



ATHENS
METROPOLITAN HOUSING AUTHORITY

ATHENS, OHIO

SINGLE AUDIT

For the Year Ended December 31, 2015

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Board of Directors
Athens Metropolitan Housing Authority
10 Hope Drive
Athens, Ohio 45701

We have reviewed the *Independent Auditors Report* of the Athens Metropolitan Housing Authority, Athens County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

August 19, 2016

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ATHENS METROPOLITAN HOUSING AUTHORITY
Table of Contents
For the Year Ended December 31, 2015

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
<i>BASIC FINANCIAL STATEMENTS:</i>	
Statement of Net Position	15
Statement of Revenues, Expenses and Change in Fund Net Position	17
Statement of Cash Flows	18
Notes to the Basic Financial Statements	20
<i>REQUIRED SUPPLEMENTAL INFORMATION:</i>	
Proportionate Share of the Net Pension Liability	37
PERS Schedule of Ten Years of Contributions	38
<i>SUPPLEMENTAL INFORMATION AND SCHEDULES:</i>	
Schedule of Federal Awards Expenditures	39
Combining Financial Data Schedule	40
<i>AUDIT REPORTS:</i>	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	45
Independent Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control over Compliance Required by The Uniform Guidance	47
Schedule of Findings	49

Independent Auditor's Report

Board of Directors
Athens Metropolitan Housing Authority
10 Hope Drive
Athens, Ohio 45701

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2015, and the changes in its financial position and its cash flows for the year then ended in conformity 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 that the Management's Discussion and Analysis and schedules of net pension liabilities and pension contributions listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements taken as a whole. The schedule of expenditures of federal awards is required by Title 2 U.S. Code of Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The supplemental financial data schedules are required by the Department of Housing and Urban Development. The schedule of expenditures of federal awards and the supplemental financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the supplemental financial data schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the supplemental financial data 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 a report dated June 14, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. The 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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

June 14, 2016

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Unaudited

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

Since the MD&A is designed to focus on the 2015 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by \$221,094 or 6.67% during 2015, resulting from changes in operations. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position.
- Revenues increased by \$161,955 or 3.2% during 2015.
- The total expenses of all Authority's programs decreased by \$106,939 or 1.93%.

Authority Financial statements

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

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Unaudited

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

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

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

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

Fund Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are done so as required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

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

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Unaudited

landlord. The program is administered under an Annual Contribution Contract with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income. The Authority earns administrative fees to cover the cost of administering the program.

Shelter Plus Care - AMHA has an ongoing collaboration effort with the Athens County Continuum of Care working group which in 1999 the PHA was successful in receiving grant funding for the Athens County Dual Diagnosis Housing Initiative Shelter Plus Care project which is now completed and up and running. The grant provided 10 years of subsidized rent for 5 units of housing for dually diagnosed persons with mental illness and substance abuse.

State / Local – State / Local represents Authority owned housing properties that are not subsidized by HUD. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

New GASB 68 Reporting

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

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Unaudited

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$3,696,524 to \$3,313,204.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Unaudited

AUTHORITY STATEMENTS

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

	<u>2015</u>	<u>2014 Restated</u>
Current and Other Assets	\$ 307,246	\$ 179,266
Noncurrent Assets	5,526,230	5,761,432
Deferred Outflows of Resources	81,090	54,866
Total Assets	<u>\$ 5,914,566</u>	<u>\$ 5,995,564</u>
Current Liabilities	\$ 675,227	\$ 607,114
Long-Term Liabilities	2,139,353	2,075,246
Total Liabilities	<u>2,814,580</u>	<u>2,682,360</u>
Deferred Inflows of Resources	<u>7,876</u>	<u>-</u>
Net Position		
Investment in Capital Assets	3,419,732	3,683,083
Restricted Net Position	17,624	19,687
Unrestricted Net Position	<u>(345,246)</u>	<u>(389,566)</u>
Total Net Position	<u>3,092,110</u>	<u>3,313,204</u>
Total Liabilities and Net Position	<u>\$ 5,914,566</u>	<u>\$ 5,995,564</u>

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

Major Factors Affecting the Statement of Net Position

During 2015, current and other assets increased by \$127,980, and current liabilities increased by \$68,113. The change in current assets was mainly due to increase in cash and investments due to the current year activities. The increase in current liability is due to increase in unearned revenue for funds received in advance of expenditure.

Long Term Liabilities increased by \$64,107 in 2015. This change is new debt incurred during the year for the properties acquired, reclassification of compensated leave liability from current to non-current and change in pension liability due to implementation of GASB 68.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Unaudited

Capital assets also changed, decreasing from \$5,761,432 to \$5,526,230. The \$235,202 decrease may be contributed primarily to a combination of total acquisitions of \$112,000 less current year depreciation of \$347,201. The current year acquisitions included the site improvements.

The following table presents details on the change in Unrestricted Net Position.

Table 2 - Changes of Unrestricted Net Position

Beginning Balance - December 31, 2014 - Restated	\$	(389,566)
Results of Operation		(221,094)
Adjustments:		
Current Year Depreciation Expense (1)		347,201
Capital Expenditure (2)		(112,000)
Loan Proceeds		105,500
Retirement of Debt		(77,351)
Transfer from Restricted Net Position		2,063
Rounding Adjustment		<u>1</u>
Ending Balance - December 31, 2015	\$	<u><u>(345,246)</u></u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

(2) Capital expenditures represent an outflow of unrestricted net position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer presentation of financial position.

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Unaudited

Table 3 - Statement of Revenue, Expenses & Changes in Net Position

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 442,234	\$ 436,885
Operating Subsidies	4,623,609	4,481,528
Capital Grants	-	65,176
Investment Income	264	286
Other Revenues	154,588	74,865
	5,220,695	5,058,740
<u>Expenses</u>		
Administrative	531,770	634,520
Tenant Services	40,932	-
Utilities	198,266	256,441
Maintenance	337,563	480,131
General and Interest Expenses	154,550	164,250
Housing Assistance Payments	3,831,507	3,672,998
Depreciation	347,201	340,388
	5,441,789	5,548,728
Net Increases (Decreases)	\$ (221,094)	\$ (489,988)

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

Total revenue increased by \$161,955. This increase was mainly due to increase in grant funds received from HUD and increase in Other Revenues.

Total expenses decreased by \$106,939 during the year. The decrease was mainly due to cost saving measures implement that resulted in decrease in administrative, utilities and maintenance expenses. Increases in expense were noticed in housing assistance payments and depreciation expenses. The increase in housing assistance was due to efforts taking to issue vouchers to assist more families.

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. GASB 27 required recognizing pension expense equal to the contractually

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Unaudited

required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense adjustment of \$48,947. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$	5,441,789
Pension expense under GASB 68		(48,947)
2015 contractually required contribution		<u>57,170</u>
Adjusted 2015 program expenses		5,450,012
Total 2014 program expenses under GASB 27		<u>5,548,728</u>
Decreases in program expense not related to pension	\$	<u><u>(98,716)</u></u>

Total expenditure decrease during the year by \$98,716. The decrease was mainly due to cost saving measures implement that resulted in decrease in administrative, utilities and maintenance expenditures.

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had \$5,526,230 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$235,202 or 4.08% from the end of last year.

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2015</u>		<u>2014</u>
Land and Land Rights	\$ 1,013,242	\$	1,013,242
Buildings	9,006,341		8,900,841
Equipment	532,835		532,835
Land Improvements	86,685		86,685
Construction in Progress	6,500		-
Accumulated Depreciation	<u>(5,119,373)</u>		<u>(4,772,171)</u>
Total	<u>\$ 5,526,230</u>	\$	<u>5,761,432</u>

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Unaudited

The following reconciliation identifies the change in Capital Assets.

Table 5 - Changes in Capital Assets

Beginning Balance - December 31, 2014	\$	5,761,432
Current year Additions		112,000
Current year Depreciation Expense		(347,201)
Rounding Adjustment		(1)
Ending Balance - December 31, 2015	\$	<u><u>5,526,230</u></u>

Current year Additions are summarized as follows:

- Site Improvements	\$	105,500
- Construction in Process		6,500
Total 2015 Additions	\$	<u><u>112,000</u></u>

Debt Outstanding

As of year-end, the Authority has \$2,106,498 in debt (mortgages) outstanding compared to \$2,078,349 from last year.

Table 6 - Condensed Statement of Changes in Debt Outstanding

Beginning Balance - December 31, 2014	\$	2,078,349
Current Year New Debt Issued		105,500
Current Year Debt Retired		<u>(77,351)</u>
Ending Balance - December 31, 2015	\$	<u><u>2,106,498</u></u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015

Unaudited

FINANCIAL CONTACT

The individual to be contacted regarding this report is Jodi Rickard, Finance Director of the Athens Metropolitan Housing Authority, at (740) 592-4481 ext. 17, or email at jkr@athensmha.org. Specific requests may be submitted to Athens Metropolitan Housing Authority, 10 Hope Drive, Athens, OH 45701.

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Athens Metropolitan Housing Authority
Statement of Net Position
Proprietary Funds
December 31, 2015

ASSETS

Current assets

Cash and cash equivalents	\$207,745
Restricted cash and cash equivalent	40,139
Investments	17,961
Receivables, net	8,499
Prepaid expenses and other assets	32,902

Total current assets	307,246
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Noncurrent assets

Capital assets:

Land	1,013,242
Building and equipment	9,625,861
Less accumulated depreciation	(5,119,373)
Construction in Process	6,500
Total capital assets	5,526,230

Total noncurrent assets	5,526,230
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Deferred Outflows of Resources - Pension

81,090

Total assets

\$5,914,566

LIABILITIES

Current liabilities

Accounts payable	\$19,744
Accrued liabilities	60,159
Intergovernmental payables	1,280
Tenant security deposits	39,575
Unearned Revenue	99,051
Notes and loans payable	455,418

Total current liabilities	675,227
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The accompanying notes to the financial statements are an integral part of these statements.

Athens Metropolitan Housing Authority
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2015

Noncurrent liabilities	
Notes and loans payable	\$1,651,080
Accrued compensated absences non-current	32,562
Net pension liability payable	448,312
Noncurrent liabilities - other	7,399
<i>Total noncurrent liabilities</i>	<u>2,139,353</u>
Total liabilities	<u><u>\$2,814,580</u></u>
Deferred Inflows of Resources - Pension	<u><u>\$7,876</u></u>
<i>NET POSITION</i>	
Net investment in capital assets	\$3,419,732
Restricted net position	17,624
Unrestricted net position	(345,246)
Total net position	<u><u>\$3,092,110</u></u>

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

Athens Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015

OPERATING REVENUES

Tenant Revenue	\$442,234
Government operating grants	4,623,609
Other revenue	154,588
Total operating revenues	<u>5,220,431</u>

OPERATING EXPENSES

Administrative	531,770
Tenant Services	40,932
Utilities	198,266
Maintenance	337,563
General	108,660
Housing assistance payment	3,831,507
Depreciation	347,201
Total operating expenses	<u>5,395,899</u>
Operating income (loss)	<u>(175,468)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	264
Interest expense	(45,890)
Total nonoperating revenues (expenses)	<u>(45,626)</u>
Change in net position	(221,094)
Total net position - beginning, restated	<u>3,313,204</u>
Total net position - ending	<u><u>\$3,092,110</u></u>

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

**Athens Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$4,623,609
Tenant revenue received	435,257
Other revenue received	154,588
General and administrative expenses paid	(1,132,631)
Housing assistance payments	(3,831,507)
	<u>(3,831,507)</u>

Net cash provided (used) by operating activities

249,316

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	264
Transfer to investments	(31)
	<u>(31)</u>

Net cash provided (used) by investing activities

233

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

New Debt Issued	105,500
Debt principal payment	(77,351)
Interest expense paid on debt	(45,890)
Property and equipment purchased	(112,000)
	<u>(112,000)</u>

Net cash provided (used) by capital and related activities

(129,741)

Net increase (decrease) in cash

119,808

Cash and cash equivalents - Beginning of year

128,076

Cash and cash equivalents - End of year

\$247,884

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

**Athens Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2015**

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	(\$175,468)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	347,201
- (Increases) Decreases in Accounts Receivable	(6,977)
- (Increases) Decreases in Prepaid Assets	(1,164)
- (Increases) Decreases in Deferred Outflows	(26,224)
- Increases (Decreases) in Accounts Payable	(13,521)
- Increases (Decreases) in Accrued Liabilities	(23,908)
- Increases (Decreases) in Accounts Payable - Intergovernmental	1,241
- Increases (Decreases) in Tenant Security Deposits	523
- Increases (Decreases) in Unearned Revenue	98,094
- Increases (Decreases) in Pension Liability	10,126
- Increases (Decreases) in Accrued Compensated Absences	28,948
- Increases (Decreases) in Deferred Inflows	7,876
- Increases (Decreases) in Noncurrent Liabilities - Other	2,569
	2,569
Net cash provided (used) by operating activities	\$249,316

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

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

Basis of Presentation

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

Fund Accounting

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

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

Proprietary Fund Types

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. 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.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Description of programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

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

C. **Housing Choice Voucher Program**

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

D. **Shelter Plus Care**

AMHA has an ongoing collaboration effort with the Athens County Continuum of Care working group which in 1999 the PHA was successful in receiving grant funding for the Athens County Dual Diagnosis Housing Initiative Shelter Plus Care project which is now completed and up and running. The grant provided 10 years of subsidized rent for 5 units of housing for dually diagnosed persons with mental illness and substance abuse.

E. **State / Local**

State / local represents Authority owned housing properties that are not subsidized by HUD. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2015 totaled \$264.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$500 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Net Position

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

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

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

Compensated Absences

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Budgetary Accounting

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

Estimates

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

Deferred Outflows/Inflows of Resources

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

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

NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December, 2014:

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

Net Position - December 31, 2014	\$3,696,524
Adjustments:	
Net Pension Liability	(438,186)
Deferred Outflows	54,866
Restated Net Position - December 31, 2014	\$3,313,204

NOTE 3: DEPOSITS AND INVESTMENTS

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

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

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

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

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

At fiscal year-end December 31, 2015, the carrying amount of the Authority’s deposits totaled \$265,845 and its bank balance was \$273,351. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of December 31, 2015, the \$250,000 was covered by the Federal Depository Insurance Corporation, while \$23,351 was covered by security pledged.

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

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.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority practice to limit its investments to less than 5 years.

Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority depository agreement specifically requires compliance with HUD requirement.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

A reconciliation of cash and investments as shown on the statement of net position follows:

	Cash and Cash	
	<u>Equivalents</u>	<u>Investment</u>
Per Statement of Net Position	\$231,704	\$34,141
Certificate of Deposits	7,315	(7,315)
Saving Accounts	26,826	(26,826)
Total per GASB Statement No. 3	<u>\$265,845</u>	<u>\$0</u>

NOTE 4: INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred.

The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5: SCHEDULE OF EXPENDITURES OF FEDERAL AWARD

The accompanying Schedule of Expenditures of Federal Award is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on the cash basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6: CAPITAL ASSETS

The following is a summary of changes:

	Balance 12/31/14	Rounding Adjust.	Additions	Deletions	Balance 12/31/15
Capital Assets Not Being Depreciated					
Land	\$ 1,013,242	\$ -	\$ -	\$ -	\$ 1,013,242
Construction in Progress	-	-	6,500	-	6,500
Total Capital Assets Not Being Depreciated	1,013,242	-	6,500	-	1,019,742
Capital Assets Being Depreciated					
Buildings	8,900,841	-	105,500	-	9,006,341
Furnt, Mach. And Equip.	532,835	-	-	-	532,835
Land Improvement	86,685	-	-	-	86,685
Total Capital Assets Being Depreciated	9,520,361	-	105,500	-	9,625,861
Accumulated Depreciation:					
Buildings	(4,285,348)	(1)	(314,709)	-	(4,600,058)
Furnt, Mach. And Equip.	(472,375)	-	(26,713)	-	(499,088)
Land Improvement	(14,448)	-	(5,779)	-	(20,227)
Total Accumulated Depreciation:	(4,772,171)	(1)	(347,201)	-	(5,119,373)
Total Capital Assets Being Depreciated, Net	4,748,190	(1)	(241,701)	-	4,506,488
Total Capital Assets, Net	\$ 5,761,432	\$ (1)	\$ (235,201)	\$ -	\$ 5,526,230

NOTE 7: DEFINED BENEFIT PENSION PLANS

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension. GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - Public Employees Retirement System (PERS)

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

- 3 The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the employer contribution rate was 14.0 percent during fiscal year 2015. The contribution rates are determined actuarially. The Authority’s contractual required contribution for the year ended December 31, 2015 was \$57,170.

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

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional
Proportionate Share of Net Pension Liability	\$448,312
Proportion of the Net Pension Liability	0.003717%
Pension Expense	\$8,222

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

	Traditional
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$23,920
Authority contributions subsequent to the measurement date	57,170
Total Deferred Outflows of Resources	\$81,090
 Deferred Inflows of Resources	
Differences between expected and actual experience	\$7,876

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

\$57,170 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:	Traditional
2016	\$2,346
2017	2,346
2018	5,372
2019	5,981
Total	\$16,045

Actuarial Assumptions – PERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2014, are presented below:

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Wage Inflation	3.75%
Future Salary Increases, including inflation	4.25 - 10.05%
Cost-of-Living Adjustment	3% Simple
Investment Rate of Return	8%

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

The most recent experience study was completed December 31, 2010.

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

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

Discount Rate The total pension liability was calculated using the discount rate of 8.0 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (8.0 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

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

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	\$824,765	\$448,312	\$131,247

NOTE 8: POST-EMPLOYMENT BENEFITS

A. Plan Description

The Public Employees Retirement System of Ohio (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 pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended December 31, 2015, 2014 and 2013, which were used to fund post-employment benefits, were \$9,561, \$9,164 and \$4,625 respectively.

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. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 9: LONG-TERM DEBT

Long-term debt for the Athens Metropolitan Housing Authority's state/local activities consists of the following:

- Loan payable to Ohio Department of Mental Health to purchase 430 Union Street Property. Total borrowing was \$200,000 with a term of 20 years at 0% interest rate. \$141,671
- Note payable to JP Morgan Chase Bank to purchase and rehab 5 MRDD Properties. Total borrowing was \$200,000 with a term of 15 years at 5.5% interest rate. 116,402

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

<ul style="list-style-type: none"> • Note payable to JP Morgan Chase Bank to purchase and rehab 6 MRDD Properties in 2008. Total borrowing was \$601,176 with a term of 15 years at 4.9% interest rate. From February 23, 2008 through February 23, 2009, AMHA was only required to pay interest on this loan. AMHA borrowed another \$98,824 in 2009. Monthly installments of principal and interest will commenced on February 23, 2009. • The PHA entered into a contractual agreement with Ohio Housing Finance Agency where the Authority is to rehab 18 units in Athens County, Ohio. Total borrowing was \$700,000 with a term of 30 years at 2% interest rate. The interest is to accrue each year with a balloon payment at the end of the 30 years. • Note payable with Hocking Valley Bank to purchase and rehab property located 36 Eden Plan. Amount borrowed was \$50,000 on October 15, 2014 with the term of 15 years at 4% interest rate. • Note payable with Hocking Valley Bank to purchase and rehab property located 9 Avon Place. Amount borrowed was \$41,000 on March 19, 2014 with the term of 15 years at 4% interest rate. • Line of credit payable with Hocking Valley Bank. The outstanding balance as of December 31, 2015 is \$371,893. The maturity date is January 31, 2016 with an interest rate of 3.75%. • Loan payable to Athens County Board of Developmental Disabilities to purchase and rehab property located 36 Eden Plan. Total borrowing on December 15, 2014 was \$80,000 with a term of 15 years at 0% interest rate. • Loan payable to Athens County Board of Developmental Disabilities to purchase and rehab property located 9 Avon Place. Total borrowing on April 15, 2014 was \$80,000 with a term of 15 years at 0% interest rate. • Loan payable to the City of Nelsonville to purchase property located 629 Chestnut. Total borrowing on November 17, 2015 was \$34,250 with a term of 15 years at 0% interest rate. • Loan payable to the City of Athens to rehab property located 36 Eden Plan. Total borrowing on April 16, 2015 was \$33,350 with a term of 15 years at 0% interest rate. • Loan payable to the City of Athens to rehab property located 9 Avon Place. Total borrowing on March 24, 2015 was \$37,900 with a term of 15 years at 0% interest rate. 	<p>442,963</p> <p>700,000</p> <p>45,795</p> <p>37,385</p> <p>371,893</p> <p>74,222</p> <p>70,667</p> <p>34,250</p> <p>33,350</p> <p>37,900</p> <hr/> <p>\$2,106,498</p>
<p>Total Debt</p>	<hr/> <p>\$2,106,498</p>

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

The following is a summary of changes in long-term liabilities for the year ended December 31, 2015:

Description	Restated			Balance 12/31/15	Due Within One Year
	Balance 12/31/14	Issued	Retired		
Loan Payable	\$ 2,078,349	\$ 105,500	\$ 77,351	\$ 2,106,498	\$ 455,418
Compensated Absences	79,537	68,440	65,927	82,050	49,488
Net Pension Liability	438,186	10,126	-	448,312	-
Total	<u>\$ 2,596,072</u>	<u>\$ 184,066</u>	<u>\$ 143,278</u>	<u>\$ 2,636,860</u>	<u>\$ 504,906</u>

Loan maturity is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$455,418	\$29,826	\$485,244
2017	86,800	26,551	113,351
2018	90,240	23,111	113,351
2019	93,856	19,495	113,351
2020	138,135	18,076	156,211
2021-2025	384,502	9,096	393,598
2026-2030	90,876	1,714	92,590
2031-2035	25,000	0	25,000
2036-2040	25,000	0	25,000
2041-2045	716,671	0	716,671
Total	<u>\$2,106,498</u>	<u>\$127,869</u>	<u>\$2,234,367</u>

NOTE 10: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2015 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$7,399.

NOTE 11: ECONOMIC DEPENDENCY

Both the PHA Low Rent Public Housing Program and the Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

**Athens Metropolitan Housing Authority
Required Supplementary Information
Schedule of Athens Metropolitan Housing Authority's
Proportionate Share of the Net Pension Liability
For the Fiscal Years Ended December 31, 2014 and 2013**

Traditional Plan	2014	2013
Authority's Proportion of the Net Pension Liability / Asset	0.003717%	0.003717%
Authority's Proportionate Share of the Net Pension Liability	\$448,312	\$438,186
Authority's Covered-Employee Payroll	\$450,713	\$459,015
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	97.84%	94.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

Amounts presented as of the Authority's measurement date which is the prior fiscal year.

Athens Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Athens Metropolitan Housing Authority's
 PERS Schedule of Ten Years Contributions
 For the Fiscal Years Ended December 31, 2015 through 2006

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$57,170	\$54,987	\$60,131	\$39,438	\$48,696	\$12,472	\$32,155	\$30,684	\$12,110	\$15,797
Contributions in Relation to the Contractually Required Contribution	\$57,170	\$54,987	\$60,131	\$39,438	\$48,696	\$12,472	\$32,155	\$30,684	\$12,110	\$15,797
Authority's Covered-Employee Payroll	\$476,417	\$450,713	\$459,015	\$386,647	\$477,412	\$138,578	\$387,410	\$432,169	\$142,471	\$173,593
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.20%	13.10%	10.20%	10.20%	9.00%	8.30%	7.10%	8.50%	9.10%

ATHENS METROPOLITAN HOUSING AUTHORITY

Schedule of Federal Awards Expenditures

For the Year Ended December 31, 2015

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct from Federal Government:</i>			
Shelter Plus Care	---	14.238	\$356,852
Low Rent Public Housing	---	14.850A	293,917
Housing Choice Voucher Program	---	14.871	3,907,669
Public Housing Capital Fund Program	---	14.872	24,239
PIH Family Self-Sufficiency Program	---	14.896	<u>40,932</u>
Total U.S. Department of Housing and Urban Development			<u>4,623,609</u>
Total Federal Financial Assistance			<u><u>\$4,623,609</u></u>

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.

Athens Metropolitan Housing Authority
Combining Financial Data Schedule
December 31, 2015

Account Description	Project Total	14.896 PIH Family Self Sufficiency	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
111 Cash - Unrestricted	\$129,055	\$0	\$45,827	\$0	\$32,863	\$207,745	\$0	\$207,745
113 Cash - Other Restricted	\$0	\$0	\$25,023	\$0	\$0	\$25,023	\$0	\$25,023
114 Cash - Tenant Security Deposits	\$15,116	\$0	\$0	\$0	\$0	\$15,116	\$0	\$15,116
100 Total Cash	\$144,171	\$0	\$70,850	\$0	\$32,863	\$247,884	\$0	\$247,884
126 Accounts Receivable - Tenants	\$5,657	\$0	\$0	\$0	\$2,842	\$8,499	\$0	\$8,499
120 Total Receivables, net of allowances for doubtful accounts	\$5,657	\$0	\$0	\$0	\$2,842	\$8,499	\$0	\$8,499
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$17,961	\$17,961	\$0	\$17,961
142 Prepaid Expenses and Other Assets	\$13,790	\$0	\$10,730	\$0	\$8,382	\$32,902	\$0	\$32,902
150 Total Current Assets	\$163,618	\$0	\$81,580	\$0	\$62,048	\$307,246	\$0	\$307,246
161 Land	\$696,850	\$0	\$0	\$0	\$316,392	\$1,013,242	\$0	\$1,013,242
162 Buildings	\$6,165,446	\$0	\$0	\$0	\$2,840,895	\$9,006,341	\$0	\$9,006,341
163 Furniture, Equipment & Machinery - Dwellings	\$370,590	\$0	\$0	\$0	\$0	\$370,590	\$0	\$370,590
164 Furniture, Equipment & Machinery - Administration	\$0	\$0	\$110,591	\$0	\$51,654	\$162,245	\$0	\$162,245
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$86,685	\$86,685	\$0	\$86,685
166 Accumulated Depreciation	(\$4,223,984)	\$0	(\$91,314)	\$0	(\$804,075)	(\$5,119,373)	\$0	(\$5,119,373)
167 Construction in Progress	\$0	\$0	\$0	\$0	\$6,500	\$6,500	\$0	\$6,500
160 Total Capital Assets, Net of Accumulated	\$3,008,902	\$0	\$19,277	\$0	\$2,498,051	\$5,526,230	\$0	\$5,526,230
180 Total Non-Current Assets	\$3,008,902	\$0	\$19,277	\$0	\$2,498,051	\$5,526,230	\$0	\$5,526,230
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0	\$81,090	\$81,090	\$0	\$81,090
190 Total Assets	\$163,618	\$0	\$81,580	\$0	\$62,048	\$307,246	\$0	\$5,833,476
290 Total Assets and Deferred Outflows of Resources	\$3,172,520	\$0	\$100,857	\$0	\$2,641,189	\$5,914,566	\$0	\$5,914,566

Athens Metropolitan Housing Authority
Combining Financial Data Schedule
December 31, 2015

Account Description	Project Total	14.896 PIH Family Self Sufficiency	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
312 Accounts Payable < = 90 days	\$10,628	\$0	\$1,447	\$0	\$7,669	\$19,744	\$0	\$19,744
321 Accrued Wage/Payroll Taxes Payable	\$2,578	\$0	\$5,772	\$0	\$2,321	\$10,671	\$0	\$10,671
322 Accrued Compensated Absences	\$7,538	\$0	\$27,992	\$0	\$13,958	\$49,488	\$0	\$49,488
333 Accounts Payable - Other Government	\$1,280	\$0	\$0	\$0	\$0	\$1,280	\$0	\$1,280
341 Tenant Security Deposits	\$19,722	\$0	\$0	\$0	\$19,853	\$39,575	\$0	\$39,575
342 Unearned Revenue	\$68,100	\$0	\$0	\$0	\$30,951	\$99,051	\$0	\$99,051
343 Current portion of Long-Term debt - capital projects/mortgage revenue bonds	\$0	\$0	\$0	\$0	\$455,418	\$455,418	\$0	\$455,418
310 Total Current Liabilities	\$109,846	\$0	\$35,211	\$0	\$530,170	\$675,227	\$0	\$675,227
351 Long-term debt, net of current - capital projects/mortgage revenue bonds	\$0	\$0	\$0	\$0	\$1,651,080	\$1,651,080	\$0	\$1,651,080
353 Non-current Liabilities - Other	\$0	\$0	\$7,399	\$0	\$0	\$7,399	\$0	\$7,399
354 Accrued Compensated Absences - Non Current	\$9,091	\$0	\$14,769	\$0	\$8,702	\$32,562	\$0	\$32,562
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$0	\$448,312	\$448,312	\$0	\$448,312
350 Total Non-Current Liabilities	\$9,091	\$0	\$22,168	\$0	\$2,108,094	\$2,139,353	\$0	\$2,139,353
300 Total Liabilities	\$118,937	\$0	\$57,379	\$0	\$2,638,264	\$2,814,580	\$0	\$2,814,580
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0	\$7,876	\$7,876	\$0	\$7,876
508.4 Invested in Capital Assets, Net of Related Debt	\$3,008,902	\$0	\$19,277	\$0	\$391,553	\$3,419,732	\$0	\$3,419,732
511.4 Restricted Net Position	\$0	\$0	\$17,624	\$0	\$0	\$17,624	\$0	\$17,624
512.4 Unrestricted Net Position	\$44,681	\$0	\$6,577	\$0	(\$396,504)	(\$345,246)	\$0	(\$345,246)
513 Total Equity/Net Position	\$3,053,583	\$0	\$43,478	\$0	(\$4,951)	\$3,092,110	\$0	\$3,092,110
600 Total Liabilities and Equity/Net Position	\$3,172,520	\$0	\$100,857	\$0	\$2,641,189	\$5,914,566	\$0	\$5,914,566

Athens Metropolitan Housing Authority
Combining Financial Data Schedule
December 31, 2015

Account Description	Project Total	14.896 PIH Family Self Sufficiency	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
70300 Net Tenant Rental Revenue	\$120,982	\$0	\$0	\$0	\$298,668	\$419,650	\$0	\$419,650
70400 Tenant Revenue-Other	\$12,556	\$0	\$0	\$0	\$10,028	\$22,584	\$0	\$22,584
70500 Total Tenant Revenue	\$133,538	\$0	\$0	\$0	\$308,696	\$442,234	\$0	\$442,234
70600 HUD PHA Operating Grants	\$318,156	\$40,932	\$3,907,669	\$356,852	\$0	\$4,623,609	\$0	\$4,623,609
71100 Investment Income - Unrestricted	\$77	\$0	\$124	\$0	\$63	\$264	\$0	\$264
71400 Fraud Recovery	\$0	\$0	\$17,510	\$0	\$0	\$17,510	\$0	\$17,510
71500 Other Revenue	\$10,244	\$0	\$0	\$0	\$126,834	\$137,078	\$0	\$137,078
70000 Total Revenue	\$462,015	\$40,932	\$3,925,303	\$356,852	\$435,593	\$5,220,695	\$0	\$5,220,695
91100 Administrative Salaries	\$37,299	\$0	\$188,690	\$24,139	\$75,943	\$326,071	\$0	\$326,071
91200 Auditing Fees	\$1,974	\$0	\$6,514	\$0	\$1,534	\$10,022	\$0	\$10,022
91400 Advertising and Marketing	\$567	\$0	\$194	\$0	\$183	\$944	\$0	\$944
91500 Employee Benefit Contributions - Administrative	\$19,662	\$0	\$90,182	\$3,653	\$38,779	\$152,276	\$0	\$152,276
91600 Office Expenses	\$8,446	\$0	\$14,190	\$0	\$4,029	\$26,665	\$0	\$26,665
91700 Legal Expenses	\$7,396	\$0	\$340	\$0	\$2,040	\$9,776	\$0	\$9,776
91800 Travel	\$32	\$0	\$445	\$0	\$750	\$1,227	\$0	\$1,227
91900 Other	\$467	\$0	\$2,573	\$0	\$1,749	\$4,789	\$0	\$4,789
91000 Total Operating - Administrative	\$75,843	\$0	\$303,128	\$27,792	\$125,007	\$531,770	\$0	\$531,770
92100 Tenant Services - Salaries	\$0	\$35,551	\$0	\$0	\$0	\$35,551	\$0	\$35,551
92300 Employee Benefit Contributions - Tenant Services	\$0	\$5,381	\$0	\$0	\$0	\$5,381	\$0	\$5,381
92500 Total Tenant Services	\$0	\$40,932	\$0	\$0	\$0	\$40,932	\$0	\$40,932
93100 Water	\$10,283	\$0	\$1,518	\$0	\$2,271	\$14,072	\$0	\$14,072
93200 Electricity	\$98,123	\$0	\$20,989	\$0	\$5,573	\$124,685	\$0	\$124,685
93300 Gas	\$29,044	\$0	\$296	\$0	\$6,905	\$36,245	\$0	\$36,245
93600 Sewer	\$16,936	\$0	\$1,610	\$0	\$4,718	\$23,264	\$0	\$23,264
93000 Total Utilities	\$154,386	\$0	\$24,413	\$0	\$19,467	\$198,266	\$0	\$198,266

Athens Metropolitan Housing Authority
Combining Financial Data Schedule
December 31, 2015

Account Description	Project Total	14.896 PIH Family Self Sufficiency	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
94100 Ordinary Maintenance and Operations - Labor	\$75,774	\$0	\$0	\$0	\$37,942	\$113,716	\$0	\$113,716
94200 Ordinary Maintenance and Operations - Materials	\$33,955	\$0	\$5,386	\$0	\$6,136	\$45,477	\$0	\$45,477
94300 Ordinary Maintenance and Operations - Contracts	\$70,831	\$0	\$24,628	\$0	\$28,857	\$124,316	\$0	\$124,316
94500 Employee Benefit Contributions -Ordinary Maintenance	\$37,967	\$0	\$0	\$0	\$16,087	\$54,054	\$0	\$54,054
94000 Total Maintenance	\$218,527	\$0	\$30,014	\$0	\$89,022	\$337,563	\$0	\$337,563
96110 Property Insurance	\$14,677	\$0	\$0	\$0	\$9,725	\$24,402	\$0	\$24,402
96120 Liability Insurance	\$0	\$0	\$2,761	\$0	\$0	\$2,761	\$0	\$2,761
96100 Total Insurance Premiums	\$14,677	\$0	\$2,761	\$0	\$9,725	\$27,163	\$0	\$27,163
96200 Other General Expenses	\$0	\$0	\$0	\$0	\$11,777	\$11,777	\$0	\$11,777
96210 Compensated Absences	\$12,766	\$0	\$38,518	\$0	\$17,156	\$68,440	\$0	\$68,440
96300 Payments in Lieu of Taxes	\$1,280	\$0	\$0	\$0	\$0	\$1,280	\$0	\$1,280
96000 Total Other General Expenses	\$14,046	\$0	\$38,518	\$0	\$28,933	\$81,497	\$0	\$81,497
96710 Interest of Mortgage (or bonds) Payable	\$0	\$0	\$0	\$0	\$45,890	\$45,890	\$0	\$45,890
96700 Total Interest Expenses and Amortization Cost	\$0	\$0	\$0	\$0	\$45,890	\$45,890	\$0	\$45,890
96900 Total Operating Expenses	\$477,479	\$40,932	\$398,834	\$27,792	\$318,044	\$1,263,081	\$0	\$1,263,081
97000 Excess of Operating Revenue over Operating Expenses	(\$15,464)	\$0	\$3,526,469	\$329,060	\$117,549	\$3,957,614	\$0	\$3,957,614
97300 Housing Assistance Payments	\$0	\$0	\$3,502,447	\$329,060	\$0	\$3,831,507	\$0	\$3,831,507
97400 Depreciation Expense	\$219,960	\$0	\$12,851	\$0	\$114,390	\$347,201	\$0	\$347,201
90000 Total Expenses	\$697,439	\$40,932	\$3,914,132	\$356,852	\$432,434	\$5,441,789	\$0	\$5,441,789

Athens Metropolitan Housing Authority
Combining Financial Data Schedule
December 31, 2015

Account Description	Project Total	14.896 PIH Family Self Sufficiency	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	Subtotal	Elimination	Total
10010 Operating Transfer In	\$24,239	\$0	\$0	\$0	\$0	\$24,239	(\$24,239)	\$0
10020 Operating Transfer Out	(\$24,239)	\$0	\$0	\$0	\$0	(\$24,239)	\$24,239	\$0
10000 Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(\$235,424)	\$0	\$11,171	\$0	\$3,159	(\$221,094)	\$0	(\$221,094)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$455,418	\$455,418	\$0	\$455,418
11030 Beginning Equity	\$3,243,507	\$0	\$32,307	\$0	\$420,710	\$3,696,524	\$0	\$3,696,524
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$45,500	\$0	\$0	\$0	(\$428,820)	(\$383,320)	\$0	(\$383,320)
11170 Administrative Fee Equity	\$0	\$0	\$25,854	\$0	\$0	\$25,854	\$0	\$25,854
11180 Housing Assistance Payments Equity	\$0	\$0	\$17,624	\$0	\$0	\$17,624	\$0	\$17,624
11190 Unit Months Available	852	0	9,996	504	612	11,964	0	11,964
10091 Inter Project Excess Cash Transfer In	\$4,000	\$0	\$0	\$0	\$0	\$4,000	(\$4,000)	\$0
10092 Inter Project Excess Cash Transfer Out	(\$4,000)	\$0	\$0	\$0	\$0	(\$4,000)	\$4,000	\$0
11210 Number of Unit Months Leased	838	0	9,684	504	610	11,636	0	11,636
11270 Excess Cash	\$193	\$0	\$0	\$0	\$0	\$193	\$0	\$193

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Board of Directors
Athens Metropolitan Housing Authority
10 Hope Drive
Athens, Ohio 45701

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 Athens Metropolitan Housing Authority (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 14, 2016, wherein we noted that 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*.

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 misstatement of the Authority's financial statements. A *significant deficiency* is a deficiency, or 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 in 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.

Board of Directors
Athens Metropolitan Housing Authority
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards

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 such 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 in under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

June 14, 2016

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control
over Compliance Required by the Uniform Guidance**

Board of Directors
Athens Metropolitan Housing Authority
10 Hope Drive
Athens, OH 45701

Report on Compliance for Each Major Federal Program

We have audited Athens Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material affect on the Authority's major federal program for the year ended December 31, 2015. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material affect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Programs

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

Board of Directors
Athens Metropolitan Housing Authority
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control
over Compliance in Accordance Required by the Uniform Guidance

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material affect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not to the extent needed for expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

June 14, 2016

ATHENS METROPOLITAN HOUSING AUTHORITY

Schedule of Findings

For the Year Ended December 31, 2015

A. SUMMARY OF AUDITOR'S RESULTS

1. Type of Financial Statement Opinion	Unmodified
2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	No
3. Were there any other significant deficiencies internal control reported at the financial statement level (GAGAS)?	No
4. Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
5. Were there any material internal control weaknesses reported for major federal programs?	No
6. Were there any other significant internal control deficiencies reported for major federal programs?	No
7. Type of Major Program Compliance Opinion	Unmodified
8. Are there any reportable findings in accordance with Title 2 CFR Section 200.516 (a)?	No
9. Major Program (list):	Housing Choice Voucher Program CFDA #14.871
10. Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: All Other Programs
11. Low Risk Auditee?	Yes

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

There were no findings related to the financial statements to be reported in accordance with GAGAS.

C. FINDINGS FOR FEDERAL AWARDS

There were no findings or questioned costs for federal awards.



Dave Yost • Auditor of State

ATHENS METROPOLITAN HOUSING AUTHORITY

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 1, 2016**