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Certified Public Accountants, A.C.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
Single Audit
For the Year Ended December 31, 2015**

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...“bringing more to the table”

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

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Commissioners
Ashtabula Metropolitan Housing Authority
3526 Lake Avenue
Ashtabula, Ohio 44004

We have reviewed the *Independent Auditor's Report* of the Ashtabula Metropolitan Housing Authority, Ashtabula County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ashtabula 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

September 9, 2016

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**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

June 29, 2016

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The supplemental financial data schedule presented on pages 34 through 36 is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
Unaudited**

As management of Ashtabula Metropolitan Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Special Conditions and Economic Factors

Management is not aware of any facts, decisions, or conditions that would have a significant effect on the future operation of the Authority.

Contacting The Authority

This financial report is designed to provide a general overview of the authority's finances for all those with an interest.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director of the Ashtabula Metropolitan Housing Authority.

Overview of the Financial Statements

During 2015, the Authority adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions*, which significantly revises accounting for pension costs and liabilities, most notably employers are now required to report a net pension liability or asset, along with deferred outflows and inflows. 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.

There is no repayment schedule for the net pension liability. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

The financial statements included in this annual audit report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

The Statement of Net Position

This statement 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".

Net Investment in Capital Assets:

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

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
Unaudited**

Restricted:

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

Unrestricted:

Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted".

Statement of Revenue, Expenses, and Change in Net Position

Reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions.

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.

Statement of Cash Flows

Presents information on the effects changes in assets and liabilities have on cash during the course of the Fiscal Year.

Notes to the Financial Statements

Provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

Analysis of the Housing Activity

Our overall analysis of the Authority as a whole begins on the following pages. The most important question asked about the Authorities finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of net position, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in them. One can think of the Authority's net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities).

The change in net position analysis will assist the reader with measuring the health or financial position of the Authority. Over time, significant changes in the Authorities net position are an indicator of whether its financial health is improving or deteriorating.

To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authorities capital assets.

To fully understand the financial statements of the Housing Authority, one must start with an understanding of what the Authority actual does.

The following is a brief description of the programs and services that the Authority provides for the residents of Ashtabula County, Ohio:

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
Unaudited**

Analysis of the Housing Activity (Continued)

Housing Authority Programs

Low Income Public Housing (LIPH)

The Housing Authority has 555 units in its Public Housing inventory. The Authority is responsible for the management, maintenance, and utilities costs for all units. The units must be maintained in accordance with HUD established housing quality standards. An annual inspection of each unit must be performed by the Housing Authority to assure that they meet or exceed these standards.

Each Housing Authority Public Housing building, and the units that comprise those buildings, are subject to random third party inspections as directed by HUD. In addition, the Housing Authority must annually recertify each of the tenants' family composition and their respective household income.

On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has a Project Expense Level (PEL). The PEL reflects estimated allowable operating expenditures and is calculated by HUD in accordance with the results of the Harvard Cost Study which was performed for HUD.

HUD funds the difference between these allowable costs incurred for all units leased units and the actual tenant revenue generated. Tenant rent is based on 30% of their adjusted household income. Actual funding received from HUD is made by the results of this formula calculation, subject to pro-ration in accordance with total funds actually appropriated by Congress. Actual funding is made by HUD, by formula, in accordance with total funds appropriated by Congress.

Section 8 Housing Choice Vouchers (HCV)

HUD has contracted with the Housing Authority to provide support for the Housing Choice Voucher Program. The Authority pays a Housing Assistance Payments to Landlords for Low Income tenants.

The Housing Assistance Payment matches the difference between the total rent that the Landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay based on 30% of their respective adjusted income.

For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Housing Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program, however, they are responsible for annually inspecting the units to assure that they meet or exceed HUD established Housing quality standards.

Rural Housing and Economic Development Program

This program consists of grants that are meant to meet rural communities' housing and economic development needs. Recent appropriations acts have provided funding for this program, which is used to encourage new and innovative approaches to serving the housing and economic development needs of the nation's rural communities.

Business Activities

This Housing Authority assists the local mental health group in administering a Shelter Plus Care program. This program provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immune deficiency syndrome (AIDS), and related diseases. Rental assistance must be matched by an equal value in cash or in-kind provided by the grantee from federal or private sources to be used for supportive services.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
Unaudited**

Capital Fund Program

Tenant Revenues generated by the Housing Authority are supplemented by operating subsidy from HUD. These two amounts combined are intended to cover only day to day routine expenses. This leaves the Housing Authority with little funding for modernizing of the structures and/or for the completion of non-routine maintenance.

The purpose of the Capital Fund grants is to give funds to the Housing Authority for improvement of the sites, to complete non-routine maintenance, and to assist with the improvement of the management of the Authority.

This grant program is awarded by HUD, by formula allocation, on an annual basis. The Housing Authority generally has two years to obligate the funds from these capital fund grants, and three to years to fully expend them. As formal contracts are awarded from this program, funds are requisitioned from HUD to pay periodic requests from the contractors.

Work completed under this grant program is temporarily charged to construction in process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and audited, the work items are moved from construction in process and placed into the Capital Assets. Depreciation begins at this point.

Supportive Housing Program

Grants offered through a competitive process for new construction, acquisition, rehabilitation, or leasing of buildings to provide transitional or permanent housing, as well as supportive services to homeless individuals and families; grants to fund a portion of annual operating costs; and grants for technical assistance.

Condensed Comparative Financial Statements

Analysis of Net Position (Statement of Net Position)

Total Net Position for FY 2015 was \$12,871,352 and for FY 2014 the amount was restated from \$14,477,715 to \$13,365,271 as a result of the implementation of GASB 68. This represents an overall net decrease of \$493,919, or 3.7%

Cash and Cash Equivalent (Including Investments) decreased to \$3,048,735 in FY 2015 from \$3,416,108 in FY 2014, or by \$367,373, or 10.8%. The downward change in the authority's cash balance is primarily due to a decrease in CFP operations and a decrease in liabilities.

Receivables increased to \$64,189 in FY 2015 from \$52,396 in FY 2014. This represents an increase of \$11,793, or 22.5%. This change was the result of an increase in monies owed for managing the Shelter Plus Program.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
Unaudited**

Analysis of Net Position (Statement of Net Position) (Continued)

Other Current Assets increased to \$168,231 in FY 2015 from \$160,801 in FY 2014, or by \$7,430, or 4.6%. This change was primarily due to an increase in inventory.

Capital Assets decreased to \$11,245,195 in FY 2015 from \$11,491,346 in FY 2014, or by \$246,151, or 2.1%. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities decreased to \$327,817 in FY 2015 from \$379,978 in FY 2014, or by \$52,161, or 13.7%. This change is primarily the result of a decrease in short term loan payable.

Non Current Liabilities increased to \$1,539,671 in FY 2015 from \$262,958 in FY 2014, or by \$1,276,713, or 82.9%. This change was a result of recording the Net Pension Liability of \$1,300,309 in accordance with GASB 68 implementation.

The table below illustrates the changes in net position between December 31, 2015 and 2014 for the Authority as a whole:

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>	<u>% Variance</u>
Cash & Cash Equivalents	\$ 3,048,735	\$ 3,416,108	\$ (367,373)	-10.8%
Receivables	64,189	52,396	11,793	22.5%
Other Current Assets	168,231	160,801	7,430	4.6%
Capital Assets	11,245,195	11,491,346	(246,151)	-2.1%
Total Assets	14,526,350	15,120,651	(594,301)	-3.9%
Deferred Outflows*	235,772	158,495	77,277	
Total Assets and Deferred Outflows	14,762,122	15,279,146		
Current Liabilities	327,817	379,978	(52,161)	-13.7%
Non Current Liabilities*	1,539,671	1,533,897	5,774	0.4%
Total Liabilities	1,867,488	1,913,875	(46,387)	-2.4%
Deferred Inflows*	23,282	-	23,282	N/A
Net Investment in Capital Assets	11,207,443	11,367,104	(159,661)	-1.4%
Restricted Net Position	115,192	170,611	(55,419)	-32.5%
Unrestricted Net Position*	1,548,717	1,827,556	(278,839)	-15.3%
Total Net Assets/Equity	12,871,352	13,365,271	(493,919)	-3.7%
Total Liabilities, Deferred Inflows, and Net Position	\$ 14,762,122	\$ 15,279,146	\$ (517,024)	-3.4%

*2014 numbers shown as restated to account for implementation of GASB 68.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
Unaudited**

Analysis of Entity-Wide Revenues (Statement of Revenues, Expenses, and Changes in Net Position)

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2015 were as follows:

Program	Revenues Generated	
Low Income Public Housing (LIPH)	\$	3,246,413
Section 8 Housing Choice Vouchers (HCV)		2,965,466
Public Housing Capital Fund Program (CFP)		1,179,601
Rural Housing & Economic Development (RH)		342,923
Central Office Cost Center (COCC)		27,650
Shelter plus Care (SPC)		21,107
Supportive Housing for Persons w/disabilities (SH)		241,257
Total Revenue	\$	8,024,417

Total revenues for FY 2015 were \$8,024,417 as compared to \$7,336,919 of total revenues for FY 2014. Comparatively, FY 2015 revenues exceeded FY 2014 revenues by \$687,498, or 9.4%. The primary reason for this change was the result of increased funding from HUD operating grants from the HCV program.

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Total Tenant Revenue	\$ 1,318,677	\$ 1,241,443	\$ 77,234
HUD Operating Grants	5,748,330	5,303,475	444,855
HUD Capital Grants	882,320	716,719	165,601
Investment Income	3,400	3,479	(79)
Other Revenue	71,690	71,803	(113)
Total Revenue	\$ 8,024,417	\$ 7,336,919	\$ 687,498

Analysis of Entity-Wide Expenditures

Total Expenditures for FY 2015 were \$8,513,625 as compared to the \$8,097,408 of total expenditures for FY 2014. This represents an increase of \$416,217, or 4.9%.

Administrative expenditures for FY 2015 were \$1,610,760 as compared to \$1,659,174 in FY 2014. This represents a decrease of \$48,414, or 2.9%. This change is primarily the result of a decrease in office expenses and implementation of GASB 68.

Utilities expenditures for FY 2015 were \$755,483 as compared to \$719,951 in FY 2014. This represents an increase of \$35,532, or 4.9%. The cause for this change is due to increases in electric and water costs from the prior fiscal year.

Maintenance expenditures for FY 2015 were \$1,795,537 as compared to \$1,655,557 in FY 2014. This represents an increase of \$139,980, or 8.5%. The main reason for this change was due to increases in maintenance contract costs for solar panel upgrades.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
Unaudited**

Analysis of Entity-Wide Expenditures (Continued)

General expenditures for FY 2015 were \$182,345 as compared to \$178,653 for FY 2014. This represents an increase of \$3,692, or 2.1%. The main cause for this change was due to increases in compensated absences expense.

The table below illustrates the change in expenses for the Authority for fiscal year 2015 compared to fiscal year 2014:

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Administrative	\$ 1,610,760	\$ 1,659,174	\$ (48,414)
Tenant Services	5,881	13,844	(7,963)
Utilities	755,483	719,951	35,532
Maintenance	1,795,537	1,655,557	139,980
Protective Services	76,164	66,144	10,020
General Expense	182,345	178,653	3,692
Housing Assistance Payments	2,942,084	2,669,778	272,306
Depreciation Expense	1,145,371	1,134,307	11,064
Total Expenses	<u>\$ 8,513,625</u>	<u>\$ 8,097,408</u>	<u>\$ 416,217</u>

ANALYSIS OF CAPITAL ASSET ACTIVITY

The table below illustrates the changes in Capital Assets experienced from January 1, 2015 through December 31, 2015.

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Land	\$ 1,116,241	\$ 1,113,241	\$ 3,000
Buildings	31,822,387	31,202,108	620,279
Furniture, Equip., & Mach. - Dwelling	543,185	529,286	13,899
Furniture, Equip., & Mach. - Administrative	993,472	993,472	-
Construction in Process	1,542,385	1,280,343	262,042
Total Fixed Assets	<u>36,017,670</u>	<u>35,118,450</u>	<u>899,220</u>
Accumulated Depreciation	24,772,475	23,627,104	1,145,371
Net Fixed Assets	<u>\$ 11,245,195</u>	<u>\$ 11,491,346</u>	<u>\$ (246,151)</u>

As previously mentioned, work completed under the capital fund grant program is temporarily charged to Construction in Process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and audited, the work items are moved from Construction in Process and placed into the Capital Assets.

Increases in the various capital asset accounts, in the amount of \$899,220, have been offset by the net change to accumulated depreciation, in the amount of \$1,145,371. This reflects a net decrease in Capital Assets in the amount of \$246,151, or by 2.1%.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
Unaudited**

Debt

The Authority had one loan payable to the Rural Economic and Community Development Services. The total balance due on the loan at December 31, 2015 was \$37,752. Further detailed information is available in Note 10 to the financial statements.

Contacting the Authority

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director of the Ashtabula Metropolitan Housing Authority.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF NET POSITION**

FOR THE YEAR ENDED DECEMBER 31, 2015

ASSETS

Current assets:

Cash and Cash Equivalents - Unrestricted	\$	2,081,201
Cash and Cash Equivalents - Restricted		169,506
Accounts Receivable, Net		64,189
Investments - Unrestricted		798,028
Inventory, Net		131,919
Prepaid Expenses		36,312
Total Current Assets		<u>3,281,155</u>

Non-Current Assets:

Non-Depreciable Capital Assets		2,658,626
Depreciable Capital Assets, Net		8,586,569
Total Non-Current Assets		<u>11,245,195</u>

Total Assets		<u>14,526,350</u>
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Deferred Outflows

Net difference between projected and actual investment earnings on pension plan investments		69,381
Employer contributions to pension plan subsequent to measurement date		166,391
Total Deferred Outflows of Resources		<u>235,772</u>

Total Assets and Deferred Outflows of Resources	\$	<u>14,762,122</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	\$	71,722
Accrued Wages and Payroll Taxes		60,539
Accrued Compensated Absences, Current		26,595
Interest Payable		174
Accounts Payable - Other Government		40,404
Tenant Security Deposits		78,044
Unearned Revenues		12,587
Current Portion of Long-Term Debt		37,752
Total Current Liabilities		<u>327,817</u>

Non-Current Liabilities:

Net Pension Liability		1,300,309
Accrued Compensated Absences, Net of Current Portion		239,362
Total Non-Current Liabilities		<u>1,539,671</u>

Total Liabilities		<u>1,867,488</u>
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Deferred Inflows

Differences between expected and actual experience		22,844
Differences between employer contributions and proportionate share of contributions		438
Total Deferred Inflows of Resources		<u>23,282</u>

NET POSITION:

Net Investment in Capital Assets		11,207,443
Restricted Net Position		115,192
Unrestricted Net Position		1,548,717
Total Net Position		<u>12,871,352</u>

Total Liabilities, Deferred Inflows of Resources and Net Position	\$	<u>14,762,122</u>
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See accompanying notes to the financial statements.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

FOR THE YEAR ENDED DECEMBER 31, 2015

OPERATING REVENUES:

Governmental Grants	\$	5,748,330
Tenant Revenue		1,318,677
Other Revenue		71,690
Total Operating Revenues		<u>7,138,697</u>

OPERATING EXPENSES:

Administrative		1,610,760
Tenant Services		5,881
Utilities		755,483
Maintenance		1,795,537
Protective Services		76,164
General		182,345
Housing Assistance Payments		2,942,084
Depreciation		1,145,371
Total Operating Expenses		<u>8,513,625</u>

Operating (Loss)		<u>(1,374,928)</u>
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NON-OPERATING REVENUES / (EXPENSES):

Interest and Investment Revenue		3,400
Interest Expense		(4,711)
Total Non-Operating Revenue / (Expense)		<u>(1,311)</u>

Change in Net Position before Capital Grants and Contributions		<u>(1,376,239)</u>
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Capital Grants		<u>882,320</u>
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Change in Net Position		(493,919)
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Total Net Position - Beginning (Restated, See Note 2)		<u>13,365,271</u>
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Total Net Position - Ending		<u>\$ 12,871,352</u>
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See accompanying notes to the financial statements.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Cash Flows from Operating Activities</u>	
Cash Received from HUD	\$ 5,750,096
Cash Received from Tenants	1,296,778
Cash Received from Other Sources	71,690
Cash Payment for Housing Assistance	(2,942,084)
Cash Payment for Administrative and Operating Expenses	(4,414,527)
Net Cash Flows Provided/(Used) by Operating Activities	<u>(238,047)</u>
<u>Cash Flows from Investing Activities</u>	
Sale of Investments	444,498
Cash Received for Interest Income	3,400
Net Cash Flows Provided/(Used) by Investing Activities	<u>447,898</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Grant Funding Received from HUD	882,320
Property and Equipment Purchased	(923,845)
Payments of Related Debt	(86,490)
Payments for Interest Expense	(4,711)
Net Cash Flows Provided/(Used) by Capital and Related Financing	<u>(132,726)</u>
Increase/(Decrease) in Cash and Cash Equivalents	77,125
Cash - Beginning of Period	2,173,582
Cash - End of Period	<u>\$ 2,250,707</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Net Operating Loss	(1,374,928)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	1,145,371
- (Increase) Decrease in Receivables	(11,793)
- (Increase) Decrease in Inventories	(6,404)
- (Increase) Decrease in Prepaid Expenses and Other Assets	(1,026)
- (Decrease) Increase in Accounts Payable	(12,887)
- (Decrease) Increase in Accrued Liabilities	2,546
- (Decrease) Increase in Intergovernmental Payables	1,766
- (Decrease) Increase in Tenant Security Deposits	(9,100)
- (Decrease) Increase in Unearned Revenue	(1,006)
- (Decrease) Increase in Other Current Liabilities	(1,776)
- (Decrease) Increase in Interest Payable	(407)
- (Decrease) Increase in Accrued Compensated Absences	31,597
Net Cash Provided by Operating Activities	<u>\$ (238,047)</u>

See accompanying notes to the financial statements.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

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

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

Basis of Presentation

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

The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board. The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows.

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

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

Measurement Focus and Basis of Accounting

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

Use of Estimates

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

Cash and Cash Equivalents

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

Capital Assets

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

Buildings	40 years
Building Improvements	15 years
Land Improvements	15 years
Equipment	7 years
Autos	5 years
Computers	3 years

Capitalization of Interest

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

Investments

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: **(1)** the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee; and **(2)** it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 8.

Pensions

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

Deferred Outflows

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Deferred Inflows

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (CONTINUED)**

NOTE 2: PRIOR PERIOD ADJUSTMENT

The following restatement was performed to net position at the beginning of the year due to the adoption of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*:

	Governmental Activities
Net position, as previously stated:	\$ 14,477,715
Add:	
Deferred outflows of resources-employer contributions made subsequent to measurement date	158,495
Deduct:	
Net pension liability	(1,270,939)
Net position, restated	\$ 13,365,271

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

At December 31, 2015, the carrying amount of the Authority's cash deposits was \$3,048,345 and its bank balance was \$3,086,129. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2015, deposits totaling \$2,011,908 were covered by Federal Depository Insurance and deposits totaling \$1,036,437 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, in the Authority's name.

Custodial credit is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 110 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve System in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority.

Cash on Hand

At December 31, 2015, the Authority had un-deposited cash on hand, including petty cash, of \$300.

Investments

The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. However, at December 31, 2015, the Authority investments were limited to non-negotiable certificate of deposits.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

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

Credit Risk

The credit risks of the Authority's investments are in the table below. The Authority has no investment policy that would further limit its investment choices.

Custodial Credit Risk

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

Concentration of Credit Risk

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

Cash and investments at year-end were as follows:

<u>Cash and Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) <1</u>
Carrying Amount of Deposits	\$ 3,048,435	\$ 3,048,435
Petty Cash	300	300
Totals	<u>\$ 3,048,735</u>	<u>\$ 3,048,735</u>

ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 4: CAPITAL ASSETS

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

	<u>1/1/2015</u>	<u>Transfer</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2015</u>
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 1,113,241	\$ -	\$ 3,000	\$ -	\$ 1,116,241
Construction in Progress	1,280,343	(620,279)	882,321	-	1,542,385
Total Capital Assets Not Being Depreciated	<u>2,393,584</u>	<u>(620,279)</u>	<u>885,321</u>	<u>-</u>	<u>2,658,626</u>
<u>Capital Assets Being Depreciated</u>					
Buildings and Improvements	31,202,108	620,279	-	-	31,822,387
Furniture, Equipment, and Machinery - Dwellings	529,286	-	13,899	-	543,185
Furniture, Equipment, and Machinery - Administrative	993,472	-	-	-	993,472
Subtotal Capital Assets Being Depreciated	<u>32,724,866</u>	<u>620,279</u>	<u>13,899</u>	<u>-</u>	<u>33,359,044</u>
<u>Accumulated Depreciation</u>					
Buildings and Improvements	(22,208,576)	-	(1,104,221)	-	(23,312,797)
Furniture, Equipment, and Machinery - Dwellings	(485,549)	-	(15,849)	-	(501,398)
Furniture, Equipment, and Machinery - Administrative	(932,979)	-	(25,301)	-	(958,280)
Total Accumulated Depreciation	<u>(23,627,104)</u>	<u>-</u>	<u>(1,145,371)</u>	<u>-</u>	<u>(24,772,475)</u>
Depreciation Assets, Net	<u>9,097,762</u>	<u>620,279</u>	<u>(1,131,472)</u>	<u>-</u>	<u>8,586,569</u>
Total Capital Assets, Net	<u>\$ 11,491,346</u>	<u>\$ -</u>	<u>\$ (246,151)</u>	<u>\$ -</u>	<u>\$ 11,245,195</u>

NOTE 5: RESTRICTED NET ASSETS

The Authority's restricted net assets are as follows:

Cash Held for South Ridge Village Reserve for Replacement	\$ 91,462
Unspent Funding Provided by HUD to pay Section 8 Housing Choice Voucher Housing Assistance Payments & Mainstream	23,730
Total Restricted Net Assets	<u>\$ 115,192</u>

ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 6: DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System (OPERS)

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employee contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, 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.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377, or by using the OPERS website at www.opers.org.

For the year ended December 31, 2015, the members of the traditional plan were required to contribute 10.0 percent of their annual covered salaries. The Authority's contribution rate for 2015 was 14.0 percent of covered payroll—12.0 percent was used to fund pension contributions.

The Authority's required contributions for pension obligations to the traditional plan for the year ended December 31, 2015 was \$166,391. All required payments of contributions have been made through December 31, 2015.

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

The net pension liabilities were measured as of December 31, 2014, and the total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liabilities was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At fiscal year-end, the Authority reported the following liabilities for its proportionate share of the net pension liabilities:

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

	OPERS
Amount for proportionate share of net pension liability (asset)	\$ 1,300,309
Percentage for proportionate share of net pension liability (asset)	0.010781%
Increase (Decrease) % from prior proportion measured	0%

For the year ended December 31, 2015, the Authority recognized pension expense of \$141,766. The Authority also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 22,844
Difference between employer contributions and proportionate share of contributions	-	438
Net difference between projected and actual investment earnings on pension plan investments	69,381	-
Contributions subsequent to measurement date	166,391	-
Totals	\$ 235,772	\$ 23,282

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

	2016	\$ 6,603
	2017	6,603
	2018	15,547
	2019	17,346
Total		\$ 46,099

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (CONTINUED)**

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are below:

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

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

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

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

The following table presents the net pension liability or asset calculated using the discount rate of 8.0%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or higher than the current rate.

<u>Net Pension Liability (Asset)</u>	<u>1% Decrease 7.0%</u>	<u>Current Discount Rate 8.0%</u>	<u>1% Increase 9.0%</u>
Traditional Plan	\$ 2,392,196	\$ 1,300,309	\$ 380,677

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

<u>Asset Class</u>	<u>Target Allocation</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	<u>100.00%</u>	<u>5.28%</u>

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

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

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

Detailed information about the pension plan fiduciary net position is available in a separately issued report at the Ohio Public Employees Retirement System website at www.opers.org. That information can also be obtained by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

NOTE 7: POST-EMPLOYMENT BENEFITS

Plan Description

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

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit, with an effective retired date of December 1, 2014. With recent changes to the plan, members with an effective retirement date after December 1, 2014 must have 20 years of qualifying service and be at least age 60 to receive benefits. Members retiring at any age with 30 or more years of qualifying service are eligible for coverage. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

In 2014, OPERS established the 115 Health Care Trust (115 Trust) under Section 115 of the Internal Revenue Code. This trust will provide health care in much the same manner as the 401(h) health care fund and similarly, will be for the benefit of members of the Traditional Pension and Combined plans. On January 1, 2016, OPERS will launch the OPERS Medicare Connector (Connector), a program whereby eligible enrolled retirees over the age of 65 may have an allowance deposited to a health reimbursement account (HRA) to apply toward the health care program of their choice selected with the assistance of an OPERS vendor. As OPERS prepares to change the manner of funding health care for Medicare-eligible retirees, OPERS needed a vehicle that could accommodate such reimbursement mechanisms as the HRA. Employer contributions to this trust began in September 2014, with the initial health care disbursements from this trust to commence with January 2016 premiums. OPERS will use both the 401(h) and the 115 Trust to fund health care expenses.

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 7: POST-EMPLOYMENT BENEFITS (Continued)

Plan Description (Continued)

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. Plan changes can be seen in OPERS stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (800) 222-7377.

Funding Policy

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

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The employer contributions allocated to health care was raised to 2.00 percent for both plans for calendar year 2014 as recommended by the OPERS Actuary. Effective January 1, 2015, the portion of the employer contributions allocated to healthcare remains at 2.00 percent for both plans, as recommended by the OPERS Actuary. While this 401(h) health care plan will continue to be used to fund health care expenses, employer contributions to this plan ceased in September 2014 upon the establishment of the 115 Health Care Trust.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the Authority contributed at a rate of 14.00 percent of covered payroll, 2.00 percent was used to fund health care for the Traditional and Combined Plans, and 4.50 percent was used to fund the VEBA for the Member-Directed Plan. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended December 31, 2015, 2014, and 2013, which were used to fund post-employment benefits were \$27,732, \$26,714, and \$12,974, respectively

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)**

NOTE 8: COMPENSATED ABSENCES

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

All permanent employees will earn 10 hours sick leave per month of service. Unused sick leave may be accumulated without limit. At the time of separation, union employees receive payment for thirty (30) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time earned must be used in the year earned without accumulation.

At December 31, 2015, based on the vesting method, \$265,957 was accrued by the Authority for unused vacation and sick time. The current portion is \$26,595 and the long term portion is \$239,362.

NOTE 9: INSURANCE

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability, and other crime liabilities through membership in the Housing Authority Insurance Group. (HAI Group). HAI Group is a public housing authority-owned organization dedicated to providing reliable insurance solutions and related services to the public and affordable housing community in a manner which exceeds expectations. Deductibles and coverage limits are summarized below:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 1,000	\$250,000,000 (per occurrence)
Boiler and Machinery	1,000	50,000,000
General Liability	0	6,000,000
Automobile	500/0	ACV/6,000,000
Public Officials	0	6,000,000
Employee Dishonesty	0	500,000

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

NOTE 10: CONTINGENCIES

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

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 11: LONG-TERM DEBT

Changes in the Authority's long-term debt during fiscal year 2015 are as follows:

	<u>Balance at</u> <u>1/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/2015</u>	<u>Due Within</u> <u>One Year</u>
Loan Payable - Rural Economic and Community Development - 8% Interest, \$840,000, dated December 12, 1979	\$ 112,607	\$ 0	\$ (74,855)	\$ 37,752	\$ 37,752
Loan Payable - Rural Economic and Community Development - 9% Interest, \$312,600, dated December 12, 1979	11,635	-	(11,635)	-	-
Total Loans Payable	124,242	0	(86,490)	37,752	37,752
Compensated Absences	234,932	31,025	-	265,957	26,595
Totals	<u>\$ 359,174</u>	<u>\$ 31,025</u>	<u>\$ (86,490)</u>	<u>\$ 303,709</u>	<u>\$ 64,347</u>

Long-term debt consists of two term loans payable in the amount of \$312,600 at 9 percent and \$840,000 at 8 percent, with the Rural Economic and Community Development Services, payable over a period of 40 years. Monthly payments are \$2,277 and \$7,634, respectively. Interest incurred during 2015 was \$4,711. The Rural Economic and Community Development Services interest credit is reduced by rent collections by the Authority in excess of maximum contract rates. The balance due at December 31, 2015, was \$37,752, of which \$37,752 was the current portion.

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

<u>For the Year</u> <u>Ended December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Payments</u>
2016	\$ 37,578	\$ 174	\$ 37,752
Total	<u>\$ 37,578</u>	<u>\$ 174</u>	<u>\$ 37,752</u>

NOTE 12: OTHER LONG-TERM LIABILITIES

Changes in other long-term obligations of the Authority during the year ended December 31, 2015 were as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Net Pension Liability	\$ 1,270,939	\$ 29,370	\$ -	\$ 1,300,309	\$ -
Total	<u>\$ 1,270,939</u>	<u>\$ 29,370</u>	<u>\$ -</u>	<u>\$ 1,300,309</u>	<u>\$ -</u>

NOTE 13: CONSTRUCTION AND OTHER COMMITMENTS

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 14: ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2015
consisted of the following:

Tenants - (net of allowance of \$5,000)	\$	23,348
PHA Projects		39,824
Interest		1,017
Total Accounts Receivable	\$	64,189

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
DECEMBER 31, 2015**

**Ohio Public Employees Retirement System
Last 10 Fiscal Years**

	2015	2014
Authority's proportion of the net pension liability (asset) (percentage)	0.010781%	0.010781%
Authority's proportionate share of the net pension liability (asset)	\$ 1,300,309	\$ 1,270,939
Authority's covered-employee payroll	\$ 1,322,926	\$ 1,297,373
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	98.29%	97.96%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	86.36%

Information prior to fiscal year 2013 is not available.

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF CONTRIBUTIONS
DECEMBER 31, 2015**

**Ohio Public Employees Retirement System
Last 10 Fiscal Years**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 166,391	\$ 158,495	\$ 168,658	\$ 120,938	\$ 113,666	\$ 97,948	\$ 87,236	\$ 64,681	\$ 73,578	\$ 75,910
Contributions in relation to contractually required contribution	<u>(166,391)</u>	<u>(158,495)</u>	<u>(168,658)</u>	<u>(120,938)</u>	<u>(113,666)</u>	<u>(97,948)</u>	<u>(87,236)</u>	<u>(64,681)</u>	<u>(73,578)</u>	<u>(75,910)</u>
Contribution deficit (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Authority's covered-employee payroll	\$ 1,386,591	\$ 1,322,926	\$ 1,297,373	\$ 1,209,379	\$ 1,136,663	\$ 1,097,117	\$ 1,069,574	\$ 924,011	\$ 884,028	\$ 825,110
Contributions as a percentage of covered-employee payroll	12.00%	11.98%	13.00%	10.00%	10.00%	8.93%	8.16%	7.00%	8.32%	9.20%

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
<i>Direct Programs:</i>		
Public Housing Programs:		
Public Housing Operating Subsidy	14.850	\$ 2,057,582
Public Housing Capital Fund	14.872	1,179,601
Total Public Housing Programs		3,237,183
Section 8 Programs:		
Section 8 Project Based Cluster:		
Rural Housing & Economic Development	14.250*	200,834
Total Section 8 Project Based Cluster		200,834
Supportive Housing for Persons with Disabilities	14.181	241,257
Housing Choice Vouchers	14.871	2,951,376
Total Section 8 Programs		3,393,467
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		6,630,650
TOTAL FEDERAL AWARDS EXPENDITURES		\$ 6,630,650

* Represents rental assistance for South Ridge Village Rural Housing Project #41-004-341031866

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

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance.

Ashtabula Metropolitan Housing Authority
Financial Data Schedule - Entity Wide Balance Sheet
December 31, 2015

Line Item No.	Description	14.871 Housing Choice Vouchers	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	14.250 Rural Housing and Economic Development	COCC	Project Total	Subtotal	ELIM	Total
111	Cash-unrestricted	172,138	0	0	275,970	218,272	1,414,821	2,081,201		2,081,201
113	Cash-other restricted	0	0	0	91,462	0	0	91,462		91,462
114	Cash-tenant security deposits	0	0	0	7,466	0	70,578	78,044		78,044
100	Total Cash	172,138	0	0	374,898	218,272	1,485,399	2,250,707	0	2,250,707
125	Account receivable - miscellaneous	0	0	39,824	0	0	0	39,824		39,824
126	Accounts receivable - tenants	0	0	0	807	0	27,541	28,348		28,348
126.1	Allowance for doubtful accounts - tenants	0	0	0	0	0	(5,000)	(5,000)		(5,000)
129	Accrued interest receivable	160	0	0	0	857	0	1,017		1,017
120	Total receivables, net of allowance for doubtful accounts	160	0	39,824	807	857	22,541	64,189	0	64,189
131	Investments - unrestricted	78,777	0	0	0	719,251	0	798,028		798,028
142	Prepaid expenses and other assets	0	0	0	0	36,312	0	36,312		36,312
143	Inventories	0	0	0	0	19,311	116,688	135,999		135,999
143.1	Allowance for obsolete inventories	0	0	0	0	(579)	(3,501)	(4,080)		(4,080)
144	Inter program - due from	0	131,884	0	0	0	0	131,884	(131,884)	0
150	Total Current Assets	251,075	131,884	39,824	375,705	993,424	1,621,127	3,413,039	(131,884)	3,281,155
161	Land	10,243	0	0	128,500	119,940	857,558	1,116,241		1,116,241
162	Buildings	0	0	0	1,286,725	3,082,127	27,453,535	31,822,387		31,822,387
163	Furniture, equipment and machinery - dwellings	0	0	0	50,457	68,700	424,028	543,185		543,185
164	Furniture, equipment and machinery - administration	48,613	0	0	0	137,379	807,480	993,472		993,472
166	Accumulated depreciation	(17,617)	0	0	(1,133,097)	(2,547,040)	(21,074,721)	(24,772,475)		(24,772,475)
167	Construction in progress	0	0	0	0	0	1,542,385	1,542,385		1,542,385
160	Total capital assets, net of accumulated depreciation	41,239	0	0	332,585	861,106	10,010,265	11,245,195	0	11,245,195
180	Total Non-current Assets	41,239	0	0	332,585	861,106	10,010,265	11,245,195	0	11,245,195
190	Total Assets	292,314	131,884	39,824	708,290	1,854,530	11,631,392	14,658,234	(131,884)	14,526,350
200	Deferred Outflow of Resources	41,166	4,739	2,122	13,439	70,307	103,999	235,772		235,772
290	Total Assets and Deferred Outflow of Resources	333,480	136,623	41,946	721,729	1,924,837	11,735,391	14,894,006	(131,884)	14,762,122
312	Accounts payable <= 90 days	0	0	0	366	71,356	0	71,722		71,722
321	Accrued wage/payroll taxes payable	12,954	0	0	3,653	15,411	28,521	60,539		60,539
322	Accrued compensated absences - current portion	5,577	642	289	1,663	7,900	10,524	26,595		26,595
325	Accrued interest payable	0	0	0	174	0	0	174		174
333	Accounts payable - other government	0	0	0	0	0	40,404	40,404		40,404
341	Tenant security deposits	0	0	0	7,466	0	70,578	78,044		78,044
342	Deferred revenue	0	0	0	1,753	0	10,834	12,587		12,587
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	0	0	0	37,752	0	0	37,752		37,752
347	Inter program - due to	98,001	0	33,883	0	0	0	131,884	(131,884)	0
310	Total Current Liabilities	116,532	642	34,172	52,827	94,667	160,861	459,701	(131,884)	327,817
354	Accrued compensated absences- Non-current	50,191	5,782	2,602	14,971	71,100	94,716	239,362		239,362
357	Accrued Pension and OPEB Liability	227,034	26,136	11,703	74,118	387,752	573,567	1,300,310		1,300,310
350	Total Non-current liabilities	277,225	31,918	14,305	89,089	458,852	668,283	1,539,672	0	1,539,672
300	Total Liabilities	393,757	32,560	48,477	141,916	553,519	829,144	1,999,373	(131,884)	1,867,489
400	Deferred Inflow of Resources	4,065	468	210	1,327	6,943	10,270	23,282		23,282
508.1	Invested in capital assets, net of related debt	41,239	0	0	294,833	861,106	10,010,265	11,207,443		11,207,443
511.1	Restricted Net Assets	0	23,730	0	91,462	0	0	115,192		115,192
512.1	Unrestricted Net Assets	(105,581)	79,865	(6,741)	192,191	503,269	885,712	1,548,716		1,548,716
513	Total Equity/Net Assets	(64,342)	103,595	(6,741)	578,486	1,364,375	10,895,977	12,871,351	0	12,871,351
600	Total Liabilities and Equity/Net assets	333,480	136,623	41,946	721,729	1,924,837	11,735,391	14,894,006	(131,884)	14,762,122

Ashtabula Metropolitan Housing Authority
Financial Data Schedule - Entity Wide Income Statement
December 31, 2015

Line Item No.	Description	14.871 Housing Choice Vouchers	14.181 Supportive for Persons with Disabilities	14.238 Shelter Plus Care	14.250 Rural Housing and Economic Development	COCC	Project Total	Subtotal	ELIM	Total
70300	Net tenant rental revenue	0	0	0	119,478	0	1,056,951	1,176,429		1,176,429
70400	Tenant revenue - other	0	0	0	10,368	0	131,880	142,248		142,248
70500	Total Tenant Revenue	0	0	0	129,846	0	1,188,831	1,318,677	0	1,318,677
70600-010	Housing assistance payments	2,649,902	204,321	0	0	0	0	2,854,223		2,854,223
70600-020	Ongoing administrative fees earned	301,474	36,936	0	0	0	0	338,410		338,410
70600	HUD PHA operating grants	2,951,376	241,257	0	200,834	0	2,354,863	5,748,330		5,748,330
70610	Capital grants	0	0	0	0	0	882,320	882,320		882,320
70710	Management Fee	0	0	0	0	529,976	0	529,976	(529,976)	0
70720	Asset Management Fee	0	0	0	0	66,600	0	66,600	(66,600)	0
70730	Book-Keeping Fee	0	0	0	0	92,664	0	92,664	(92,664)	0
70700	Total Fee Revenue	0	0	0	0	689,240	0	689,240	(689,240)	0
71100	Investment income - unrestricted	402	0	0	0	2,989	0	3,391		3,391
71400	Fraud recovery	12,135	0	0	0	0	0	12,135		12,135
71500	Other revenue	1,553	0	21,107	12,234	24,661	0	59,555		59,555
72000	Investment income - restricted	0	0	0	0	9	0	9		9
70000	Total Revenue	2,965,466	241,257	21,107	342,923	716,890	4,426,014	8,713,657	(689,240)	8,024,417
91100	Administrative salaries	260,723	30,037	13,514	66,153	368,331	217,731	956,489	0	956,489
91200	Auditing fees	0	0	0	0	2,725	8,175	10,900		10,900
91300	Management Fee	74,335	0	0	0	0	455,641	529,976	(529,976)	0
91310	Book-Keeping Fee	43,118	0	0	0	0	49,546	92,664	(92,664)	0
91500	Employee benefit contributions - administrative	106,686	12,291	5,531	27,066	182,181	89,199	422,954		422,954
91600	Office Expenses	12,102	1,394	627	1,967	28,612	49,388	94,090		94,090
91700	Legal Expense	0	0	0	0	54,900	5,495	60,395		60,395
91800	Other	8,707	1,003	454	281	57,637	5,432	73,514		73,514
91000	Total Operating-Administrative	505,671	44,725	20,126	95,467	694,386	880,607	2,240,982	(622,640)	1,618,342
92000	Asset Management Fee	0	0	0	0	0	66,600	66,600	(66,600)	0
92400	Tenant services - other	0	0	0	0	0	5,881	5,881		5,881
92500	Total Tenant Services	0	0	0	0	0	5,881	5,881	0	5,881
93100	Water	0	0	0	1,247	1,133	258,942	261,322		261,322
93200	Electricity	0	0	0	20,482	11,651	235,833	267,966		267,966
93300	Gas	0	0	0	14,091	1,359	53,825	69,275		69,275
93600	Sewer	0	0	0	19,902	199	136,819	156,920		156,920
93000	Total Utilities	0	0	0	55,722	14,342	685,419	755,483	0	755,483
94100	Ordinary maintenance and operations - labor	0	0	0	18,980	0	440,339	459,319		459,319
94200	Ordinary maintenance and operations - materials and other	946	109	49	11,336	20,031	212,058	244,529		244,529
94300	Ordinary Maintenance and Operations Contracts	4,330	499	224	52,321	189,049	649,526	895,949	0	895,949
94500	Employee benefit contribution - ordinary maintenance	0	0	0	7,765	0	180,394	188,159		188,159
94000	Total Maintenance	5,276	608	273	90,402	209,080	1,482,317	1,787,956	0	1,787,956
95200	Protective services - other contract costs	0	0	0	1,552	22,283	52,329	76,164		76,164
95000	Total Protective Services	0	0	0	1,552	22,283	52,329	76,164	0	76,164
96140	All other Insurance	4,195	483	217	6,500	24,168	72,503	108,066		108,066
96100	Total Insurance Premiums	4,195	483	217	6,500	24,168	72,503	108,066	0	108,066
96210	Compensated absences	5,229	602	271	1,697	7,491	16,308	31,598		31,598
96300	Payments in lieu of taxes	0	0	0	0	0	40,404	40,404		40,404
96400	Bad debt - tenant rents	0	0	0	0	0	911	911		911
96000	Total Other General Expenses	5,229	602	271	1,697	7,491	57,623	72,913	0	72,913

Ashtabula Metropolitan Housing Authority
Financial Data Schedule - Entity Wide Income Statement
December 31, 2015

Line Item No.	Description	14.871 Housing Choice Vouchers	14.181 Supportive Housing for Persons with Disabilities	14.238 Shelter Plus Care	14.250 Rural Housing and Economic Development	COCC	Project Total	Subtotal	ELIM	Total
96720	Interest on Notes Payable (Short and Long Term)	0	0	0	4,711	0	0	4,711		4,711
96700	Total Interest Expense and Amortization Cost	0	0	0	4,711	0	0	4,711	0	4,711
96900	Total Operating Expenses	520,371	46,418	20,887	256,051	971,750	3,303,279	5,118,756	(689,240)	4,429,516
97000	Excess Revenue Over Operating Expenses	2,445,095	194,839	220	86,872	(254,860)	1,122,735	3,594,901	0	3,594,901
97300	Housing assistance payments	2,735,962	206,122	0	0	0	0	2,942,084		2,942,084
97350	HAP Portability-In	1,366	0	0	0	0	0	1,366		1,366
97400	Depreciation expense	9,723	0	0	34,836	59,743	1,041,069	1,145,371		1,145,371
90000	Total Expenses	3,267,422	252,540	20,887	290,887	1,031,493	4,344,348	9,207,577	(689,240)	8,518,337
10010	Operating transfer in	0	0	0	0	0	142,230	142,230	(142,230)	0
10020	Operating transfer out	0	0	0	0	0	(142,230)	(142,230)	142,230	0
10091	Inter Project Excess Cash Transfer In	0	0	0	0	0	500,000	500,000	(500,000)	0
10092	Inter Project Excess Cash Transfer Out	0	0	0	0	0	(500,000)	(500,000)	500,000	0
10100	Total other financing sources (uses)	0	0	0	0	0	0	0	0	0
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	(301,956)	(11,283)	220	52,036	(314,603)	81,666	(493,920)	0	(493,920)
11020	Required Annual Debt Principal Payments				81,256		0	81,256		81,256
11030	Beginning equity	431,847	137,238	3,051	589,859	2,010,709	11,305,011	14,477,715		14,477,715
11040	Prior period adjustments, equity transfers, and correction of errors	(194,233)	(22,360)	(10,012)	(63,409)	(331,731)	(490,699)	(1,112,444)		(1,112,444)
11170-001	Administrative Fee Equity- Beginning Balance	378,211	111,707					489,918		489,918
11170-010	Administrative Fee Revenue	301,474	36,936					338,410		338,410
11170-020	Hard to House Fee Revenue	0	0					0		0
11170-021	FSS Coordinator Grant	0	0					0		0
11170-030	Audit Costs	0	0					0		0
11170-040	Investment Income	402	0					402		402
11170-045	Fraud Recovery Revenue	6,068	0					6,068		6,068
11170-050	Other Revenue	1,553	0					1,553		1,553
11170-060	Total Admin Fee Revenues	309,497	36,936					346,433		346,433
11170-080	Total Operating Expenses	520,371	46,418					566,789		566,789
11170-090	Depreciation	9,723	0					9,723		9,723
11170-095	Housing Assistance Portability In	1,366	0					1,366		1,366
11170-100	Other Expenses	220,590	0					220,590		220,590
11170-110	Total Expenses	752,050	46,418					798,468		798,468
11170-002	Net Administrative Fee	(442,554)	(9,482)					(452,036)		(452,036)
11170-003	Administrative Fee Equity- Ending Balance	(64,343)	102,225					37,883		37,883
11170	Administrative Fee Equity	(64,343)	102,225					37,883		37,883
11180-001	Housing Assistance Payments Equity - Beginning Balance	53,636	25,531					79,167		79,167
11180-010	Housing Assistance Payment Revenues	2,649,902	204,321					2,854,223		2,854,223
11180-015	Fraud Recovery Revenue	6,067	0					6,067		6,067
11180-020	Other Revenue	26,357	0					26,357		26,357
11180-030	Total HAP Revenues	2,682,326	204,321					2,886,647		2,886,647
11180-080	Housing Assistance Payments	2,735,962	206,122					2,942,084		2,942,084
11180-100	Total Housing Assistance Payments Expenses	2,735,962	206,122					2,942,084		2,942,084
11180-002	Net Housing Assistance Payments	(63,636)	(11,801)					(75,437)		(75,437)
11180-003	Housing Assistance Payments Equity-Ending Balance	0	23,730					23,730		23,730
11180	Housing Assistance Payments Equity	0	23,730					23,730		23,730
11190	Unit Months Available	5,988	720	800	480	0	6,660	14,648		14,648
11210	Unit Months Leased	5,370	715	779	476	0	6,606	13,946		13,946
11270	Excess Cash									
11630	Furniture & Equipment-Dwelling Purchases						882,320	882,320		882,320



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

June 29, 2016

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Ashtabula Metropolitan Housing Authority**, Ashtabula County, (the Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 29, 2016, wherein we noted the Authority adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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



...“bringing more to the table”

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

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

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

Purpose of this Report

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



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



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

June 29, 2016

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited **Ashtabula Metropolitan Housing Authority's**, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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



... "bringing more to the table"

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Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



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

**ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Public Housing Operating Subsidy CFDA # 14.850
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

ASHTABULA COUNTY METROPOLITAN HOUSING AUTHORITY

ASHTABULA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 22, 2016**