

Allen Metropolitan Housing Authority

Financial Statements

For the Year Ended June 30, 2015



Dave Yost • Auditor of State

Board of Commissioners
Allen Metropolitan Housing Authority
600 South Main Street
Lima, OH 45804

We have reviewed the *Independent Auditor's Report* of the Allen Metropolitan Housing Authority, Allen County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2014 through June 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 Allen 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

March 9, 2016

This page intentionally left blank.

ALLEN METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
Financial statements:	
Statement of Net Position	13-14
Statement of Revenue, Expenses and Change in Net Position	15
Statement of Cash Flows	16-17
Notes to the Financial statements	18-32
Supplemental Data:	
Schedule of Expenditures of Federal Awards	33
Proportion Share of the Net Pension Liability	34
PERS Schedule of Ten Year Contributions	35
Financial Data Schedule	36-40
PHA Statement and Certification of Actual Cost:	
- Capital Fund Program OH16P04450112	41
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	42-43
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	44-45
Schedule of Findings and Questioned Costs	46
Schedule of Prior Audit Findings	47



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Allen Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Allen Metropolitan Housing Authority, Ohio, as of and for the year ended June 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Allen Metropolitan Housing Authority as of June 30, 2015, and the respective changes in financial position and, where applicable, 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 7 to the financial statements, during the year ended June 30, 2015, the Authority adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. I did not modify my opinion regarding 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 and schedules of net pension liabilities and pension contributions 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Allen Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying financial data schedule (FDS), the Statement of Modernization Cost and Schedule of Expenditure of Federal Awards are not a required part of the basic financial statements.

The accompanying Schedule of Expenditure 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 Government and Non-Profit Organizations* and is not a required part of the financial statements. The financial data schedule (FDS) and the Statement of Modernization Cost are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and 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 my opinion, the Schedule of Expenditure of Federal Awards and the financial data schedule ("FDS"), and the Statement of Modernization Cost 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*, I have also issued my report dated December 24, 2015, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Salvatore Consiglio". The signature is written in a cursive style and is positioned above a horizontal line.

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
December 24, 2015

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Unaudited

The following discussion and analysis of the Allen Metropolitan Housing Authority (the "Authority") is to provide an introduction to the basic financial statements for the fiscal year ended June 30, 2015 with selected comparative information for the fiscal year ended June 30, 2014. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of fiscal year 2015 by \$8,163,348 (net position). Of this amount, \$1,988,362 (unrestricted Net Position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- Capital assets decreased by \$578,473.
- Net Position decreased by \$1,265,634 for the fiscal year ended June 30, 2015.
- Operating revenues increased \$14,989 primarily due to an increase in tenant revenues.
- Operating expenses increased by \$403,821 due to an increase in the maintenance contracts and HAP expenses.
- The capital contributions decreased \$505,409 due to capital activities in 2015.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

MD&A ~ Management Discussion and Analysis ~
Basic Financial Statements ~ Authority-wide Financial Statements ~ ~ Fund Financial Statement ~ ~ Notes to Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (other than MD&A) ~

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Unaudited

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

Authority-Wide Financial Statements

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

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

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

Net Position, Net Invested 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, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Position Invested in Capital Assets, Net of Related Debt", or "Restricted Net Position". This account resembles the old operating reserves account.

The Authority financial statements include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as 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, a Statement of Cash Flows is included, which discloses net cash provided by, or used by operating activities, non-capital financing activities, and from capital and related financing activities.

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Unaudited

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists exclusively of Enterprise 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.

The Department of Housing and Urban Development requires the funds be maintained by the Authority.

Business Type Funds:

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

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

Housing Choice Voucher Program (HCVP) – 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 the Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Shelter Plus Care –The funding received from the Department of Housing and Urban Development for this program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Section 8 New Construction – Single Room Only – The Authority administers Section 8 rental assistance programs where the department of Housing and Urban Development (HUD) enters into annual contribution contract with a private owner. The owner rents housing to eligible low-income individuals who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority earns an administration fee for these services rendered.

Business Activities – Represent other non-HUD activities.

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Unaudited

During 2015, the Authority adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Unaudited

outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$10,135,504 to \$9,428,982.

Authority Activity Highlights

Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2015 and 2014:

***** This space was left blank intentionally *****

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Unaudited

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Tenant Revenues - Rents & Other	\$ 452,806	\$ 486,326
Operating Subsidies	6,649,338	6,588,206
Capital Grants	15,023	520,432
Investment Income	2,756	2,742
Gain on Capital Assets	-	18,750
Other Revenues	37,263	49,886
Total Revenues	<u>7,157,186</u>	<u>7,666,342</u>
<u>Expenses</u>		
Administrative	1,021,762	1,081,746
Tenant Services	56,393	51,458
Utilities	277,759	261,176
Maintenance	913,697	778,770
General Expenses and Insurance	190,918	187,458
Housing Assistance Payments	5,253,630	4,947,033
Depreciation	708,661	711,358
Total Expenses	<u>8,422,820</u>	<u>8,018,999</u>
Net Increases (Decreases)	<u>\$ (1,265,634)</u>	<u>\$ (352,657)</u>

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal years ended June 30, 2015 and 2014:

	<u>2014</u>	<u>2013</u>
Owned by Authority	247	247
Units under vouchers	1,041	1,041
Units under NC SR	63	63
Total Housing Units Managed	<u>1,351</u>	<u>1,351</u>

Changes in Capital Assets

Total capital assets decreased from the previous year by \$578,473. The decrease is a result of capital asset additions during the year and depreciation expense. The following table shows how his amount is calculated for the fiscal years ended June 30, 2015 and 2014:

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Unaudited

	<u>2015</u>	<u>2014</u>
Land and Land Rights	\$ 931,495	\$ 931,495
Buildings	19,093,825	18,963,633
Equipment	709,781	709,780
Leasehold Improvements	1,065,287	1,065,287
Accumulated Depreciation	<u>(15,729,212)</u>	<u>(15,020,546)</u>
Total	<u>\$ 6,071,176</u>	<u>\$ 6,649,649</u>

Beginning Balance - June 30, 2014	\$	6,649,649
Current year Additions		130,192
Current year Depreciation Expense		(708,661)
Rounding Adjustments		<u>(4)</u>
Ending Balance - June 30, 2015	\$	<u>6,071,176</u>

Current year Additions are summarized as follows:

- Windows	\$	69,614
- Roofs		18,368
- Basement and sewer lines		<u>42,210</u>

Total 2015 Additions	\$	<u>130,192</u>
----------------------	----	----------------

Financial Position

The statement of Net Position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net Position are the difference between total assets and total liabilities and are an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, and Net Position at June 30, 2015 and 2014:

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Unaudited

	<u>2015</u>	<u>Restated</u> <u>2014</u>
Current and Other Assets	\$ 2,985,251	\$ 3,726,891
Capital Assets	6,071,176	6,649,649
Deferred Outflows	<u>45,136</u>	<u>40,035</u>
 Total Assets	 <u>\$ 9,101,563</u>	 <u>\$ 10,416,575</u>
 Current Liabilities	 \$ 155,463	 \$ 210,584
Long-Term Liabilities	779,711	763,827
Deferred Inflows	<u>3,041</u>	<u>13,182</u>
 Total Liabilities	 <u>938,215</u>	 <u>987,593</u>
 Net Positions:		
Investment in Capital Assets, net of Related Debt	6,071,176	6,649,649
Restricted Net Positions	103,810	377,725
Unrestricted Net Positions	<u>1,988,362</u>	<u>2,401,608</u>
 Total Net Positions	 <u>8,163,348</u>	 <u>9,428,982</u>
 Total Liabilities and Net Positions	 <u>\$ 9,101,563</u>	 <u>\$ 10,416,575</u>

Capital assets are the largest asset reflected on the Authority's statement of Net Position. The following is a summary of capital assets owned by the Authority at June 30, 2015:

Land	\$ 931,495
Building and improvements	20,159,112
Furniture and equipment	<u>709,781</u>
	21,800,388
Less: accumulated depreciation	<u>(15,729,212)</u>
Capital assets, net	<u>\$ 6,071,176</u>

Major Fluctuations Comments

Current assets have decreased mostly due to decrease in cash of \$741,640 and due to operations for 2015. Capital asset changes are noted above to outline the additions and depreciation activity for 2015. All other classifications reflected insignificant fluctuations after restatement.

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Unaudited

Economic Factors

According to the Lima Allen County Council on Community Affairs 2012 Community Assessment, in the City of Lima, where the Housing Authority operates, nearly 45% of households earn less than \$25,000 annually. The Assessment also revealed that 31.3% of Allen county housing stock is rated fair or below average quality and over a recent 10 year period, the City of Lima lost over 4.5% of its housing stock due to deterioration and demolition.

The Public Housing Program spent most of 2014 hovering just at a 97% occupancy rate. The Housing Choice Voucher Program continued to struggle with lease up, but did see improvement at the beginning of the 2015 calendar year. To aid in our lease up candidate success rates, we purged the S8 Waiting List in summer 2015. Of course, requests for services and the demand for housing assistance continue to increase as always, but it does appear that consumers are being much more selective about where they reside. And, our percentage rates of waiting list names actually becoming tenants has been dropping due to increased instances of money owed and drug histories.

AMHA has managed to maneuver these difficult times by continuing to make sound financial decisions. Expenses are cut where possible and the agency continues to "do more with less". AMHA is now a High Performer under SEMAP and PHAS.

Requests for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Anna Schnippel, Executive Director, Allen Metropolitan Housing Authority.

Allen Metropolitan Housing Authority
Statement of Net Position
Proprietary Funds
June 30, 2015

ASSETS

Current assets

Cash and cash equivalents	\$2,621,781
Restricted cash and cash equivalents	199,086
Receivables, net	44,648
Inventories, net	65,165
Prepaid and other assets	46,178
Total current assets	<u>2,976,858</u>

Noncurrent assets

Capital assets:	
Land	931,495
Building and equipment	20,868,893
Less accumulated depreciation	<u>(15,729,212)</u>
Capital assets, net	6,071,176
Other noncurrent assets	<u>8,393</u>
Total noncurrent assets	<u>6,079,569</u>

Deferred Outflows	<u>45,136</u>
Total assets	<u>\$9,101,563</u>

Current liabilities

Accounts payable	\$9,303
Accrued liabilities	66,149
Intergovernmental payables	14,124
Tenant security deposits	65,887
Total current liabilities	<u>\$155,463</u>

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

Allen Metropolitan Housing Authority
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2015

Noncurrent liabilities	
Noncurrent liabilities - other	\$29,389
Net Pension Liabilities	750,322
<i>Total noncurrent liabilities</i>	<u>779,711</u>
Deferred Inflows	3,041
Total liabilities	<u>\$938,215</u>
 <i>NET POSITION</i>	
Net investments in capital assets	\$6,071,176
Restricted	103,810
Unrestricted	1,988,362
Total net position	<u>\$8,163,348</u>

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

Allen Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

OPERATING REVENUES

Tenant Revenue	\$452,806
Government operating grants	6,649,338
Other revenue	37,263
Total operating revenues	<u>7,139,407</u>

OPERATING EXPENSES

Administrative	1,021,762
Tenant services	56,393
Utilities	277,759
Maintenance	913,697
Insurance	100,957
General	89,961
Housing assistance payment	5,253,630
Depreciation	708,661
Total operating expenses	<u>8,422,820</u>
Operating income (loss)	<u>(1,283,413)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	2,756
Total nonoperating revenues (expenses)	<u>2,756</u>
Income (loss) before contributions and transfers	(1,280,657)
Capital grants	15,023
Change in net assets	(1,265,634)
Total net position - beginning- restated	9,428,982
Total net position - ending	<u><u>\$8,163,348</u></u>

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

Allen Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$6,616,980
Tenant revenue received	446,321
Other revenue received	37,263
General and administrative expenses paid	(2,499,710)
Housing assistance payments	<u>(5,253,630)</u>
Net cash provided (used) by operating activities	<u>(652,776)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	<u>2,756</u>
Net cash provided (used) by investing activities	<u>2,756</u>
 CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Property and equipment purchased	<u>(130,192)</u>
Net cash provided (used) by capital and related activities	<u>(130,192)</u>
Net increase (decrease) in cash	(780,212)
Cash and cash equivalents - Beginning of year	<u>3,601,079</u>
<i>Cash and cash equivalents - End of year</i>	<u><u>\$2,820,867</u></u>

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

**Allen Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2015**

***RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES***

Net Operating Income (Loss)	(\$1,283,413)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	708,661
- (Increases) Decreases in Accounts Receivable	(32,105)
- (Increases) Decreases in Inventory	(3,851)
- (Increases) Decreases in Prepaid Assets	(2,612)
- (Increases) Decreases in Deferred Outflows of Resources	(5,101)
- Increases (Decreases) in Inflows of Resources	(10,141)
- Increases (Decreases) in Accounts Payable	(15,004)
- Increases (Decreases) in Accrued Expenses Payable	(2,633)
- Increases (Decreases) in Intergovernmental Payable	(21,881)
- Increases (Decreases) in Tenant Security Deposits	(580)
- Increases (Decreases) in Accrued Pension Liability	16,947
- Increases (Decreases) in Non-Current Liabilities Other	<u>(1,063)</u>
<i>Net cash provided by operating activities</i>	<u><u>(\$652,776)</u></u>

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

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Allen 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 subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization’s resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

Management believes the financial statements included in this report represent all of the funds 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 revenue, expenses and changes in Net Position, and a statement of cash flows.

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

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

Fund Accounting

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

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

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.

Measurement Focus/Basis of Accounting

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include housing assistance payments and administrative expenses.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold is \$7,500. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15
Land improvements	15

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.

Interprogram payables/receivables

There were no interprogram payables/receivables. These transactions were eliminated from the 2014 financial statements as required by HUD.

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, 2) It is

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contributions contract.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

Estimates

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

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for uncollectable tenant receivables was \$1,000 at June 30, 2015.

Inventories

Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was \$7,200 at June 30, 2015.

Accounting and Reporting for Nonexchange Transactions

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

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).

- Voluntary non-exchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

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

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

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

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

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

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

Unearned Revenue

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

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

Income Taxes

No provision for income taxes is recorded as the Authority is a non-profit, tax exempt entity under the Internal Revenue Code.

2. DEPOSITS AND INVESTMENTS

Deposits

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

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.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year end June 30, 2015, the carrying amount of the Authority's deposits totaled \$2,820,867 and its bank balance was \$2,862,696. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2015, \$2,300,520 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. All deposits are collateralized with eligible securities in amounts equal to at least 110% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository 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.

**Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015**

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer’s investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose or arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority had no formal investment policy and had no classified investments at June 30, 2015.

Investments - The Authority’s had no investments during the fiscal year.

3. RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The authority pays insurance premiums directly to SHARP.

4. RESTRICTED CASH

Restricted cash balance as of June 30, 2015 consists of cash on hand for the following:

FSS escrow funds held for tenants	\$ 29,389
Tenant security deposits	65,887
Development Funds on hand	49,859
HUD monies to be used for tenant housing assistance payments	53,951
 Total Restricted Cash	 \$ 199,086

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

5. CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Balance 06/30/14	Additions	Adjust / Deletions	Balance 06/30/15
CAPITAL ASSETS NOT DEPRECIATED				
Land	\$931,495	\$-0-	\$-0-	\$931,495
CAPITAL ASSETS DEPRECIATED				
Building and Improvements	20,028,920	\$130,192	\$-0-	\$20,159,112
Furniture and Equipment	709,780	-0-	1	709,781
Total at Historical Cost	20,738,700	130,192	1	20,868,893
ACCUMULATED DEPRECIATION				
Building and Improvements	(14,449,506)	(666,181)	-0-	(15,115,687)
Furniture and Equipment	(571,040)	(42,480)	(5)	(613,525)
Total Accumulated Depreciation	(15,020,546)	(708,661)	(5)	(15,729,212)
TOTAL CAPITAL ASSETS NET OF DEPRECIATION	5,718,154	(578,469)	(4)	5,139,681
TOTAL CAPITAL ASSETS, NET	\$6,649,649	(\$578,469)	(\$4)	\$6,071,176

6. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities:

	Balance 06/30/2014	Increase	Decrease	Balance 06/30/2015	Due Within One Year
FSS Escrow Liability	\$30,452	\$17,234	\$18,297	\$29,389	\$-0-
Pension Liability	\$733,375	\$16,947	\$0	\$750,322	\$0

7. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITON

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

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net Position – June 30, 2014	\$10,135,504
Adjustments:	
- Net Pension Liability	(733,375)
- Deferred Outflows – payment subsequent to measurement date	26,853
Restated Net Position – June 30, 2014	\$9,428,982

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.

8. DEFINED BENEFIT PENSION PLANS

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

The net pension liability represents the Authority’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

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 - Public Employees Retirement System (PERS)

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide retirement, disability and survivor benefits, and annual costs-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS.

Ohio Public Employees Retirement System administers three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits 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.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the employer contribution rate was 14.0 percent during 2015. The contribution rates are determined actuarially. The Authority's contribution for the years ended June 30, 2015 amounted to \$89,055. All required contributions have been paid.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

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

Proportion Share of Net Pension Liability	\$750,322
Proportion of Net Pension Liability	.00622%
Pension Expense	\$59,233

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

	<u>Traditional</u>
Deferred Outflows of Resources	
Difference between expected and actual experience	(\$40,028)
Authority contributions subsequent to the measurement date	<u>(40,132)</u>
 Total Deferred Outflows of Resources	 <u><u>(\$80,160)</u></u>
 Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$13,179

The \$40,132 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 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:

Fiscal Year Ending June 30:	<u>Traditional</u>
2016	(\$3,926)
2017	(3,926)
2018	(8,990)
2019	(10,007)
Thereafter	<u>-</u>
Total	<u><u>(\$26,849)</u></u>

Actuarial Assumptions – PERS

PERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. 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., mortality, disabilities, retirements, employment termination). 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.

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

	<u>Traditional</u>	<u>Combined</u>
Wage Inflation	3.75%	3.75%
Future Salary Increases, including inflation	4.25% – 10.05%	4.25% - 8.05%
Cost-of-Living Adjustment	3% Simple	3% Simple
Actuarial Cost Method	Individual entry age	Individual entry age

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in PERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

<u>Asset Class</u>	<u>Target Allocation for 2014</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	18.00%	4.59%
TOTAL	100.00%	5.28%

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits 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 7.75 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 (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	\$1,380,156	\$750,322	\$219,628

9. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended June 30, 2015, the Authority electronically submitted an unaudited version of the combining balance sheet, statement of revenues, expenses and changes in retained earnings and other data to HUD as required on the GAAP basis. The audited versions of the FDS schedules are in the supplemental data. The schedules are presented in the manner prescribed by Housing and Urban Development.

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

10. MORTGAGES RECEIVABLE

When the Authority sells a Public Housing home under the 5(h) Homeownership program, the difference between the appraised value of the home and the price actually paid for the home is secured by a promissory note and a subordinate second mortgage. This amount dissipates 20% each year after the fifth year the family maintains residency. Therefore, after a period of 10 years, the mortgage amount is ZERO. If the family leaves the residence or fails to make its mortgage payment within the first 5 years of residency, the family would owe the entire amount of the note to the Authority. If, however, the family decides to leave the residence or fails to make its mortgage payment after the 10th year of residency, the family owes nothing to the Authority. If the family wants to leave in its eighth year, the amount the family owes to the Authority would be calculated to reflect a 60% reduction, etc.

On July 11, 2006, the Authority sold a house to an eligible family in which the second mortgage amount was \$35,753. If the family remains in the unit until July, 1016, they will owe AMHA nothing.

On October 31, 2007, the Authority sold a house to an eligible family in which the second mortgage amount was \$24,088. If the family remains in the unit until October, 2017, they will owe the Authority nothing.

11. 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 prescribed by the U.S. Department of Housing and Urban Development.

12. CONTINGENCIES

Litigations and Claims

In the normal course of operations the Authority may be subject to litigation and claims. At June 30, 2015 the Authority was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

13. ECONOMIC DEPENDENCY

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

Allen Metropolitan Housing Authority
Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2015

14. SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through December 24, 2015, the date on which the financial statements were available to be issued.

**Allen Metropolitan Housing Authority
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2015**

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850	\$ 933,304
Housing Choice Vouchers	14.871	5,126,541
Section 8 – New Construction and Single Room	14.182	302,191
PIH Family Self-Sufficiency	14.896	19,586
Shelter Plus Care	14.238	170,534
Public Housing Capital Fund Program	14.872	<u>112,205</u>
Total U.S. Department of HUD		<u>6,664,361</u>
Total Expenditure of Federal Award		<u><u>\$ 6,664,361</u></u>

**Allen Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Allen Metropolitan Housing Authority's
 Proportionate Share of the Net Pension Liability
 For the Fiscal Years Ended June 30, 2015 and 2014
 (Unaudited)**

	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.006221%	0.006221%
Authority's Proportionate share of the Net Pension Liability	\$750,322	\$733,375
Authority's Covered Employee Payroll	\$791,006	\$848,664
Authority's Proportionate Share of the Net Pension Liability As a percentage of its covered employee payroll	94.86%	86.42%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	86.45%	89.19%

(1) Information prior to 2014 is not available

**Allen Metropolitan Housing Authority
Required Supplementary Information
Schedule of Allen Metropolitan Housing Authority's
PERS Schedule of Ten Year Contributions
For the Fiscal Years Ended June 30, 2015 and 2006
(Unaudited)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually Required Contribution	\$89,055	\$107,639	\$87,402	\$66,065	\$59,624	\$70,247	\$76,973	\$60,006	\$79,425	\$73,335
Contributions in Relation to the										
Contractually Required Contribution	\$89,055	\$107,639	\$87,402	\$66,065	\$59,624	\$70,247	\$76,973	\$60,006	\$79,425	\$73,335
Authority's Covered-Employee Payroll	\$742,125	\$861,112	\$760,679	\$660,650	\$648,792	\$802,823	\$993,200	\$807,618	\$855,873	\$762,318
Contributions as a Percentage of										
Covered-Employee Payroll	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%	7.43%	9.28%	9.62%

Allen Metropolitan Housing Authority (OH044)

Financial Data Schedule

Fiscal Year End June 30, 2015

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	Business Activities	14.896 PIH Family Self- Sufficiency	14.238 Shelter Plus Care	Elimination	Total
111 Cash - Unrestricted	\$2,101,483	\$413,697	\$9,190	\$97,411	\$0	\$0	\$0	\$2,621,781
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$49,859	\$83,340	\$0	\$0	\$0	\$0	\$0	\$133,199
114 Cash - Tenant Security Deposits	\$64,672	\$0	\$0	\$1,215	\$0	\$0	\$0	\$65,887
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$2,216,014	\$497,037	\$9,190	\$98,626	\$0	\$0	\$0	\$2,820,867
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$0	\$32,358	\$0	\$0	\$0	\$0	\$0	\$32,358
126 Accounts Receivable - Tenants	\$7,306	\$0	\$0	\$0	\$0	\$0	\$0	\$7,306
126.1 Allowance for Doubtful Accounts - Tenants	(\$1,000)	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,000)
126.2 Allowance for Doubtful Accounts - Other	(\$1,358)	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,358)
127 Notes, Loans, & Mortgages Receivable - Current	\$7,342	\$0	\$0	\$0	\$0	\$0	\$0	\$7,342
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$12,290	\$32,358	\$0	\$0	\$0	\$0	\$0	\$44,648
142 Prepaid Expenses and Other Assets	\$37,872	\$8,306	\$0	\$0	\$0	\$0	\$0	\$46,178
143 Inventories	\$72,365	\$0	\$0	\$0	\$0	\$0	\$0	\$72,365
143.1 Allowance for Obsolete Inventories	(\$7,200)	\$0	\$0	\$0	\$0	\$0	\$0	(\$7,200)
150 Total Current Assets	\$2,331,341	\$537,701	\$9,190	\$98,626	\$0	\$0	\$0	\$2,976,858
161 Land	\$931,495	\$0	\$0	\$0	\$0	\$0	\$0	\$931,495
162 Buildings	\$18,925,471	\$0	\$0	\$168,354	\$0	\$0	\$0	\$19,093,825
163 Furniture, Equipment & Machinery - Dwellings	\$56,271	\$0	\$0	\$0	\$0	\$0	\$0	\$56,271
164 Furniture, Equipment & Machinery - Administration	\$529,446	\$124,064	\$0	\$0	\$0	\$0	\$0	\$653,510
165 Leasehold Improvements	\$1,028,663	\$36,624	\$0	\$0	\$0	\$0	\$0	\$1,065,287
166 Accumulated Depreciation	(\$15,535,653)	(\$141,522)	\$0	(\$52,037)	\$0	\$0	\$0	(\$15,729,212)
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,935,693	\$19,166	\$0	\$116,317	\$0	\$0	\$0	\$6,071,176

Allen Metropolitan Housing Authority (OH044)

Financial Data Schedule

Fiscal Year End June 30, 2015

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	Business Activities	14.896 PIH Family Self- Sufficiency	14.238 Shelter Plus Care	Elimination	Total
171 Notes, Loans and Mortgages Receivable - Non-Current	\$8,393	\$0	\$0	\$0	\$0	\$0	\$0	\$8,393
180 Total Non-Current Assets	\$5,944,086	\$19,166	\$0	\$116,317	\$0	\$0	\$0	\$6,079,569
200 Deferred Outflow of Resources	\$25,276	\$19,860	\$0	\$0	\$0	\$0	\$0	\$45,136
290 Total Assets and Deferred Outflow of Resources	\$8,300,703	\$576,727	\$9,190	\$214,943	\$0	\$0	\$0	\$9,101,563
312 Accounts Payable <= 90 Days	\$5,233	\$4,070	\$0	\$0	\$0	\$0	\$0	\$9,303
321 Accrued Wage/Payroll Taxes Payable	\$7,663	\$14,120	\$0	\$0	\$0	\$0	\$0	\$21,783
322 Accrued Compensated Absences - Current Portion	\$17,196	\$22,274	\$0	\$0	\$0	\$0	\$0	\$39,470
333 Accounts Payable - Other Government	\$4,934	\$0	\$9,190	\$0	\$0	\$0	\$0	\$14,124
341 Tenant Security Deposits	\$64,672	\$0	\$0	\$1,215	\$0	\$0	\$0	\$65,887
346 Accrued Liabilities - Other	\$4,896	\$0	\$0	\$0	\$0	\$0	\$0	\$4,896
310 Total Current Liabilities	\$104,594	\$40,464	\$9,190	\$1,215	\$0	\$0	\$0	\$155,463
353 Non-current Liabilities - Other	\$0	\$29,389	\$0	\$0	\$0	\$0	\$0	\$29,389
357 Accrued Pension and OPEB Liabilities	\$420,180	\$330,142	\$0	\$0	\$0	\$0	\$0	\$750,322
350 Total Non-Current Liabilities	\$420,180	\$359,531	\$0	\$0	\$0	\$0	\$0	\$779,711
300 Total Liabilities	\$524,774	\$399,995	\$9,190	\$1,215	\$0	\$0	\$0	\$935,174
400 Deferred Inflow of Resources	\$1,703	\$1,338	\$0	\$0	\$0	\$0	\$0	\$3,041
508.4 Net Investment in Capital Assets	\$5,935,693	\$19,166	\$0	\$116,317	\$0	\$0	\$0	\$6,071,176
511.4 Restricted Net Position	\$49,859	\$53,951	\$0	\$0	\$0	\$0	\$0	\$103,810
512.4 Unrestricted Net Position	\$1,788,674	\$102,277	\$0	\$97,411	\$0	\$0	\$0	\$1,988,362
513 Total Equity - Net Assets / Position	\$7,774,226	\$175,394	\$0	\$213,728	\$0	\$0	\$0	\$8,163,348

Allen Metropolitan Housing Authority (OH044)

Financial Data Schedule

Fiscal Year End June 30, 2015

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	Business Activities	14.896 PIH Family Self- Sufficiency	14.238 Shelter Plus Care	Elimination	Total
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$8,300,703	\$576,727	\$9,190	\$214,943	\$0	\$0	\$0	\$9,101,563
70300 Net Tenant Rental Revenue	\$392,646	\$0	\$0	\$0	\$0	\$0	\$0	\$392,646
70400 Tenant Revenue - Other	\$60,160	\$0	\$0	\$0	\$0	\$0	\$0	\$60,160
70500 Total Tenant Revenue	\$452,806	\$0	\$0	\$0	\$0	\$0	\$0	\$452,806
70600 HUD PHA Operating Grants	\$1,030,486	\$5,126,541	\$302,191	\$0	\$19,586	\$170,534	\$0	\$6,649,338
70610 Capital Grants	\$15,023	\$0	\$0	\$0	\$0	\$0	\$0	\$15,023
71100 Investment Income - Unrestricted	\$2,618	\$0	\$0	\$138	\$0	\$0	\$0	\$2,756
71400 Fraud Recovery	\$0	\$22,506	\$0	\$0	\$0	\$0	\$0	\$22,506
71500 Other Revenue	\$0	\$177	\$0	\$14,580	\$0	\$0	\$0	\$14,757
70000 Total Revenue	\$1,500,933	\$5,149,224	\$302,191	\$14,718	\$19,586	\$170,534	\$0	\$7,157,186
91100 Administrative Salaries	\$258,165	\$311,181	\$30,000	\$0	\$0	\$0	\$0	\$599,346
91200 Auditing Fees	\$2,097	\$8,048	\$340	\$0	\$0	\$0	\$0	\$10,485
91400 Advertising and Marketing	\$0	\$281	\$0	\$0	\$0	\$0	\$0	\$281
91500 Employee Benefit contributions - Administrative	\$98,437	\$85,746	\$12,850	\$0	\$0	\$0	\$0	\$197,033
91600 Office Expenses	\$39,962	\$127,168	\$0	\$11,914	\$0	\$0	\$0	\$179,044
91700 Legal Expense	\$14,506	\$0	\$0	\$940	\$0	\$0	\$0	\$15,446
91800 Travel	\$10,197	\$5,833	\$0	\$0	\$0	\$0	\$0	\$16,030
91900 Other	\$0	\$4,097	\$0	\$0	\$0	\$0	\$0	\$4,097
91000 Total Operating - Administrative	\$423,364	\$542,354	\$43,190	\$12,854	\$0	\$0	\$0	\$1,021,762
92100 Tenant Services - Salaries	\$593	\$15,000	\$0	\$0	\$15,000	\$10,000	\$0	\$40,593
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$4,418	\$0	\$0	\$4,586	\$1,150	\$0	\$10,154

Allen Metropolitan Housing Authority (OH044)

Financial Data Schedule

Fiscal Year End June 30, 2015

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	Business Activities	14.896 PIH Family Self- Sufficiency	14.238 Shelter Plus Care	Elimination	Total
92400 Tenant Services - Other	\$5,646	\$0	\$0	\$0	\$0	\$0	\$0	\$5,646
92500 Total Tenant Services	\$6,239	\$19,418	\$0	\$0	\$19,586	\$11,150	\$0	\$56,393
93100 Water	\$185,446	\$0	\$0	\$0	\$0	\$0	\$0	\$185,446
93200 Electricity	\$58,465	\$0	\$0	\$0	\$0	\$0	\$0	\$58,465
93300 Gas	\$23,750	\$0	\$0	\$0	\$0	\$0	\$0	\$23,750
93600 Sewer	\$10,098	\$0	\$0	\$0	\$0	\$0	\$0	\$10,098
93000 Total Utilities	\$277,759	\$0	\$0	\$0	\$0	\$0	\$0	\$277,759
94100 Ordinary Maintenance and Operations - Labor	\$117,371	\$0	\$0	\$0	\$0	\$0	\$0	\$117,371
94200 Ordinary Maintenance and Operations - Materials and Other	\$79,412	\$0	\$0	\$0	\$0	\$0	\$0	\$79,412
94300 Ordinary Maintenance and Operations Contracts	\$666,758	\$0	\$0	\$0	\$0	\$0	\$0	\$666,758
94500 Employee Benefit Contributions - Ordinary Maintenance	\$31,206	\$0	\$0	\$0	\$0	\$0	\$0	\$31,206
94000 Total Maintenance	\$894,747	\$0	\$0	\$0	\$0	\$0	\$0	\$894,747
96130 Workmen's Compensation	\$2,535	\$0	\$0	\$0	\$0	\$0	\$0	\$2,535
96140 All Other Insurance	\$88,579	\$9,843	\$0	\$0	\$0	\$0	\$0	\$98,422
96100 Total insurance Premiums	\$91,114	\$9,843	\$0	\$0	\$0	\$0	\$0	\$100,957
96200 Other General Expenses	\$12,570	\$0	\$0	\$0	\$0	\$0	\$0	\$12,570
96210 Compensated Absences	\$16,376	\$28,172	\$0	\$0	\$0	\$0	\$0	\$44,548
96300 Payments in Lieu of Taxes	\$4,934	\$0	\$0	\$0	\$0	\$0	\$0	\$4,934
96400 Bad debt - Tenant Rents	\$13,155	\$0	\$0	\$0	\$0	\$0	\$0	\$13,155
96600 Bad debt - Other	\$14,754	\$0	\$0	\$0	\$0	\$0	\$0	\$14,754
96000 Total Other General Expenses	\$61,789	\$28,172	\$0	\$0	\$0	\$0	\$0	\$89,961
96900 Total Operating Expenses	\$1,755,012	\$599,787	\$43,190	\$12,854	\$19,586	\$11,150	\$0	\$2,441,579

Allen Metropolitan Housing Authority (OH044)

Financial Data Schedule

Fiscal Year End June 30, 2015

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	Business Activities	14.896 PIH Family Self- Sufficiency	14.238 Shelter Plus Care	Elimination	Total
97000 Excess of Operating Revenue over Operating Expenses	(\$254,079)	\$4,549,437	\$259,001	\$1,864	\$0	\$159,384	\$0	\$4,715,607
97100 Extraordinary Maintenance	\$18,950	\$0	\$0	\$0	\$0	\$0	\$0	\$18,950
97300 Housing Assistance Payments	\$0	\$4,835,245	\$259,001	\$0	\$0	\$159,384	\$0	\$5,253,630
97400 Depreciation Expense	\$696,198	\$6,342	\$0	\$6,121	\$0	\$0	\$0	\$708,661
90000 Total Expenses	\$2,470,160	\$5,441,374	\$302,191	\$18,975	\$19,586	\$170,534	\$0	\$8,422,820
10093 Transfers between Program and Project - In	\$63,948	\$0	\$0	\$0	\$0	\$0	(\$63,948)	\$0
10094 Transfers between Project and Program - Out	(\$63,948)	\$0	\$0	\$0	\$0	\$0	\$63,948	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$969,227)	(\$292,150)	\$0	(\$4,257)	\$0	\$0	\$0	(\$1,265,634)
11030 Beginning Equity	\$9,139,105	\$778,414	\$0	\$217,985	\$0	\$0	\$0	\$10,135,504
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$395,652)	(\$310,870)	\$0	\$0	\$0	\$0	\$0	(\$706,522)
11170 Administrative Fee Equity	\$0	\$132,395	\$0	\$0	\$0	\$0	\$0	\$132,395
11180 Housing Assistance Payments Equity	\$0	\$53,951	\$0	\$0	\$0	\$0	\$0	\$53,951
11190 Unit Months Available	2,964	12,492	756	0	0	0	0	16,212
11210 Number of Unit Months Leased	2,868	12,364	737	0	0	0	0	15,969

Allen Metropolitan Housing Authority
PHA's Statement and Certification of Actual Modernization Cost
June 30, 2015

Capital Fund Program Number OH16P04450112

1. The Program Costs are as follows:

Funds Approved	\$324,058
Funds Expended	<u>324,058</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$324,058
Funds Expended	<u>324,058</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on April 9, 2015.
4. The final costs on the certification agree to the Authority's records.



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

INDEPENDENT AUDITOR'S 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 Commissioners
Allen Metropolitan Housing Authority

I 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 business-type activities of the Allen Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Allen Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated December 24, 2015, wherein we noted the Authority adopted Governmental Accounting Standard Board Statement No. 68, *Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Allen 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Allen Metropolitan Housing Authority, Ohio's, internal control. Accordingly, I do not express an opinion on the effectiveness of Allen Metropolitan Housing Authority, Ohio'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 entity'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.

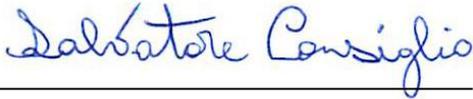
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Allen Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
December 24, 2015



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

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

Board of Commissioners
Allen Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

I have audited Allen Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Allen Metropolitan Housing Authority's major federal programs for the year ended June 30, 2015. The Authority's major federal programs are 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

My responsibility is to express an opinion on compliance for each of Allen Metropolitan Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, Allen 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 each of its major federal programs for the year ended June 30, 2015.

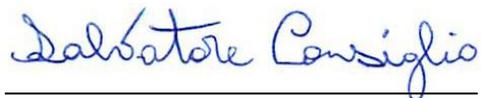
Report on Internal Control Over Compliance

Management of the Allen 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 my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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, I 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.



Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
December 24, 2015

Allen Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 June 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material weakness reported at the financial statement level (GAGAS)?	No
Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
Was there any reported non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness reported for any major federal programs?	No
Were there any other significant internal control deficiency reported for the major federal programs?	No
Type of report issued on compliance for major programs	Unmodified
Are there any reportable findings under § .510?	No
Major Programs (list):	<ul style="list-style-type: none"> • CFDA # 14.850 Low Rent Public Housing • CFDA # 14.871 Housing Choice Voucher Program • CFDA # 14.182 N/C S/R Section 8 Program
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

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

There are no Findings or questioned costs for the year ended June 30, 2015.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no Findings or questioned costs for the year ended June 30, 2015.

Allen Metropolitan Housing Authority
Schedule of Prior Audit Findings
June 30, 2015

The audit report for the fiscal year ending June 30, 2014 contained no audit findings.



Dave Yost • Auditor of State

ALLEN COUNTY METROPOLITAN HOUSING AUTHORITY

ALLEN 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
MARCH 22, 2016**