

AUDITED BASIC FINANCIAL STATEMENTS
OF THE
LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
OCTOBER 1, 2014 - SEPTEMBER 30, 2015





Dave Yost • Auditor of State

Board of Trustees
London Metropolitan Housing Authority
179 South Main Street
London, Ohio 43140

We have reviewed the *Independent Auditor's Report* of the London Metropolitan Housing Authority, Madison County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 1, 2014 through September 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

May 12, 2016

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**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

London Metropolitan Housing Authority
Madison County
179 South Main Street
London, Ohio 43140

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the London Metropolitan Housing Authority, Madison County, Ohio (the Authority), as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the London Metropolitan Housing Authority, Madison County, Ohio, as of September 30, 2015, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the fiscal year ended September 30, 2015, the Authority adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Financial Data Schedules and Cost Certifications are presented for purpose of additional analysis as required by the Department of Housing and Urban Development, and are not a required part of the basic financial statements.

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

London Metropolitan Housing Authority
Board of Commissioners
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
March 11, 2016

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

MANAGEMENT’S DISCUSSION AND ANALYSIS

The London Metropolitan Housing Authority, Madison County, (the “Authority”) Management’s Discussion and Analysis 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 financial position, and (d) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 13).

FINANCIAL HIGHLIGHTS

- Net Position was \$1,743,150 and \$1,939,215 for fiscal year ending September 30, 2015 and 2014 (as restated), respectively. The Authority-wide statements reflect a decrease of \$196,065 during 2015. This decrease is reflective of the fiscal year’s activities and the implementation of GASB 68.
- The business-type activity revenue decreased by \$194,569 during fiscal year 2015, and was \$535,408 and \$729,977 for fiscal year 2015 and 2014, respectively. The decrease was due to the capital fund grant revenue earned for the fiscal year being lower than the previous fiscal year and due to a decrease in tenant revenue.
- The total expenses of all Authority programs decreased by \$40,711. Total expenses were \$731,473 and \$772,184 for fiscal year 2015 and 2014, respectively.

USING THIS ANNUAL REPORT

The following is a graphic outlining the major sections of the report.

MD&A ~ Management’s Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (Pension Schedules) ~
Supplementary and Other Information ~ Financial Data Schedules ~ ~ Cost Certifications ~

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

The primary focus of the Authority’s financial statements is on the Authority as a whole. The Authority operates as a single enterprise fund and this presentation allows the user to address relevant questions, broaden basis for comparison (fiscal year-to-fiscal year or Authority-to-Authority), and enhance the Authority’s accountability.

Government-Wide Financial Statements

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

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflows of resources, minus liabilities and deferred inflows of resources, equal “Net Position”. 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” portion) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position is reported in three broad categories:

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

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

Unrestricted: Consists of assets that do not meet the definition of “Net Investment in Capital Assets”, or “Restricted”.

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

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

Finally, Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, investing activities, capital and related financing activities, and non-cash investing, capital and financing activities.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

THE AUTHORITY'S FUND

The Authority consists exclusively of an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector. The fund maintained by the Authority is required by the Department of Housing and Urban Development (HUD).

Business-Type Activities:

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

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

Business Activity (BA) – The Business Activity Program was set-up to separate the HUD funded programs with non-HUD activities. This program is used to account for the financial activities for the construction and operation of a 4 unit apartment building know as South Oak Place.

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:

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law.

The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are 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 September 30, 2014, from \$2,050,722 to \$1,939,215.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior fiscal year.

STATEMENT OF NET POSITION

	<u>2015</u>	<u>Restated 2014</u>
Current and Other Noncurrent Assets	\$ 450,169	\$ 502,066
Capital Assets	<u>2,053,429</u>	<u>2,210,089</u>
Total Assets	<u>2,503,598</u>	<u>2,712,155</u>
Deferred Outflows of Resources	<u>16,955</u>	<u>10,978</u>
Current Liabilities	68,962	80,426
Non-Current Liabilities	<u>706,239</u>	<u>703,492</u>
Total Liabilities	<u>775,201</u>	<u>783,918</u>
Deferred Inflows of Resources	<u>2,202</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	1,473,429	1,630,089
Unrestricted	<u>269,721</u>	<u>309,126</u>
Total Net Position	<u>\$1,743,150</u>	<u>\$1,939,215</u>

For more detailed information see page 13 for the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current and other non-current assets (primarily cash and cash equivalents) decreased by \$51,897 mainly due to the change in cash resulting from current fiscal year activities. Total liabilities decreased by \$8,717 as liabilities between fiscal years remained fairly consistent based on no new debt or significant changes in payroll liabilities. Fiscal year 2014 figures include the restatement for net pension liability which provides a more accurate comparison.

Capital assets had a net decrease of \$156,660 which represents net effect of the current fiscal year’s depreciation over additions. For more detail see “Capital Assets and Debt Administration” on page 11.

While the result of operations is a significant measure of the Authority’s activities, the analysis of the changes in Unrestricted and Restricted Net Position provides a clearer change in financial well-being.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position September 30, 2014, Restated		\$309,126
Results of Operations:	(\$196,065)	
Adjustments:		
Depreciation (1)	<u>164,867</u>	
Adjusted Results from Operations		(31,198)
Capital Outlay		<u>(8,207)</u>
Unrestricted Net Position September 30, 2015		<u>\$269,721</u>

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

CHANGE OF NET INVESTMENT IN CAPITAL ASSETS

Net Investment in Capital Assets September 30, 2014		\$1,630,089
Results of Current Fiscal Year Activity:		
Depreciation		(164,867)
Capital Outlay		<u>8,207</u>
Restricted Net Position September 30, 2015		<u>\$1,473,429</u>

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**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET 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.

	<u>2015</u>	<u>Restated 2014</u>
Revenues		
Tenant Revenue	\$ 194,537	\$ 232,841
Government Operating Grants	301,592	367,999
Capital Grants	23,326	103,660
Interest	9	9
Other Revenues	<u>15,944</u>	<u>25,468</u>
Total Revenue	<u>535,408</u>	<u>729,977</u>
Expenses		
Administrative	172,173	167,366
Tenant Services	-	90
Utilities	111,150	110,085
Maintenance	226,355	230,871
General and Insurance	56,928	68,209
Housing Assistance Payments	-	22,771
Depreciation	<u>164,867</u>	<u>172,792</u>
Total Expenses	<u>731,473</u>	<u>772,184</u>
Change in Net Position	(196,065)	(42,207)
Net Position at October 1	<u>1,939,215</u>	<u>N/A</u>
Net Position at September 30	<u>\$ 1,743,150</u>	<u>\$ 1,939,215</u>

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

HUD Operating Grants and Capital Grant Funds decreased by \$146,741 during the fiscal year. The decreases grant revenue from HUD is due fewer capital fund grant activities that took place during the fiscal year 2015.

Tenant revenue decreased by \$38,304. The decrease was primarily due to family income and additional utilities allowances paid out.

The information necessary to restate the 2014 beginning balance and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include the pension expense of \$10,978 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions under 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

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

expense. Under GASB 68, the 2015 statements report pension expense of \$17,675. Consequently, in order to compare 2015 total expenses to 2014, the following adjustments are needed:

Total 2015 expenses under GASB 68	\$731,473
Pension expense under GASB 68	(17,675)
2015 Contractually required contribution made after measurement date	<u>10,269</u>
Adjusted 2015 total expenses	724,067
Total 2014 expenses under GASB 27	<u>772,184</u>
Decrease in total expenses not related to pension	<u>(\$ 48,117)</u>

The decrease was primarily due to decreases in the following accounts: general and insurance expense of \$11,281, depreciation expense of \$7,925 and housing assistance payments of \$22,771 with the Madison County CHIP Program ending in fiscal year 2014. All other expenses remained stabled.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2015, the Authority had \$2,053,429 invested in Capital Assets as reflected in the following schedule, which represents a net decrease (additions less depreciation).

**CAPITAL ASSETS AT FISCAL YEAR END
(NET OF DEPRECIATION)**

	Business-type Activities	
	<u>2015</u>	<u>2014</u>
Land	\$ 408,948	\$ 408,948
Building and Improvements	3,892,852	3,892,852
Furniture, Equipment and Vehicles	321,128	319,973
Leasehold Improvements	1,564,859	1,557,807
Accumulated Depreciation	<u>(4,134,358)</u>	<u>(3,969,491)</u>
Total	<u>\$2,053,429</u>	<u>\$2,210,089</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 4 of the notes to the basic financial statements.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
(UNAUDITED)**

CHANGE IN CAPITAL ASSETS

	<u>Business-type Activities</u>
Beginning Balance	\$2,210,089
Additions	8,207
Depreciation	<u>(164,867)</u>
Ending Balance	<u>\$2,053,429</u>

Additions of capital assets for fiscal year 2015 related to the purchase of furniture, equipment, and leasehold improvements for dwelling units. The Authority had no disposals of capital assets in fiscal year 2015.

Debt Outstanding

In prior fiscal years, the Authority received a loan from Ohio Housing Finance Agency (OHFA) totaling \$580,000 for the construction of a four unit apartment building referred to as South Oak Place. The debt becomes due upon specific events as detailed in the agreement, none of which have occurred as of fiscal year end 2015. More information over Debt can be found in Note 8 in the notes to the basic financial statements.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of 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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Sal Consiglio, Manager of the London Metropolitan Housing Authority. Specific requests may be submitted to London Metropolitan Housing Authority, 179 S Main Street, London, OH 43140.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Assets

Current Assets:

Cash and Cash Equivalents	\$	399,408
Accounts Receivable, net		31,459
Prepaid Items		<u>5,968</u>
Total Current Assets		<u>436,835</u>

Non-Current Assets:

Restricted Cash and Cash Equivalents		13,334
Capital Assets:		
Nondepreciable Capital Assets		408,948
Depreciable Capital Assets		5,778,839
Accumulated Depreciation		<u>(4,134,358)</u>
Total Capital Assets		<u>2,053,429</u>
Total Non-Current Assets		<u>2,066,763</u>

Total Assets

		<u>2,503,598</u>
Deferred Outflow of Resources		<u>16,955</u>

Liabilities

Current Liabilities:

Accounts Payable		21,816
Accrued Wages and Payroll Taxes		8,603
Accrued Compensated Absences		7,978
Intergovernmental Payable		14,410
Tenant Security Deposits Payable		13,334
Unearned Revenue		<u>2,821</u>
Total Current Liabilities		<u>68,962</u>

Non-Current Liabilities:

Accrued Compensated Absences		924
Net Pension Liability		125,315
Loan Liability		<u>580,000</u>
Total Non-Current Liabilities		<u>706,239</u>

Total Liabilities

		<u>775,201</u>
Deferred Inflow of Resources		<u>2,202</u>

Net Position

Net Investment in Capital Assets		1,473,429
Unrestricted		<u>269,721</u>

Total Net Position

	\$	<u><u>1,743,150</u></u>
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The notes to the basic financial statements are an integral part of the statements.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Operating Revenues		
Tenant Revenue	\$	194,537
Government Operating Grants		301,592
Other Revenues		<u>15,944</u>
Total Operating Revenues		<u>512,073</u>
Operating Expenses		
Administrative	\$	172,173
Utilities		111,150
Maintenance		226,355
General and Insurance		56,928
Depreciation		<u>164,867</u>
Total Operating Expenses		<u>731,473</u>
Operating Loss		<u>(219,400)</u>
Nonoperating Revenues		
Interest		9
Capital Grants		<u>23,326</u>
Total Nonoperating Revenues		<u>23,335</u>
Change in Net Position		(196,065)
Net Position at October 1, 2014, Restated		<u>1,939,215</u>
Net Position at September 30, 2015	\$	<u><u>1,743,150</u></u>

The notes to the basic financial statements are an integral part of this statement.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Cash flows from operating activities:

Operating grants received	\$ 301,592
Tenant revenue received	230,690
Other revenue received	15,944
General and administrative expenses paid	<u>(590,920)</u>

Net cash used in operating activities (42,694)

Cash flows from investing activities:

Interest	<u>9</u>
----------	----------

Net cash provided by investing activities 9

Cash flows from capital and related financing activities:

Capital grants received	35,075
Purchase of capital assets	<u>(8,207)</u>

Net cash provided by capital and related financing activities 26,868

Net change in cash and cash equivalents (15,817)

Cash and cash equivalents at October 1, 2014 428,559

Cash and cash equivalents at September 30, 2015 **\$ 412,742**

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (219,400)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	164,867
Changes in:	
Accounts receivable, net	24,404
Prepaid items	(73)
Deferred outflow of resources	(5,977)
Accounts payable	(20,318)
Accrued wages and payroll taxes	497
Net pension liability	2,830
Other liabilities	8,274
Deferred inflow of resources	<u>2,202</u>

Net cash used in operating activities **\$ (42,694)**

The notes to the basic financial statements are an integral part of this statement.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

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

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Excluded Entity

The following entity is excluded from the Reporting Entity; however, the entity does conduct activities for the benefit of the Authority.

Madison Housing Development Corporation (MHDC) - This organization was formed as an instrumentality of the Authority to assist in the development and financing of housing projects. MHDC is legally separate from the Authority however, the Board of the organization is consists of the Board members of the Authority.

The Madison Housing Development Corporation was created in June of 2010 and received its 501(c)(3) status letter on August 21, 2011. The responsibility of the Authority was to make application to the State of Ohio to establish the organization and to obtain section 501(c)(3) non-profit exemption status. For fiscal year-end 2015, Madison Housing Development Corporation has no assets, liabilities, revenues, or expenditures. It has been excluded from reporting as it is not considered to be a component unit of the Authority.

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.

Proprietary Fund Type:

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

Enterprise Fund – The Authority accounts for and reports all receipts on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflow of resources liabilities, and deferred inflow of resources associated with the operation of the Authority are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

The Authority accounts for and reports all operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body 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.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounting and Reporting for Nonexchange Transactions

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

In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenue, Expenses and Changes in Net Position.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over the estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold used by the Authority is \$1,000. The following are the useful lives used for depreciation purposes:

<u>Description</u>	<u>Estimated Useful Lives - Years</u>
Building & Improvements	15 - 40
Leasehold Improvements	5 - 15
Furniture, Equipment & Vehicles	5 - 7

Cash and Cash Equivalents

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

Estimates

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

Accounts Receivable

Management considers all accounts receivable (excluding the tenant accounts receivable) to be collected in full.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are reported as prepaid items via the consumption method.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal year.

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. 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 current liability.

Pensions – Deferred Inflow/Outflow of Resources

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Capital Grants

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

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did not have net position restricted by enabling legislature at September 30, 2015.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Tenant Security Deposits of \$13,334.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenues.

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 September 30, 2014:

Net position September 30, 2014	\$ 2,050,722
Adjustments:	
Less: Net Pension Liability	(122,485)
Add: Deferred Outflow of Resources – Payments Subsequent to Measurement Date	<u>10,978</u>
Restated Net Position September 30, 2014	<u>\$1,939,215</u>

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

All monies are deposited into banks as determined by the Authority. Funds are deposited in either interest bearing or non-interest bearing accounts at the Authority's discretion. Security shall be furnished for all accounts in the Authority's name.

Cash and cash equivalents included in the Authority's cash position at September 30, 2015 are as follows:

	<u>Checking</u>	<u>Savings</u>	<u>Total</u>
Demand Deposits:			
Bank balance	\$339,020	\$ 85,178	\$424,198
Items-in-transit	<u>(11,681)</u>	<u>-</u>	<u>(11,681)</u>
Carrying balance	<u>\$327,339</u>	<u>\$ 85,178</u>	<u>\$412,517</u>

Of the fiscal year-end bank balance, \$335,178 of deposits of the total checking and saving account balances were covered by federal deposit insurance and the remaining balance of \$89,020 was covered by pledged and pooled securities held by third-party trustees maintaining collateral for all public funds on deposit. \$225 was maintained in petty cash funds.

Based on the Authority having only demand deposits at September 30, 2015, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

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**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

4. CAPITAL ASSETS

The following is a summary of capital assets at September 30, 2015:

	Balance 9/30/2014	Increase	Decrease	Balance 9/30/2015
Capital Assets Not Depreciated				
Land	\$ 408,948	\$ -	\$ -	\$ 408,948
Capital Assets Depreciated				
Building and Improvements	3,892,852	-	-	3,892,852
Furniture, Equipment, and Vehicles	319,973	1,155	-	321,128
Leasehold Improvements	1,557,807	7,052	-	1,564,859
Total Capital Assets Depreciated	<u>5,770,632</u>	<u>8,207</u>	<u>-</u>	<u>5,778,839</u>
Accumulated Depreciation				
Building and Improvements	(3,199,255)	(53,645)	-	(3,252,900)
Furniture, Equipment, and Vehicles	(266,923)	(15,418)	-	(282,341)
Leasehold Improvements	(503,313)	(95,804)	-	(599,117)
Total Accumulated Depreciation	<u>(3,969,491)</u>	<u>(164,867)</u>	<u>-</u>	<u>(4,134,358)</u>
Total Capital Assets Depreciated, Net	<u>1,801,141</u>	<u>(156,660)</u>	<u>-</u>	<u>1,644,481</u>
Total Capital Assets, Net	<u>\$ 2,210,089</u>	<u>\$ (156,660)</u>	<u>\$ -</u>	<u>\$ 2,053,429</u>

5. 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. The Authority also participates in Wayne County's health insurance program through a commercial insurance carrier. 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 fiscal year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

6. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

For 2015, 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” were effective. These GASB pronouncements had no effect on beginning net position as reported December 31, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

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

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

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

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

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

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

6. DEFINED BENEFIT PENSION PLANS – CONTINUED

Plan Description – Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS’ CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

6. DEFINED BENEFIT PENSION PLANS – CONTINUED

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution to OPERS was \$15,805 for fiscal year 2015. Of this amount \$1,208 is reported within intergovernmental payable.

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

	<u>OPERS Traditional Plan</u>
Proportionate Share of the Net Pension Liability	\$125,315
Proportion of the Net Pension Liability	0.001039%
Pension Expense	\$17,675

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

6. DEFINED BENEFIT PENSION PLANS – CONTINUED

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

	Total Deferred <u>Outflow</u>
Net difference between projected and actual investment earnings on pension plan investments	\$ 6,686
Authority contributions subsequent to the measurement date	<u>10,269</u>
Total Deferred Outflow of Resources	<u>\$ 16,955</u>
	Total Deferred <u>Inflow</u>
Difference between expected and actual experience	\$ 2,202

The \$10,269 reported as deferred outflow of resources resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2016. Under the Traditional Pension Plan, the 2014 amortization period for the difference between expected and actual experience is 3.1673 years, and 5 years for the net difference between projected and actual investment earning on pension plan investments. Other amounts reported as deferred outflows of resources and deferred inflows of resources related will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	
2015	\$ 642
2016	642
2017	642
2018	1,221
2019	<u>1,337</u>
Total	<u>\$ 4,484</u>

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation		3.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	4.25 to 10.05 percent including wage inflation	3 percent, simple
Investment Rate of Return		8 percent
Actuarial Cost Method		Individual Entry Age

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

6. DEFINED BENEFIT PENSION PLANS – CONTINUED

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

The most recent experience study was completed for the five year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

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

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

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

6. DEFINED BENEFIT PENSION PLANS – CONTINUED

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Authority’s proportionate share of the net pension liability/(asset)			
Traditional Plan	\$230,544	\$125,315	\$36,687

Plan Fiduciary Net Position Detailed information about the Plan’s fiduciary net position is available in the separately issued OPERS’s financial report.

Other Post Retirement Benefits – In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have ten 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-Retirement Employment Benefit (OPEB) as described in GASB Statement 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.

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

OPERS’ Post Employment Health Care plan was established under, and is administered 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 of the Traditional Plan and Combined Plan was 2% during calendar year 2014 (latest information available). Effective

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

6. DEFINED BENEFIT PENSION PLANS – CONTINUED

January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% 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 years ended September 30, 2015, 2014 and 2013, which were used to fund post-employment benefits, were \$2,517, \$1,253 and \$2,080, 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 approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions towards the health care fund after the end of the transition period.

7. COMPENSATED ABSENCES

Employees earn annual vacation and sick leave per anniversary year, based on years of service. Annual vacation leave may be carried forward to the next fiscal year and paid upon termination or retirement. Employees are not paid out accumulated sick leave upon retirement. As of September 30, 2015, the accrual for compensated absences totaled \$8,902 and has been included in the accompanying Statement of Net Position.

8. LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended September 30, 2015:

<u>Description</u>	<u>Restated Balance 09/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 09/30/15</u>	<u>Due Within One Year</u>
Promissory Note - OHFA	\$580,000	\$ -	\$ -	\$580,000	\$ -
Net Pension Liability	122,485	2,830	-	125,315	-
Compensated Absence Payable	<u>8,796</u>	<u>7,895</u>	<u>(7,789)</u>	<u>8,902</u>	<u>7,978</u>
Total	<u>\$711,281</u>	<u>\$ 10,725</u>	<u>\$(7,789)</u>	<u>\$714,217</u>	<u>\$ 7,978</u>

See Note 2 and 6 for information on the Authority's net pension liability.

On February 2, 2011, the Authority entered into a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of \$580,000 to build 4-unit apartment building (known as South Oak Place). The project was complete as of September 30, 2013. The note accrues interest at a rate of two percent per annum. The note shall become due if the Authority ceases to use the South Oak Place for low income housing, as detailed in the agreement; as of September 30, 2015, the Authority continues to use the property to provide low income housing, therefore the events have not occurred or are anticipated to occur which would result in repayment of the note. Therefore, no amortization schedules are provided.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS - CONTINUED
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

9. CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

The Authority is unaware of any outstanding lawsuits or other contingencies.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.001039%	0.001039%
Authority's Proportionate Share of the Net Pension Liability	\$ 125,315	\$ 122,485
Authority's Covered Employee Payroll	\$ 131,708	\$ 130,360
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	95.15%	93.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2014 is not available.

(2) The amounts presented for each fiscal year were determined as of the calendar year-ended that occurred within the fiscal year.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required employer contribution	\$15,805	\$16,295	\$14,015	\$ 9,698	\$11,914	\$ 8,200	\$ 6,177	\$ 6,799	\$12,143	\$12,215
Contributions in Relation to the Contractually Required Contribution	<u>(15,805)</u>	<u>(16,295)</u>	<u>(14,015)</u>	<u>(9,698)</u>	<u>(11,914)</u>	<u>(8,200)</u>	<u>(6,177)</u>	<u>(6,799)</u>	<u>(12,143)</u>	<u>(12,215)</u>
Contribution Deficiency (Excess)	===== -	===== -	===== -	===== -	===== -	===== -	===== -	===== -	===== -	===== -
Authority Covered-Employee Payroll	\$131,708	\$130,360	\$121,976	\$96,980	\$129,641	\$93,714	\$79,703	\$91,507	\$130,851	\$126,975
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%	7.43%	9.28%	9.62%

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Ohio Public Employees' Retirement System

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
SEPTEMBER 30, 2015

	Project Total	Business Activities	Total
111 Cash - Unrestricted	\$ 324,607	\$ 74,801	\$ 399,408
114 Cash - Tenant Security Deposits	11,594	1,740	13,334
100 Total Cash	\$ 336,201	\$ 76,541	\$ 412,742
122 Accounts Receivable - HUD Other Projects	\$ 29,771	\$ -	\$ 29,771
126 Accounts Receivable - Tenants	13,006	-	13,006
126.1 Allowance for Doubtful Accounts -Tenants	(11,318)	-	(11,318)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 31,459	\$ -	\$ 31,459
142 Prepaid Expenses and Other Assets	\$ 5,968	\$ -	\$ 5,968
150 Total Current Assets	\$ 373,628	\$ 76,541	\$ 450,169
161 Land	\$ 340,739	\$ 68,209	\$ 408,948
162 Buildings	3,310,538	582,314	3,892,852
163 Furniture, Equipment & Machinery - Dwellings	142,777	-	142,777
164 Furniture, Equipment & Machinery - Administration	178,351	-	178,351
165 Leasehold Improvements	1,564,859	-	1,564,859
166 Accumulated Depreciation	(4,090,685)	(43,673)	(4,134,358)
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 1,446,579	\$ 606,850	\$ 2,053,429
180 Total Non-Current Assets	\$ 1,446,579	\$ 606,850	\$ 2,053,429
200 Deferred Outflow of Resources	\$ 16,955	\$ -	\$ 16,955
290 Total Assets and Deferred Outflow of Resources	\$ 1,837,162	\$ 683,391	\$ 2,520,553
312 Accounts Payable <= 90 Days	\$ 11,461	\$ -	\$ 11,461
321 Accrued Wage/Payroll Taxes Payable	8,603	-	8,603
322 Accrued Compensated Absences - Current Portion	7,978	-	7,978
333 Accounts Payable - Other Government	14,410	-	14,410
341 Tenant Security Deposits	11,594	1,740	13,334
342 Unearned Revenue	2,821	-	2,821
346 Accrued Liabilities - Other	10,355	-	10,355
310 Total Current Liabilities	\$ 67,222	\$ 1,740	\$ 68,962
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$ -	\$ 580,000	\$ 580,000
354 Accrued Compensated Absences - Non Current	924	-	924
357 Accrued Pension and OPEB Liabilities	125,315	-	125,315
350 Total Non-Current Liabilities	\$ 126,239	\$ 580,000	\$ 706,239
300 Total Liabilities	\$ 193,461	\$ 581,740	\$ 775,201
400 Deferred Inflow of Resources	\$ 2,202	\$ -	\$ 2,202
508.4 Net Investment in Capital Assets	\$ 1,446,579	\$ 26,850	\$ 1,473,429
512.4 Unrestricted Net Position	194,920	74,801	269,721
513 Total Equity - Net Assets / Position	\$ 1,641,499	\$ 101,651	\$ 1,743,150
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 1,837,162	\$ 683,391	\$ 2,520,553

NOTE FOR REAC REPORTING: The accompanying statements have been prepared in accordance with the format as required for HUD's electronic filing REAC system. The format and classifications of various line items may differ from those used in the preparation of the financial statements presented in accordance with accounting principles generally accepted in the United States of America.

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Project Total	Business Activities	Total
70300 Net Tenant Rental Revenue	\$ 173,657	\$ 20,880	\$ 194,537
70500 Total Tenant Revenue	173,657	20,880	194,537
70600 HUD PHA Operating Grants	301,592	-	301,592
70610 Capital Grants	23,326	-	23,326
71100 Investment Income - Unrestricted	9	-	9
71500 Other Revenue	15,944	-	15,944
70000 Total Revenue	\$ 514,528	\$ 20,880	\$ 535,408
91100 Administrative Salaries	\$ 48,343	\$ -	\$ 48,343
91200 Auditing Fees	5,185	-	5,185
91300 Management Fee	60,000	-	60,000
91310 Book-keeping Fee	7,800	-	7,800
91500 Employee Benefit contributions - Administrative	21,071	-	21,071
91600 Office Expenses	8,899	-	8,899
91700 Legal Expense	3,887	-	3,887
91800 Travel	281	-	281
91900 Other	16,707	-	16,707
91000 Total Operating - Administrative	\$ 172,173	\$ -	\$ 172,173
93100 Water	\$ 22,959	\$ 11	\$ 22,970
93200 Electricity	12,471	462	12,933
93300 Gas	50,087	-	50,087
93600 Sewer	25,159	1	25,160
93000 Total Utilities	\$ 110,676	\$ 474	\$ 111,150
94100 Ordinary Maintenance and Operations - Labor	\$ 76,422	\$ -	\$ 76,422
94200 Ordinary Maintenance and Operations - Materials and Other	26,318	-	26,318
94300 Ordinary Maintenance and Operations Contracts	95,818	-	95,818
94500 Employee Benefit Contributions - Ordinary Maintenance	27,797	-	27,797
94000 Total Maintenance	\$ 226,355	\$ -	\$ 226,355
96110 Property Insurance	\$ 17,932	\$ 590	\$ 18,522
96130 Workmen's Compensation	1,238	-	1,238
96100 Total insurance Premiums	\$ 19,170	\$ 590	\$ 19,760
96210 Compensated Absences	\$ 9,712	\$ -	\$ 9,712
96300 Payments in Lieu of Taxes	5,562	5,991	11,553
96400 Bad debt - Tenant Rents	15,903	-	15,903
96000 Total Other General Expenses	\$ 31,177	\$ 5,991	\$ 37,168
96900 Total Operating Expenses	\$ 559,551	\$ 7,055	\$ 566,606
97000 Excess of Operating Revenue over Operating Expenses	\$ (45,023)	\$ 13,825	\$ (31,198)
97400 Depreciation Expense	\$ 150,309	\$ 14,558	\$ 164,867
90000 Total Expenses	\$ 709,860	\$ 21,613	\$ 731,473
10010 Operating Transfer In	\$ 20,248	\$ -	\$ 20,248
10020 Operating transfer Out	(20,248)	-	(20,248)
10100 Total Other financing Sources (Uses)	\$ -	\$ -	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (195,332)	\$ (733)	\$ (196,065)
11030 Beginning Equity	\$ 1,948,338	\$ 102,384	\$ 2,050,722
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ (111,507)	\$ -	\$ (111,507)
11190 Unit Months Available	1,200	48	1,248
11210 Number of Unit Months Leased	1,167	48	1,215

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
COST CERTIFICATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Capital Fund Program Number OH16P023-501-07

1. The Program Costs are as follows:

Funds Approved	\$142,037
Funds Expended	<u>142,037</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$142,037
Funds Expended	<u>142,037</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Actual Modernization Cost Certificate was signed and filed on June 30, 2009.
4. The final costs on the certification agree to the Authority's records.
5. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
6. The time in which such liens could be filed has expired.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
COST CERTIFICATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Capital Fund Program Number OH16P023-501-08

1. The Program Costs are as follows:

Funds Approved	\$139,060
Funds Expended	<u>139,060</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$139,060
Funds Expended	<u>139,060</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Actual Modernization Cost Certificate was signed and filed on April 1, 2010.
4. The final costs on the certification agree to the Authority's records.
5. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
6. The time in which such liens could be filed has expired.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
COST CERTIFICATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Capital Fund Program Number OH16P023-501-09

1. The Program Costs are as follows:

Funds Approved	\$138,334
Funds Expended	<u>138,334</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$138,334
Funds Expended	<u>138,334</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Actual Modernization Cost Certificate was signed and filed on January 8, 2016.
4. The final costs on the certification agree to the Authority's records.
5. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
6. The time in which such liens could be filed has expired.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
COST CERTIFICATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Capital Fund Program Number OH16P023-501-10

1. The Program Costs are as follows:

Funds Approved	\$137,869
Funds Expended	<u>137,869</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -0-</u></u>
Funds Advanced	\$137,869
Funds Expended	<u>137,869</u>
Excess (Deficiency) of Funds Advanced	<u><u>\$ -0-</u></u>

2. All costs have been paid and there are no outstanding obligations.
3. The Actual Modernization Cost Certificate was signed and filed on January 8, 2016.
4. The final costs on the certification agree to the Authority's records.
5. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
6. The time in which such liens could be filed has expired.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
COST CERTIFICATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Capital Fund Program Number OH16P023-501-11

1. The Program Costs are as follows:

Funds Approved	\$113,829
Funds Expended	<u>113,829</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$113,829
Funds Expended	<u>113,829</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Actual Modernization Cost Certificate was signed and filed on January 8, 2016.
4. The final costs on the certification agree to the Authority's records.
5. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
6. The time in which such liens could be filed has expired.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
COST CERTIFICATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Capital Fund Program Number OH16P023-501-12

1. The Program Costs are as follows:

Funds Approved	\$105,368
Funds Expended	<u>105,368</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$105,368
Funds Expended	<u>105,368</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Actual Modernization Cost Certificate was signed and filed on January 8, 2016.
4. The final costs on the certification agree to the Authority's records.
5. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
6. The time in which such liens could be filed has expired.

**LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
COST CERTIFICATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Capital Fund Program Number OH16P023-501-13

1. The Program Costs are as follows:

Funds Approved	\$101,241
Funds Expended	<u>101,241</u>
Excess (Deficiency) of Funds Approved	<u>\$ -0-</u>
Funds Advanced	\$101,241
Funds Expended	<u>101,241</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -0-</u>

2. All costs have been paid and there are no outstanding obligations.
3. The Actual Modernization Cost Certificate was signed and filed on January 8, 2016.
4. The final costs on the certification agree to the Authority's records.
5. There are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
6. The time in which such liens could be filed has expired.



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

London Metropolitan Housing Authority
Madison County
179 South Main Street
London, Ohio 43140

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the London Metropolitan Housing Authority, Madison County, (the Authority) as of and for the fiscal year ended September 30, 2015, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 11, 2016 wherein we noted the Authority adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

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

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

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

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
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
March 11, 2016



Dave Yost • Auditor of State

LONDON METROPOLITAN HOUSING AUTHORITY

MADISON 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
MAY 24, 2016**