing Choice Voucher Program	14.871	<u>900,365</u>
Public Housing Capital Fund Program	14.872	<u>39,416</u>
PIH Family Self-Sufficiency Program	14.896	<u>29,746</u>
Total Expenditures of Federal Awards		<u>\$ 1,509,029</u>

This schedule is prepared on the accrual basis of accounting.

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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
Adams Metropolitan Housing Authority
Manchester, 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 Adams Metropolitan Housing Authority, Ohio, as of and for the year ended September 30, 2015 and the related notes to the financial statements, which collectively comprise the Adams Metropolitan Housing Authority's basic financial statements and have issued our report thereon dated March 23, 2016, wherein we noted that during the year ended September 30, 2015, the Authority adopted Governmental Accounting Standards Board Statement No 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and adjusted its net position at September 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Adams Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Adams Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
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: 2016.03.31 11:25:01 -0400

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

March 23, 2016

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of Directors
Adams Metropolitan Housing Authority
Manchester, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Adams Metropolitan Housing Authority, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Adams Metropolitan Housing Authority, Ohio's major federal program for the year ended September 30, 2015. The Adams 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Adams Metropolitan Housing Authority, 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 September 30, 2015.

Report on Internal Control Over Compliance

Management of the Adams Metropolitan Housing 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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: 2016.03.31 11:25:29 -0400

James G. Zupka CPA, Inc.
Certified Public Accountants

March 23, 2016

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & .505
SEPTEMBER 30, 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 weaknesses 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): Section 8 Housing Choice Vouchers - CFDA #14.871	
2015(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$ 300,000 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.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATUS PRIOR YEAR CITATIONS AND RECOMMENDATIONS
SEPTEMBER 30, 2015**

The prior audit report, as of September 30, 2014, included management letter recommendations. The management letter recommendations have been repeated, corrected, or procedures instituted to prevent occurrences in this audit period.



Dave Yost • Auditor of State

ADAMS METROPOLITAN HOUSING AUTHORITY

ADAMS 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 14, 2016**