

**ZANESVILLE METROPOLITAN  
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

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

***James G. Zupka, CPA, Inc.***

**Certified Public Accountants**





# Dave Yost • Auditor of State

Board of Directors  
Zanesville Metropolitan Housing Authority  
407 Pershing Rd  
Zanesville, OH 43701

We have reviewed the *Independent Auditor's Report* of the Zanesville Metropolitan Housing Authority, Muskingum County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

February 10, 2016

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**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Zanesville Metropolitan Housing Authority  
Zanesville, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Zanesville Metropolitan Housing Authority, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Zanesville Metropolitan Housing Authority, as of June 30, 2015, and the changes in financial position, and cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the Authority adopted Governmental Accounting Standards No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and restated its net position at June 30, 2014. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 and Schedules of the Authority's Proportionate Share of the Net Pension Liability and the Authority's Contributions on pages 35 and 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the Zanesville Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

James G. Zupka,  Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G.  
Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2016.02.10 13:03:33 -05'00'

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

December 1, 2015

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

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

**FINANCIAL HIGHLIGHTS**

- Assets of the Authority exceeded its liabilities at the close of the most recent fiscal year 2015 by \$12,794,966 (net position). Of this amount, \$3,194,873 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors. The restricted net position of \$107,964 is primarily the HAP reserve.
- Capital assets decreased by \$520,357 from the depreciation of Capital Assets and capital fund asset additions.
- Net position decreased by \$272,508 for the fiscal year ended June 30, 2015, a smaller decrease than in 2014. This was due primarily to a decrease in operating expenses.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See notes to the financial statements for a summary of the Authority's significant accounting policies and practices.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

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**AUTHORITY ACTIVITY HIGHLIGHTS**

The following are the various programs that the Authority operates. These programs are included in the single enterprise fund:

Public Housing Program

The public housing program is designed to provide low-cost housing within the 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.

Capital Fund Program (CFP)

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development of housing units.

Housing Choice Voucher Program (Section 8)

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.

Shelter Plus Care

The Shelter Plus Care program is designed to link rental assistance to supportive services for hard to serve homeless persons with disabilities. The Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants rent at 30% of household income.

Resident Opportunity and Supportive Services

A grant funded by the Department of Housing and Urban Development that is intended to enable public housing residents to obtain self sufficiency and economic independence and move from welfare to work.

Business Activity

The Business Activity Fund was set-up to separate the HUD funded program from non-HUD activities. This fund is mainly used to account for the rental income received from the daycare facility known as Carey Street Day Care Center and the expenses of the maintenance and utilities of the building, and repayment of the construction loan.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

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During 2015, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 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 required additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB No. 68 pension accounts, the net pension liability equals the Authority's proportionate share of each plan's collective:

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

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

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

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 Statement No. 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 Statement No. 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. The implementation also had the effect of restating net position at June 30, 2014, from \$14,509,550 to \$13,067,474.

**FINANCIAL POSITION**

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

**Table 1 - Statement of Net Position**

|   | 2015                | Restated<br>2014    |
|---|---------------------|---------------------|
| Current Assets and Deferred Outflows                  | \$ 5,611,518        | \$ 5,319,163        |
| Capital Assets  | 9,933,009           | 10,453,366          |
| Total Current Assets and Deferred Outflows            | <u>\$15,544,527</u> | <u>\$15,772,529</u> |
| Current Liabilities                                   | \$ 543,694          | \$ 537,302          |
| Long-Term Liabilities and Deferred Inflows            | 2,205,867           | 2,167,753           |
| Total Current Liabilities and Deferred Inflows        | <u>2,749,561</u>    | <u>2,705,055</u>    |
| Net Position  |                     |                     |
| Net Investment in Capital Assets                      | 9,492,129           | 9,997,083           |
| Restricted Net Position                               | 107,964             | 134,189             |
| Unrestricted Net Position                             | <u>3,194,873</u>    | <u>2,936,202</u>    |
| Total Net Position                                    | <u>12,794,966</u>   | <u>13,067,474</u>   |
| Total Liabilities, Deferred Inflows, and Net Position | <u>\$15,544,527</u> | <u>\$15,772,529</u> |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

Current assets increased due to employee attrition and capital assets decreased due to depreciation expense. Liabilities increased primarily due to GASB Statement No. 68 pension liability.

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

**Statement of Revenues, Expenses, and Changes in Net Position**

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

**Table 2 - Statement of Revenues, Expenses, and Changes in Net Position**

|  | <u>2015</u>                | <u>2014</u>                |
|--|----------------------------|----------------------------|
| Operating Revenue                                | \$7,842,496                | \$7,881,117                |
| Operating Expenses                               | 8,365,951                  | 8,719,719                  |
| Total Operating Loss                             | <u>(523,455)</u>           | <u>(838,602)</u>           |
| Non-Operating:                                   |                            |                            |
| Interest   | 7,942                      | 6,535                      |
| Interest Expense                                 | (18,221)                   | (30,986)                   |
| Capital Contributions and Gain on Sale of Assets | 261,226                    | 181,519                    |
| Total Non-Operating                              | <u>250,947</u>             | <u>157,068</u>             |
| Change in Net Position                           | (272,508)                  | (681,534)                  |
| Total Net Position - Beginning of Year, Restated | <u>13,067,474</u>          | N/A                        |
| <b>Total Net Position - End of Year</b>          | <b><u>\$12,794,966</u></b> | <b><u>\$13,067,474</u></b> |

Operating revenues decreased slightly. Operating expenses decreased due to the decrease in operating subsidy. The non-operating revenue increase reflects increased capital contributions.

**Housing Units Managed**

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

|                               | <u>2015</u>  | <u>2014</u>  |
|-------------------------------|--------------|--------------|
| Owned by Authority            | 674          | 674          |
| Units Under Vouchers          | 939          | 939          |
| Units Under Shelter Plus Care | <u>96</u>    | <u>96</u>    |
| Total Housing Units Managed   | <u>1,709</u> | <u>1,709</u> |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

**Capital Assets**

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

**Table 3 - Capital Assets**

|   | 2015                       |
|---|----------------------------|
| Land and Land Rights                        | \$ 1,160,622               |
| Buildings and Improvements                  | 34,404,864                 |
| Equipment                                   | 1,453,983                  |
| Accumulated Depreciation                    | <u>(27,086,460)</u>        |
| Total                                       | <u>\$ 9,933,009</u>        |
|   |                            |
| Capital Assets Activity:                    |                            |
| Capital Asset, Net at June 30, 2014         | \$10,453,366               |
| Depreciation Expense                        | (781,585)                  |
| Capital Assets Additions - Capital Funds    | 261,226                    |
| Rounding                                    | <u>2</u>                   |
| <b>Capital Assets, Net at June 30, 2015</b> | <b><u>\$ 9,933,009</u></b> |

**Changes in Net Position**

Total capital assets decreased from the previous year by \$520,357. The decrease is a net result of capital asset additions and depreciation expense for the year. The largest component of net position is *Net Investment in Capital Assets*. The following table shows how this amount is calculated for the fiscal years ended June 30, 2015 and 2014:

|                                  | 2015                | 2014                |
|----------------------------------|---------------------|---------------------|
| Total Capital Assets             | \$37,019,469        | \$36,773,960        |
| Less:                            |                     |                     |
| Capital Related Debt             | (440,880)           | (456,283)           |
| Accumulated Depreciation         | <u>(27,086,460)</u> | <u>(26,320,594)</u> |
| Net Investment in Capital Assets | <u>\$ 9,492,129</u> | <u>\$ 9,997,083</u> |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**  
**(Unaudited)**

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**Debt Administration**

Zanesville Metropolitan Housing Authority obtained a loan in the amount of \$843,000 on June 1, 2002. The proceeds were used for the Zanesville Carey Metro Childcare, Inc. building. During 2014, the Authority refinanced this loan, the refinanced amount was \$460,000 on March 18, 2014 and the new monthly installment of \$2,801.99, which began April 18, 2014.

Current Year Debt Activities are as follows:

|  |                          |
|--|--------------------------|
| Outstanding Principal Balance as of June 30, 2014        | \$ 456,283               |
| Less:  |                          |
| Principal Payments Made During the Year                  | <u>(15,403)</u>          |
| <b>Outstanding Principal Balance as of June 30, 2015</b> | <b><u>\$ 440,880</u></b> |

**Economic Factors**

The economic outlook for the Zanesville Metropolitan Housing Authority is uncertain at this time. According to the most current information available on changes pending at the U.S. Department of Housing and Urban Development, Public Housing will continue to offset the PHAs operating reserves. To determine an individual PHA's allocation adjustment, HUD identified the amount of reserves equivalent to four months. If a PHA's allocation adjustment exceeds the Operating Subsidy eligibility, the allocation adjustment is capped to 12 months of their eligibility. At this time there is no further inflationary adjustments forecasted. Locally, we are being impacted by negative employment factors such as stagnant job growth and a sluggish market.

**Request for Information**

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND TYPE**  
**JUNE 30, 2015**

**ASSETS**

**Current Assets**

|                                      |                         |
|--------------------------------------|-------------------------|
| Cash and Cash Equivalents            | \$ 3,618,877            |
| Restricted Cash and Cash Equivalents | 452,007                 |
| Investments                          | 941,673                 |
| Receivables, Net of Allowance        | 142,783                 |
| Inventory, Net of Allowance          | 169,836                 |
| Prepaid Expenses and Other Assets    | 122,757                 |
| <b>Total Current Assets</b>          | <b><u>5,447,933</u></b> |

**Capital Assets**

|                                 |                         |
|---------------------------------|-------------------------|
| Non-Depreciable Capital Assets  | 1,160,622               |
| Depreciable Capital Assets, Net | 8,772,387               |
| <b>Total Capital Assets</b>     | <b><u>9,933,009</u></b> |

**DEFERRED OUTFLOWS OF RESOURCES**

|         |                |
|---------|----------------|
| Pension | <u>163,585</u> |
|---------|----------------|

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** **\$ 15,544,527**

**LIABILITIES**

**Current Liabilities**

|                                  |                       |
|----------------------------------|-----------------------|
| Accounts Payable                 | \$ 27,013             |
| Accrued Liabilities              | 245,100               |
| Tenant Security Deposits         | 251,835               |
| Deferred Revenue                 | 4,746                 |
| Bonds, Notes, and Loans Payable  | 15,000                |
| <b>Total Current Liabilities</b> | <b><u>543,694</u></b> |

**Noncurrent Liabilities**

|   |                         |
|---|-------------------------|
| Accrued Compensated Absences - Noncurrent | 194,158                 |
| Noncurrent Liabilities - Other            | 92,208                  |
| Accrued Net Pension Liability             | 1,461,893               |
| Long-Term Debt - Notes Payable            | 425,880                 |
| <b>Total Noncurrent Liabilities</b>       | <b><u>2,174,139</u></b> |
| <b>Total Liabilities</b>                  | <b><u>2,717,833</u></b> |

**DEFERRED INFLOWS OF RESOURCES**

|         |               |
|---------|---------------|
| Pension | <u>31,728</u> |
|---------|---------------|

**NET POSITION**

|                                  |                          |
|----------------------------------|--------------------------|
| Net Investment in Capital Assets | 9,492,129                |
| Restricted Net Position          | 107,964                  |
| Unrestricted Net Position        | 3,194,873                |
| <b>Total Net Position</b>        | <b><u>12,794,966</u></b> |

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** **\$ 15,544,527**

See accompanying notes to the basic financial statements

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

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|  |                             |
|--|-----------------------------|
| <b><u>Operating Revenues</u></b>                 |                             |
| Government Grants                                | \$ 6,039,726                |
| Tenant Revenue                                   | 1,624,578                   |
| Other Revenue                                    | <u>178,192</u>              |
| <b>Total Operating Revenues</b>                  | <b><u>7,842,496</u></b>     |
| <br>   |                             |
| <b><u>Operating Expenses</u></b>                 |                             |
| Administrative                                   | 1,570,989                   |
| Tenant Services                                  | 87,257                      |
| Utilities  | 793,192                     |
| Maintenance                                      | 1,356,761                   |
| Insurance  | 151,016                     |
| General  | 274,541                     |
| Housing Assistance Payments                      | 3,350,610                   |
| Depreciation                                     | <u>781,585</u>              |
| <b>Total Operating Expenses</b>                  | <b><u>8,365,951</u></b>     |
| <br>   |                             |
| Operation Income (Loss)                          | <u>(523,455)</u>            |
| <br>   |                             |
| <b><u>Non-Operating Revenues (Expenses)</u></b>  |                             |
| Interest and Investment Revenue                  | 7,942                       |
| Interest Expense                                 | <u>(18,221)</u>             |
| <b>Total Non-Operating Revenues (Expenses)</b>   | <b><u>(10,279)</u></b>      |
| Income (Loss) Before Capital Grants              | <u>(533,734)</u>            |
| <br>   |                             |
| Capital Grants                                   | <u>261,226</u>              |
| Change in Net Position                           | <u>(272,508)</u>            |
| <br>   |                             |
| Total Net Position, Beginning of Year (Restated) | <u>13,067,474</u>           |
| <br>   |                             |
| <b>Net Position, End of Year</b>                 | <b><u>\$ 12,794,966</u></b> |

See accompanying notes to the basic financial statements.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|   |                            |
|---|----------------------------|
| <b><u>Cash Flows from Operating Activities</u></b>  |                            |
| Cash Received from HUD/Other Governments  | \$ 6,064,896               |
| Cash Received From Tenants  | 1,623,351                  |
| Cash Payments for Housing Assistance  | (3,350,610)                |
| Cash Payments for Administrative Expenses   | (4,337,182)                |
| Cash Received - Other   | <u>201,440</u>             |
| <b>Net Cash Provided by Operating Activities</b>  | <b><u>201,895</u></b>      |
| <br><b><u>Cash Flows from Capital and Related Financing Activities</u></b>                  |                            |
| Capital Grants Received   | 261,226                    |
| Acquisition of Capital Assets   | (261,226)                  |
| Principal Payment on Debt   | (15,403)                   |
| Interest Payments   | <u>(18,221)</u>            |
| <b>Net Cash (Used for) Capital and Other Related Financing Activities</b>                   | <b><u>(33,624)</u></b>     |
| <br><b><u>Cash Flows from Investing Activities</u></b>                                      |                            |
| Interest and Investment Income Received   | 7,942                      |
| Investment Purchases  | <u>(31,836)</u>            |
| <b>Net Cash Provided from Investing Activities</b>  | <b><u>(23,894)</u></b>     |
| <br>Net Increase (Decrease) in Cash and Cash Equivalents                                    | <br>144,377                |
| <br>Cash and Cash Equivalents, Beginning  | <br><u>3,926,507</u>       |
| <b>Cash and Cash Equivalents, Ending</b>  | <b><u>\$ 4,070,884</u></b> |
| <br><b><u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u></b> |                            |
| Net Operating Income (Loss)   | \$ (523,455)               |
| Adjustments to Reconcile Operating Loss to Net Cash   |                            |
| Provided by Operating Activities:   |                            |
| Depreciation  | 781,585                    |
| (Increase) Decrease in:   |                            |
| Accounts Receivable - HUD   | 45,560                     |
| Inventory, Net of Allowance   | 7,052                      |
| Prepaid Assets  | (5,169)                    |
| Deferred Outflows of Resources  | (163,585)                  |
| Increase (Decrease) in:   |                            |
| Accounts Payable  | 14,251                     |
| Accrued Expenses Payable  | (3,257)                    |
| Accrued Compensated Absences  | (11,757)                   |
| Deferred Revenue  | (1,376)                    |
| Tenant Security Deposits  | 1,633                      |
| Deferred Inflows of Resources   | 31,728                     |
| Accrued Pensions Liabilities  | 19,817                     |
| Noncurrent Liabilities Other (FSS Escrow Payable)   | <u>8,868</u>               |
| <b>Net Cash Used by Operating Activities</b>  | <b><u>\$ 201,895</u></b>   |

See accompanying notes to the basic financial statements.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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NOTE 1: **REPORTING ENTITY**

**Introduction**

The Zanesville Metropolitan Housing Authority (the Authority), was established for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives. Under the United States Housing Act of 1937, as amended, HUD is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

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

As required by GAAP, the basic financial statements of the reporting entity include those of the Authority and any component units. Component units are separate legal entities that: elected officials of a primary government are financially accountable for the entity or the nature and significance of the relationship between the entity and primary government are such that to exclude the entity from the financial reporting entity would render the basic financial statements misleading or incomplete. Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the operating entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria. A summary of each program administered by the Authority included in the financial statements is provided to assist the reader in interpreting the basic financial statements. These programs constitute all programs subsidized by HUD and operated by the Authority.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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NOTE 1: **REPORTING ENTITY** (Continued)

**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 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**

The Shelter Plus Care program is designed to link rental assistance to supportive services for hard to serve homeless persons with disabilities.

The Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contribution Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participant's rent at 30 percent of household income.

**E. Resident Opportunity and Supportive Services**

A grant funded by the Department of Housing and Urban Development that is intended to enable public housing residents to obtain self-sufficiency and economic independence and move from welfare to work.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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NOTE 1: **REPORTING ENTITY** (Continued)

**F. Business Activity**

The Business Activity Fund was set-up to separate the HUD funded program from non-HUD activities. This fund is mainly used to account for the rental income received from the daycare facility known as Careytown Day Care Center and the expenses of the maintenance and utilities of the building, and repayment of the construction loan.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

**Fund Accounting**

The Authority uses the propriety fund to report on its financial position and the results of its operations for its 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:

*This space intentionally left blank.*

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Proprietary Fund Types** (Continued)

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

**Measurement Focus/Basis of Accounting**

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents includes all cash balances and highly liquid investments such as CDs, with initial maturities of 3 months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

**Inventory**

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at cost and the Authority uses the first-in, first-out (FIFO) flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Investments**

The provisions of the HUD regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2015 totaled \$7,942.

**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 as follows:

|                                   |             |
|-----------------------------------|-------------|
| Buildings and Improvements        | 15-40 years |
| Furniture, Fixtures and Equipment | 3-10 years  |
| Vehicles                          | 5 years     |

Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

**Net Position**

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

**Income Taxes**

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

**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 contributions contract.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(CONTINUED)**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

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

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

| <u>Description</u>  | <u>Balance<br/>at 6/30/14</u> | <u>Increase</u>   | <u>Decrease</u>   | <u>Balance<br/>at 6/30/15</u> | <u>Due Within<br/>One Year</u> |
|---------------------|-------------------------------|-------------------|-------------------|-------------------------------|--------------------------------|
| Compensated Absence | <u>\$ 334,339</u>             | <u>\$ 202,040</u> | <u>\$ 210,949</u> | <u>\$ 322,642</u>             | <u>\$ 128,484</u>              |

**Budgets and Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. The Board of Commissioners adopts the budget through passage of budget resolution.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(CONTINUED)**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Pensions - Deferred Inflows/Outflows 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.

**NOTE 3: CHANGE IN ACCOUNTING PRINCIPAL 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*.

The objective of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, is to improve accounting and financial reporting by state and local governments for pensions. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by the Authority.

The objective of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement should be applied simultaneously with the provisions of Statement No. 68, and have been implemented by the Authority.

A net position restatement is required in order to implement GASB Statements No. 68 and 71 as follows:

|                                     |               |
|-------------------------------------|---------------|
| Net Position June 30, 2014          | \$ 14,509,550 |
| Adjustments:                        |               |
| Less: Net Pension Liability         | (1,442,076)   |
| Adjusted Net Position June 30, 2014 | \$ 13,067,474 |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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**NOTE 3: CHANGE IN ACCOUNTING PRINCIPAL AND RESTATEMENT OF NET POSITION (Continued)**

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

**NOTE 4: DEPOSIT AND INVESTMENTS**

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

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

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

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

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

Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of June 30, 2010, the Authority was not exposed to custodial risk as discussed below because all of the funds on deposit were covered by federal depository insurance or by collateral held by the Authority's agent. Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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NOTE 4: **DEPOSIT AND INVESTMENTS** (Continued)

At fiscal year end June 30, 2015, the carrying amount of the Authority's deposits totaled \$5,012,557 and its bank balance was \$5,128,970. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of June 30, 2015, \$3,911,974 was exposed to custodial risk as discussed below, while \$1,216,996 was covered by the Federal Depository Insurance Corporation.

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 percent of the carrying value of the deposits. 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 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 of 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.

*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 agreements specifically requires compliance with HUD requirement.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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NOTE 4: **DEPOSIT AND INVESTMENTS** (Continued)

*Concentration of Credit Risk* - The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

The Authority had no investments of June 30, 2015.

A reconciliation of cash and investments as shown on the Statement of Net Position at June 30, 2015 to the deposits and investments included in this note is as follows:

|                                |                    |
|--------------------------------|--------------------|
| Cash and Cash Equivalents      | \$3,618,877        |
| Cash - Restricted              | 452,007            |
| Investments - Unrestricted     | 941,673            |
| Total                          | <u>\$5,012,557</u> |
| Carrying Amount of Deposits    | \$5,012,557        |
| Carrying Amount of Investments | 0                  |
| Total                          | <u>\$5,012,557</u> |

NOTE 5: **TENANT ACCOUNT RECEIVABLES**

As of June 30, 2015, tenant account receivable was \$39,951, with an allowance for doubtful accounts of \$30,406.

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

*Net Pension Liability*

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

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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 Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

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

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

OPERS administers three retirement plans, as described below:

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member’s pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

Plan members were required to contribute 10 percent of their annual covered salary. The Authority was required to contribute 14 percent, a portion of which is set aside for funding post-retirement health care coverage. The Authority's contractually required contributions to OPERS for fiscal year 2015 was \$229,434 for the Traditional Plan. The full amount was contributed during the fiscal year.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

At June 30, 2015, the Authority reported a liability of \$1,461,893 for its proportionate share of the net pension liability. 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.

For the year ended June 30, 2015, the Authority recognized pension expense of \$103,810. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Traditional Plan</b> |
|--|-------------------------|
| <b>Deferred Outflows of Resources</b>                      |                         |
| Net Difference between Projected and Actual Earnings       | \$ 80,145               |
| Authority Contributions subsequent to the Measurement Date | 83,440                  |
| <b>Total Deferred Outflows/Inflows of Resources</b>        | <b>\$ 163,585</b>       |
| <br><b>Deferred Inflows of Resources</b>                   |                         |
| Differences between Expected and Actual Experience         | \$ 31,728               |
| <b>Total Deferred Inflows of Resources</b>                 | <b>\$ 31,728</b>        |

*This space was intentionally left blank.*

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

The \$83,440 reported as deferred outflows of resources resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related will be recognized in pension expense as follows:

| Fiscal Year Ending June 30: | Traditional Plan Net<br>Deferred Outflow of<br>Resources |
|-----------------------------|--|
| 2016                        | \$ 7,355   |
| 2017                        | 7,355  |
| 2018                        | 17,349   |
| 2019                        | 19,356   |
| 2020                        | (680)  |
| 2021-2024                   | (2,318)  |
| <b>Total</b>                | <b>\$ 48,417</b>   |

*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  |
| Price Inflation           | 3.00 percent  |
| Investment Rate of Return | 8.00 percent Net of Investments Expense,<br>Including Inflation |
| Actuarial Cost Method     | Entry Age Normal  |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

*Actuarial Assumptions* (Continued)

Special tables are used for the period after disability retirement and post-retirement mortality.

The long-term return expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

**Discount Rate** The total pension liability was calculated using the discount rate of 8 percent. The projection of cash flows used to determine the discount rate assumed the employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

*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 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 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

|   | 1% Decrease<br>(7.0%) | Discount Rate<br>(8.0%) | 1% Increase<br>(9.0%) |
|---|-----------------------|-------------------------|-----------------------|
| Authority's proportionate share<br>of the net pension liability (asset) | \$ 2,723,922          | \$ 1,461,893            | \$ 433,466            |

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

NOTE 7: **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 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.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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**NOTE 7: POST-EMPLOYMENT BENEFITS**

**A. Plan Description** (Continued)

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, by calling 614-222-5601 or 1-800-222-7377, or by using the OPERS website of [www.opers.org](http://www.opers.org).

**B. Funding Policy**

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

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

OPERS' Post-Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS 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 percent during fiscal year 2015.

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 June 30, 2015, 2014 and 2013, which were used to fund post-employment benefits, were \$32,776, \$25,423, and \$43,298, 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.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

**NOTE 8: CAPITAL ASSETS**

The following is a summary of changes in capital assets:

|  | Balance<br><u>June 30, 2014</u> | <u>Additions</u>    | <u>Deletions</u> | Balance<br><u>June 30, 2015</u> |
|--|---------------------------------|---------------------|------------------|---------------------------------|
| <b><u>Capital Assets Not Depreciated</u></b>   |                                 |                     |                  |                                 |
| Land   | \$ 1,160,622                    | \$ 0                | \$ 0             | \$ 1,160,622                    |
| <b>Total Capital Assets Not Depreciated</b>    | <u>1,160,622</u>                | <u>0</u>            | <u>0</u>         | <u>1,160,622</u>                |
| <b><u>Capital Assets Being Depreciated</u></b> |                                 |                     |                  |                                 |
| Buildings and Building Improvements            | 34,143,639                      | 261,225             | 0                | 34,404,864                      |
| Furniture, Equipment, and Machinery            | <u>1,469,699</u>                | <u>0</u>            | <u>(15,716)</u>  | <u>1,453,983</u>                |
| <b>Total Capital Assets Being Depreciated</b>  | <u>35,613,338</u>               | <u>261,225</u>      | <u>(15,716)</u>  | <u>35,858,847</u>               |
| <b><u>Accumulated Depreciation</u></b>         |                                 |                     |                  |                                 |
| Buildings and Improvements                     | (24,972,125)                    | (746,089)           | 0                | (25,718,214)                    |
| Furniture and Equipment                        | <u>(1,348,467)</u>              | <u>(35,495)</u>     | <u>15,716</u>    | <u>(1,368,246)</u>              |
| <b>Total Accumulated Depreciation</b>          | <u>(26,320,592)</u>             | <u>(781,584)</u>    | <u>15,716</u>    | <u>(27,086,460)</u>             |
| Depreciable Assets, Net                        | <u>9,292,746</u>                | <u>(520,359)</u>    | <u>0</u>         | <u>8,772,387</u>                |
| <b>Total Capital Assets, Net</b>               | <u>\$ 10,453,368</u>            | <u>\$ (520,359)</u> | <u>\$ 0</u>      | <u>\$ 9,933,009</u>             |

**NOTE 9: LONG-TERM DEBT**

**Loan Payable - Century National Bank**

The Authority has an outstanding note payable with Century National Bank of \$440,880, as of June 30, 2015. The original note was for \$843,000 dated June 1, 2002, to be used for construction of a daycare facility known as Careytown Day Care Center. The note was refinanced in year-end June 30, 2014, an interest rate of 4 percent fixed rate for five years with a variable rate thereafter. The loan is amortized over a 20 year period.

|  | Balance at<br><u>6/30/2014</u> | <u>Issued</u> | <u>Retired</u>   | Balance at<br><u>6/30/2015</u> | Due Within<br><u>One Year</u> |
|--|--------------------------------|---------------|------------------|--------------------------------|-------------------------------|
| <b><u>Long-Term Debt</u></b>               |                                |               |                  |                                |                               |
| Loan Payable                               | \$ 456,283                     | \$ 0          | \$ 15,403        | \$ 440,880                     | \$ 15,000                     |
| <b>Total Long-Term<br/>Debt Obligation</b> | <u>\$ 456,283</u>              | <u>\$ 0</u>   | <u>\$ 15,403</u> | <u>\$ 440,880</u>              | <u>\$ 15,000</u>              |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

**NOTE 9: LONG-TERM DEBT**

| Year Ended<br><u>June 30</u> | <u>Principal</u>         | <u>Interest</u>          | <u>Total</u>             |
|------------------------------|--------------------------|--------------------------|--------------------------|
| 2016                         | \$ 15,000                | \$ 18,624                | \$ 33,624                |
| 2017                         | 16,974                   | 16,650                   | 33,624                   |
| 2018                         | 17,666                   | 15,958                   | 33,624                   |
| 2019                         | 18,385                   | 15,239                   | 33,624                   |
| 2020                         | 19,135                   | 14,489                   | 33,624                   |
| 2021-2025                    | 108,019                  | 60,100                   | 168,119                  |
| 2026-2030                    | 131,891                  | 36,228                   | 168,119                  |
| 2031-2034                    | 113,810                  | 6,466                    | 120,276                  |
| <b>Totals</b>                | <b><u>\$ 440,880</u></b> | <b><u>\$ 183,754</u></b> | <b><u>\$ 624,634</u></b> |

**NOTE 10: ECONOMIC DEPENDANCY**

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.

**NOTE 11: RISK MANAGEMENT**

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

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

**NOTE 12: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD**

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(CONTINUED)**

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NOTE 13: **SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through December 1, 2015, the date on which the financial statements were available to be issued.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS (1)**

| <u>Traditional Plan</u>   | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|
| Authority's Proportion of the Net Pension Liability - Traditional   | 0.012276%   | 0.012276%   |
| Authority's Proportion of the Net Pension Liability - Combined  | 0.048646%   | 0.048646%   |
| Authority's Proportionate Share of the Net Pension Liability  | \$1,461,893 | \$1,442,076 |
| Authority's Covered-Employee Payroll  | \$1,675,837 | \$1,714,328 |
| Authority's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered Employee Payroll | 87.23%      | 84.12%      |
| Plan Fiduciary Net Position as a Percentage of the Total<br>Pension Liability                                   | 86.45%      | 86.36%      |

(1) Information prior to 2014 is not available.

Amounts presented as of the Authority's fiscal year end.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

|  | 2015       | 2014       | 2013       | 2012       | 2011       | 2010       | 2009       | 2008       | 2007       | 2006       |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually Required Contributions   | \$ 229,434 | \$ 237,281 | \$ 240,626 | \$ 251,350 | \$ 238,747 | \$ 261,551 | \$ 251,542 | \$ 237,609 | \$ 228,661 | \$ 234,765 |
| Contribution In Relation to the Contractually<br>Required Contributions                              | (229,434)  | (237,281)  | (240,626)  | (251,350)  | (238,747)  | (261,551)  | (251,542)  | (237,609)  | (228,661)  | (234,765)  |
| Contribution Deficiency/(Excess)   | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| Authority's Covered-Employee Payroll<br>Contributions as a Percentage<br>of Covered-Employee Payroll | 14.00%     | 14.00%     | 14.00%     | 14.00%     | 13.98%     | 14.00%     | 14.00%     | 13.93%     | 13.13%     | 13.62%     |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE BALANCE SHEET SUMMARY  
JUNE 30, 2015**

|   | Project Total     | 17.259<br>WIA<br>Youth<br>Activities | 14.870<br>Resident<br>Opportunity<br>and<br>Supportive<br>Services | 14.871<br>Housing<br>Choice<br>Vouchers | 14.238<br>Shelter<br>Plus Care | Business<br>Activities | COCC             | Subtotal          | ELJM           | Total             |
|---|-------------------|--------------------------------------|--|---|--------------------------------|------------------------|------------------|-------------------|----------------|-------------------|
| 111 Cash - Unrestricted   | 2,151,146         |                                      |  | 229,604                                 |                                | 426,799                | 811,328          | 3,618,877         |                | 3,618,877         |
| 113 Cash - Other Restricted   | 33,529            |                                      |  | 166,643                                 |                                |                        |                  | 200,172           |                | 200,172           |
| 114 Cash - Tenant Security Deposits                                   | 251,835           |                                      |  |   |                                |                        |                  | 251,835           |                | 251,835           |
| <b>100 Total Cash</b>   | <b>2,436,510</b>  | <b>-</b>                             | <b>-</b>   | <b>396,247</b>                          | <b>-</b>                       | <b>426,799</b>         | <b>811,328</b>   | <b>4,070,884</b>  | <b>-</b>       | <b>4,070,884</b>  |
| 122 Accounts Receivable - HUD Other Projects                          | 45,527            |                                      | 15,836   |   | 2,941                          |                        |                  | 64,304            |                | 64,304            |
| 125 Accounts Receivable - Miscellaneous                               |                   |                                      |  |   |                                | 68,934                 |                  | 68,934            |                | 68,934            |
| 126 Accounts Receivable - Tenants                                     | 5,379             |                                      |  |   |                                |                        |                  | 5,379             |                | 5,379             |
| 126.1 Allowance for Doubtful Accounts - Tenants                       | -1,500            |                                      |  |   |                                |                        |                  | -1,500            |                | -1,500            |
| 128 Fraud Recovery  |                   |                                      |  | 34,572                                  |                                |                        |                  | 34,572            |                | 34,572            |
| 128.1 Allowance for Doubtful Accounts - Fraud                         |                   |                                      |  | -28,906                                 |                                |                        |                  | -28,906           |                | -28,906           |
| <b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b> | <b>49,406</b>     | <b>-</b>                             | <b>15,836</b>  | <b>5,666</b>                            | <b>2,941</b>                   | <b>68,934</b>          | <b>-</b>         | <b>142,783</b>    | <b>-</b>       | <b>142,783</b>    |
| 131 Investments - Unrestricted  | 941,673           |                                      |  |   |                                |                        |                  | 941,673           |                | 941,673           |
| 142 Prepaid Expenses and Other Assets                                 | 44,981            |                                      |  | 2,088                                   |                                |                        | 75,688           | 122,757           |                | 122,757           |
| 143 Inventories   |                   |                                      |  |   |                                |                        | 188,736          | 188,736           |                | 188,736           |
| 143.1 Allowance for Obsolete Inventories                              |                   |                                      |  |   |                                |                        | -18,900          | -18,900           |                | -18,900           |
| 144 Inter Program Due From  |                   | 3,657                                |  | 2,941                                   |                                |                        | 46,156           | 52,754            | -52,754        | -                 |
| <b>150 Total Current Assets</b>                                       | <b>3,472,570</b>  | <b>3,657</b>                         | <b>15,836</b>  | <b>406,942</b>                          | <b>2,941</b>                   | <b>495,733</b>         | <b>1,103,008</b> | <b>5,500,687</b>  | <b>-52,754</b> | <b>5,447,933</b>  |
| 161 Land  | 1,140,622         |                                      |  |   |                                |                        | 20,000           | 1,160,622         |                | 1,160,622         |
| 162 Buildings   | 27,704,433        |                                      |  |   |                                |                        | 1,033,508        | 28,737,941        |                | 28,737,941        |
| 163 Furniture, Equipment & Machinery - Dwellings                      | 440,667           |                                      |  |   |                                | 26,601                 | 206,905          | 674,173           |                | 674,173           |
| 164 Furniture, Equipment & Machinery - Administration                 | 92,942            |                                      |  | 14,450                                  |                                |                        | 672,418          | 779,810           |                | 779,810           |
| 165 Leasehold Improvements  | 5,654,473         |                                      |  |   |                                |                        | 12,450           | 5,666,923         |                | 5,666,923         |
| 166 Accumulated Depreciation  | -25,713,261       |                                      |  | -14,450                                 |                                | -26,601                | -1,332,148       | -27,086,460       |                | -27,086,460       |
| <b>160 Total Capital Assets, Net of Accumulated Depreciation</b>      | <b>9,319,876</b>  | <b>-</b>                             | <b>-</b>   | <b>-</b>                                | <b>-</b>                       | <b>-</b>               | <b>613,133</b>   | <b>9,933,009</b>  | <b>-</b>       | <b>9,933,009</b>  |
| <b>180 Total Non-Current Assets</b>                                   | <b>9,319,876</b>  | <b>-</b>                             | <b>-</b>   | <b>-</b>                                | <b>-</b>                       | <b>-</b>               | <b>613,133</b>   | <b>9,933,009</b>  | <b>-</b>       | <b>9,933,009</b>  |
| 200 Deferred Outflow of Resources                                     | 49,607            |                                      |  | 11,220                                  |                                |                        | 102,758          | 163,585           |                | 163,585           |
| <b>290 Total Assets and Deferred Outflow of Resources</b>             | <b>12,842,053</b> | <b>3,657</b>                         | <b>15,836</b>  | <b>418,162</b>                          | <b>2,941</b>                   | <b>495,733</b>         | <b>1,818,899</b> | <b>15,597,281</b> | <b>-52,754</b> | <b>15,544,527</b> |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE BALANCE SHEET SUMMARY  
JUNE 30, 2015**

|  | Project Total     | 17.259<br>WIA<br>Youth<br>Activities | 14.870<br>Resident<br>Opportunity<br>and<br>Supportive<br>Services | 14.871<br>Housing<br>Choice<br>Vouchers | 14.238<br>Shelter<br>Plus Care | Business<br>Activities | COCC             | Subtotal          | ELIM           | Total             |
|--|-------------------|--------------------------------------|--|---|--------------------------------|------------------------|------------------|-------------------|----------------|-------------------|
| 312 Accounts Payable <= 90 Days  | 9,657             | 77                                   | 1,199  | 1,878                                   |                                | 6,167                  | 7,854            | 26,832            |                | 26,832            |
| 321 Accrued Wage/Payroll Taxes Payable   | 13,668            |                                      | 7,212  | 5,397                                   |                                |                        | 41,479           | 67,756            |                | 67,756            |
| 322 Accrued Compensated Absences - Current Portion                                 | 39,187            |                                      |  | 19,309                                  |                                |                        | 69,988           | 128,484           |                | 128,484           |
| 331 Accounts Payable - HUD PHA Programs  |                   |                                      |  | 181                                     |                                |                        |                  | 181               |                | 181               |
| 341 Tenant Security Deposits   | 251,835           |                                      |  |   |                                |                        |                  | 251,835           |                | 251,835           |
| 342 Unearned Revenue   | 1,166             | 3,580                                |  |   |                                |                        |                  | 4,746             |                | 4,746             |
| 343 Current Portion of Long-term Debt - Capital<br>Projects/Mortgage Revenue Bonds | 15,000            |                                      |  |   |                                |                        |                  | 15,000            |                | 15,000            |
| 346 Accrued Liabilities - Other  | 48,620            |                                      |  | 190                                     |                                |                        | 50               | 48,860            |                | 48,860            |
| 347 Inter Program - Due To   | 38,731            |                                      | 7,425  |   | 2,941                          |                        | 3,657            | 52,754            | -52,754        | -                 |
| <b>310 Total Current Liabilities</b>   | <b>417,864</b>    | <b>3,657</b>                         | <b>15,836</b>  | <b>26,955</b>                           | <b>2,941</b>                   | <b>6,167</b>           | <b>123,028</b>   | <b>596,448</b>    | <b>-52,754</b> | <b>543,694</b>    |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage<br>Revenue          | 425,880           |                                      |  |   |                                |                        |                  | 425,880           |                | 425,880           |
| 353 Non-current Liabilities - Other  | 3,859             |                                      |  | 88,349                                  |                                |                        |                  | 92,208            |                | 92,208            |
| 354 Accrued Compensated Absences - Non Current                                     | 35,899            |                                      |  | 39,230                                  |                                |                        | 119,029          | 194,158           |                | 194,158           |
| 357 Accrued Pension and OPEB Liabilities   | 409,330           |                                      |  | 204,665                                 |                                |                        | 847,898          | 1,461,893         |                | 1,461,893         |
| <b>350 Total Non-Current Liabilities</b>   | <b>874,968</b>    | <b>-</b>                             | <b>-</b>   | <b>332,244</b>                          | <b>-</b>                       | <b>-</b>               | <b>966,927</b>   | <b>2,174,139</b>  | <b>-</b>       | <b>2,174,139</b>  |
| <b>300 Total Liabilities</b>   | <b>1,292,832</b>  | <b>3,657</b>                         | <b>15,836</b>  | <b>359,199</b>                          | <b>2,941</b>                   | <b>6,167</b>           | <b>1,089,955</b> | <b>2,770,587</b>  | <b>-52,754</b> | <b>2,717,833</b>  |
| 400 Deferred Inflow of Resources   | 8,884             |                                      |  | 4,443                                   |                                |                        | 18,401           | 31,728            |                | 31,728            |
| 508.4 Net Investment in Capital Assets   | 8,878,996         |                                      |  |   |                                |                        | 613,133          | 9,492,129         |                | 9,492,129         |
| 511.4 Restricted Net Position  | 29,670            |                                      |  | 78,294                                  |                                |                        |                  | 107,964           |                | 107,964           |
| 512.4 Unrestricted Net Position  | 2,631,671         |                                      |  | -23,774                                 |                                | 489,566                | 97,410           | 3,194,873         |                | 3,194,873         |
| <b>513 Total Equity - Net Assets / Position</b>                                    | <b>11,540,337</b> | <b>-</b>                             | <b>-</b>   | <b>54,520</b>                           | <b>-</b>                       | <b>489,566</b>         | <b>710,543</b>   | <b>12,794,966</b> | <b>-</b>       | <b>12,794,966</b> |
| <b>600 Total Liabilities, Deferred Inflow of Resources, and Equity -<br/>Net</b>   | <b>12,842,053</b> | <b>3,657</b>                         | <b>15,836</b>  | <b>418,162</b>                          | <b>2,941</b>                   | <b>495,733</b>         | <b>1,818,899</b> | <b>15,597,281</b> | <b>-52,754</b> | <b>15,544,527</b> |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|  | Project Total    | 17,259<br>WIA<br>Youth<br>Activities | 14,870<br>Resident<br>Opportunity<br>and<br>Supportive<br>Services | 14,871<br>Housing<br>Choice<br>Vouchers | 14,238<br>Shelter<br>Plus Care | Business<br>Activities | COCC             | Subtotal         | ELIM              | Total            |
|--|------------------|--------------------------------------|--|---|--------------------------------|------------------------|------------------|------------------|-------------------|------------------|
| 70300 Net Tenant Rental Revenue                        | 1,593,233        |                                      |  |   |                                |                        |                  | 1,593,233        |                   | 1,593,233        |
| 70400 Tenant Revenue - Other                           | 31,345           |                                      |  |   |                                |                        |                  | 31,345           |                   | 31,345           |
| <b>70500 Total Tenant Revenue</b>                      | <b>1,624,578</b> | -                                    | -  | -                                       | -                              | -                      | -                | <b>1,624,578</b> | -                 | <b>1,624,578</b> |
| 70600 HUD PHA Operating Grants                         | 2,038,953        |                                      | 209,875  | 3,705,150                               | 34,790                         |                        |                  | 5,988,768        |                   | 5,988,768        |
| 70610 Capital Grants                                   | 261,226          |                                      |  |   |                                |                        |                  | 261,226          |                   | 261,226          |
| 70710 Management Fee                                   | -                |                                      |  |   |                                |                        | 618,818          | 618,818          | -618,818          | -                |
| 70730 Book Keeping Fee                                 | -                |                                      |  |   |                                |                        | 131,789          | 131,789          | -131,789          | -                |
| 70740 Front Line Service Fee                           | -                |                                      |  |   |                                |                        | 1,091,881        | 1,091,881        | -1,091,881        | -                |
| <b>70700 Total Fee Revenue</b>                         | <b>-</b>         | <b>-</b>                             | <b>-</b>   | <b>-</b>                                | <b>-</b>                       | <b>-</b>               | <b>1,842,488</b> | <b>1,842,488</b> | <b>-1,842,488</b> | <b>-</b>         |
| 70800 Other Government Grants                          | -                | 50,958                               |  |   |                                |                        |                  | 50,958           |                   | 50,958           |
| 71100 Investment Income - Unrestricted                 | 6,916            |                                      |  | 1,026                                   |                                |                        |                  | 7,942            |                   | 7,942            |
| 71400 Fraud Recovery                                   | -                |                                      |  | 50,202                                  |                                |                        |                  | 50,202           |                   | 50,202           |
| 71500 Other Revenue                                    | 33,830           |                                      |  | 22,068                                  |                                |                        | 7,392            | 127,990          |                   | 127,990          |
| <b>70000 Total Revenue</b>                             | <b>3,965,503</b> | <b>50,958</b>                        | <b>209,875</b>   | <b>3,778,446</b>                        | <b>34,790</b>                  | <b>64,700</b>          | <b>1,849,880</b> | <b>9,954,152</b> | <b>-1,842,488</b> | <b>8,111,664</b> |
| 91100 Administrative Salaries                          | 320,923          | 20,920                               | 128,684  | 112,021                                 |                                |                        | 261,372          | 843,920          |                   | 843,920          |
| 91200 Auditing Fees                                    | 5,865            |                                      |  | 8,798                                   |                                |                        |                  | 14,663           |                   | 14,663           |
| 91300 Management Fee                                   | 501,518          |                                      |  | 117,300                                 |                                |                        |                  | 618,818          | -618,818          | -                |
| 91310 Book-keeping Fee                                 | 58,477           |                                      |  | 73,312                                  |                                |                        |                  | 131,789          | -131,789          | -                |
| 91500 Employee Benefit contributions - Administrative  | 173,399          | 21,174                               | 66,446   | 86,420                                  |                                |                        | 162,078          | 509,517          |                   | 509,517          |
| 91600 Office Expenses                                  | 62,435           |                                      |  | 29,378                                  |                                |                        | 12,611           | 104,424          |                   | 104,424          |
| 91700 Legal Expense                                    | 2,875            |                                      |  |   |                                |                        | 507              | 3,382            |                   | 3,382            |
| 91800 Travel   | 8,420            |                                      |  | 3,379                                   |                                |                        | 17,000           | 28,799           |                   | 28,799           |
| 91900 Other  | 13,970           | 4,275                                |  | 10,090                                  |                                |                        | 7,529            | 66,284           |                   | 66,284           |
| <b>91000 Total Operating - Administrative</b>          | <b>1,147,882</b> | <b>46,369</b>                        | <b>195,130</b>   | <b>440,698</b>                          | <b>-</b>                       | <b>30,420</b>          | <b>461,097</b>   | <b>2,321,596</b> | <b>-750,607</b>   | <b>1,570,989</b> |
| 92100 Tenant Services - Salaries                       | -                |                                      |  | 59,144                                  |                                |                        |                  | 59,144           |                   | 59,144           |
| 92300 Employee Benefit Contributions - Tenant Services | -                |                                      |  | 19,169                                  |                                |                        |                  | 19,169           |                   | 19,169           |
| 92400 Tenant Services - Other                          | 7,059            |                                      |  |   | 380                            | 1,505                  |                  | 8,944            |                   | 8,944            |
| <b>92500 Total Tenant Services</b>                     | <b>7,059</b>     | <b>-</b>                             | <b>-</b>   | <b>78,313</b>                           | <b>380</b>                     | <b>1,505</b>           | <b>-</b>         | <b>87,257</b>    | <b>-</b>          | <b>87,257</b>    |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|  | Project Total    | 17.259<br>WIA<br>Youth<br>Activities | 14.870<br>Resident<br>Opportunity<br>and<br>Supportive<br>Services | 14.871<br>Housing<br>Choice<br>Vouchers | 14.238<br>Shelter<br>Plus Care | Business<br>Activities | COCC             | Subtotal         | ELIM              | Total            |
|--|------------------|--------------------------------------|--|---|--------------------------------|------------------------|------------------|------------------|-------------------|------------------|
| 93100 Water  | 65,170           | -                                    | -  | 468                                     | -                              | -                      | 579              | 66,217           |                   | 66,217           |
| 93200 Electricity  | 307,353          | -                                    | -  | 1,904                                   | -                              | -                      | 8,889            | 318,146          |                   | 318,146          |
| 93300 Gas  | 192,561          | -                                    | -  | 302                                     | -                              | -                      | 10,546           | 203,409          |                   | 203,409          |
| 93600 Sewer  | 202,138          | -                                    | -  | 1,661                                   | -                              | -                      | 1,621            | 205,420          |                   | 205,420          |
| <b>93000 Total Utilities</b>                                     | <b>767,222</b>   | <b>-</b>                             | <b>-</b>   | <b>4,335</b>                            | <b>-</b>                       | <b>-</b>               | <b>21,635</b>    | <b>793,192</b>   | <b>-</b>          | <b>793,192</b>   |
| 94100 Ordinary Maintenance and Operations - Labor                | -                | -                                    | -  | -                                       | -                              | -                      | 580,274          | 580,274          |                   | 580,274          |
| 94200 Ordinary Maintenance and Operations - Materials and Other  | 103,589          | -                                    | -  | 2,404                                   | -                              | -                      | 240,582          | 346,575          |                   | 346,575          |
| 94300 Ordinary Maintenance and Operations Contracts              | 1,152,927        | -                                    | 4,505  | 15,191                                  | -                              | -                      | 23,047           | 1,195,670        | -1,091,881        | 103,789          |
| 94500 Employee Benefit Contributions - Ordinary Maintenance      | -                | -                                    | -  | -                                       | -                              | -                      | 326,123          | 326,123          |                   | 326,123          |
| <b>94000 Total Maintenance</b>                                   | <b>1,256,516</b> | <b>-</b>                             | <b>4,505</b>   | <b>17,595</b>                           | <b>-</b>                       | <b>-</b>               | <b>1,170,026</b> | <b>2,448,642</b> | <b>-1,091,881</b> | <b>1,356,761</b> |
| 96110 Property Insurance   | 72,550           | -                                    | -  | -                                       | -                              | -                      | 5,312            | 77,862           |                   | 77,862           |
| 96120 Liability Insurance  | 44,407           | -                                    | -  | 15,250                                  | -                              | -                      | 672              | 60,329           |                   | 60,329           |
| 96130 Workmen's Compensation                                     | 5,580            | -                                    | -  | 2,038                                   | -                              | -                      | 1,342            | 8,960            |                   | 8,960            |
| 96140 All Other Insurance  | 1,846            | -                                    | -  | 811                                     | -                              | -                      | 1,208            | 3,865            |                   | 3,865            |
| <b>96100 Total insurance Premiums</b>                            | <b>124,383</b>   | <b>-</b>                             | <b>-</b>   | <b>18,099</b>                           | <b>-</b>                       | <b>-</b>               | <b>8,534</b>     | <b>151,016</b>   | <b>-</b>          | <b>151,016</b>   |
| 96200 Other General Expenses                                     | 2,366            | -                                    | -  | 342                                     | -                              | -                      | 3,859            | 20,338           |                   | 20,338           |
| 96210 Compensated Absences                                       | 45,197           | 4,589                                | 10,240   | 23,038                                  | -                              | -                      | 119,825          | 202,889          |                   | 202,889          |
| 96400 Bad debt - Tenant Rents                                    | 12,548           | -                                    | -  | -                                       | -                              | -                      | -                | 12,548           |                   | 12,548           |
| 96600 Bad debt - Other   | -                | -                                    | -  | 38,766                                  | -                              | -                      | -                | 38,766           |                   | 38,766           |
| <b>96000 Total Other General Expenses</b>                        | <b>60,111</b>    | <b>4,589</b>                         | <b>10,240</b>  | <b>62,146</b>                           | <b>-</b>                       | <b>-</b>               | <b>123,684</b>   | <b>274,541</b>   | <b>-</b>          | <b>274,541</b>   |
| 96710 Interest of Mortgage (or Bonds) Payable                    | 18,221           | -                                    | -  | -                                       | -                              | -                      | -                | 18,221           |                   | 18,221           |
| <b>96700 Total Interest Expense and Amortization Cost</b>        | <b>18,221</b>    | <b>-</b>                             | <b>-</b>   | <b>-</b>                                | <b>-</b>                       | <b>-</b>               | <b>-</b>         | <b>18,221</b>    | <b>-</b>          | <b>18,221</b>    |
| <b>96900 Total Operating Expenses</b>                            | <b>3,381,394</b> | <b>50,958</b>                        | <b>209,875</b>   | <b>621,186</b>                          | <b>380</b>                     | <b>45,696</b>          | <b>1,784,976</b> | <b>6,094,465</b> | <b>-1,842,488</b> | <b>4,251,977</b> |
| <b>97000 Excess of Operating Revenue over Operating Expenses</b> | <b>584,109</b>   | <b>-</b>                             | <b>-</b>   | <b>3,157,260</b>                        | <b>34,410</b>                  | <b>19,004</b>          | <b>64,904</b>    | <b>3,859,687</b> | <b>-</b>          | <b>3,859,687</b> |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

|   | Project Total    | 17.259<br>WIA<br>Youth<br>Activities | 14.870<br>Resident<br>Opportunity<br>and<br>Supportive<br>Services | 14.871<br>Housing<br>Choice<br>Vouchers | 14.238<br>Shelter<br>Plus Care | Business<br>Activities | COCC             | Subtotal          | ELIM              | Total            |
|---|------------------|--------------------------------------|--|---|--------------------------------|------------------------|------------------|-------------------|-------------------|------------------|
| 97300 Housing Assistance Payments   | -                | -                                    | -  | 3,316,200                               | 34,410                         | -                      | -                | 3,350,610         |                   | 3,350,610        |
| 97400 Depreciation Expense  | 745,718          | -                                    | -  | -                                       | -                              | -                      | 35,867           | 781,585           |                   | 781,585          |
| <b>90000 Total Expenses</b>   | <b>4,127,112</b> | <b>50,958</b>                        | <b>209,875</b>   | <b>3,937,386</b>                        | <b>34,790</b>                  | <b>45,696</b>          | <b>1,820,843</b> | <b>10,226,660</b> | <b>-1,842,488</b> | <b>8,384,172</b> |
| 10010 Operating Transfer In   | 127,658          |                                      |  |   |                                |                        |                  | 127,658           | -127,658          | -                |
| 10020 Operating transfer Out  | -127,658         |                                      |  |   |                                |                        |                  | -127,658          | 127,658           | -                |
| <b>10100 Total Other financing Sources (Uses)</b>                             | <b>-</b>         | <b>-</b>                             | <b>-</b>   | <b>-</b>                                | <b>-</b>                       | <b>-</b>               | <b>-</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>         |
| <b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b> | <b>-161,609</b>  | <b>-</b>                             | <b>-</b>   | <b>-158,940</b>                         | <b>-</b>                       | <b>19,004</b>          | <b>29,037</b>    | <b>-272,508</b>   | <b>-</b>          | <b>-272,508</b>  |
| 11020 Required Annual Debt Principal Payments                                 | 15,000           | -                                    | -  | -                                       | -                              | -                      | -                | 15,000            |                   | 15,000           |
| 11030 Beginning Equity  | 12,105,728       | -                                    | -  | 415,351                                 | -                              | 470,562                | 1,517,909        | 14,509,550        |                   | 14,509,550       |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors     | -403,782         | -                                    | -  | -201,891                                | -                              | -                      | -836,403         | -1,442,076        |                   | -1,442,076       |
| 11170 Administrative Fee Equity   | -                | -                                    | -  | -23,774                                 | -                              | -                      | -                | -23,774           |                   | -23,774          |
| 11180 Housing Assistance Payments Equity                                      | -                | -                                    | -  | 78,294                                  | -                              | -                      | -                | 78,294            |                   | 78,294           |
| 11190 Unit Months Available   | 8,088            | -                                    | -  | 11,268                                  | -                              | -                      | -                | 19,356            |                   | 19,356           |
| 11210 Number of Unit Months Leased  | 7,773            | -                                    | -  | 9,775                                   | -                              | -                      | -                | 17,548            |                   | 17,548           |

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <b>Federal Grantor/<br/>Pass Through Grantor/<br/>Program Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Funds<br/>Expended</b> |
|---|------------------------------------|---------------------------|
| <b><u>U.S. Department of Housing and Urban Development</u></b>      |                                    |                           |
| <u>Direct Programs</u>  |                                    |                           |
| Public and Indian Housing Operating Subsidy                         | 14.850                             | \$ 1,687,167              |
| Resident Opportunity and Support Services                           | 14.870                             | 209,875                   |
| Section 8 Housing Choice Voucher                                    | 14.871                             | 3,705,150                 |
| Public Housing Capital Fund   | 14.872                             | 613,012                   |
| Shelter Plus Care   | 14.238                             | <u>34,790</u>             |
| <b>Total U.S. Department of Housing and Urban Development</b>       |                                    | <u>6,249,994</u>          |
| <b><u>U.S. Department of Labor</u></b>                              |                                    |                           |
| WIA Youth Activities  | 17.259                             | <u>50,958</u>             |
| <b>Total Department of Labor</b>                                    |                                    | <u>50,958</u>             |
| <b>TOTAL ALL PROGRAMS</b>   |                                    | <u>\$ 6,300,952</u>       |

This schedule is prepared on the accrual basis of accounting.

**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125

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Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Zanesville Metropolitan Housing Authority  
Zanesville, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Zanesville Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 1, 2015, wherein we noted that during the year ended June 30, 2015, the Authority adopted Governmental Accounting Standards Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and restated its net position at June 30, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Zanesville Metropolitan Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Zanesville Metropolitan Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka, CPA, President

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G.  
Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@ibcglobal.net, c=US  
Date: 2015.02.10 13:04:05 -05'00'

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

December 1, 2015

**JAMES G. ZUPKA, C.P.A., INC.**  
*Certified Public Accountants*  
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*Garfield Hts., Ohio 44125*

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

Board of Directors  
Zanesville Metropolitan Housing Authority  
Zanesville, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on Compliance for Each Major Federal Program**

We have audited the Zanesville Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2015. The Authority's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

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

## ***Opinion on Each Major Federal Program***

In our opinion, the Zanesville Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## **Report on Internal Control Over Compliance**

Management of the Zanesville Metropolitan Housing Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, 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 control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James G. Zupka,  
CPA, President

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G. Zupka, CPA, Inc.,  
ou=Accounting, email=jguzupka@globalnet.com  
Date: 20150210 13:04:24 -0500

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

December 1, 2015

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 & .505  
JUNE 30, 2015**

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**1. SUMMARY OF AUDITOR'S RESULTS**

|            |  |   |
|------------|--|---|
| 2015(i)    | Type of Financial Statement Opinion  | Unmodified                                  |
| 2015(ii)   | Were there any material control weaknesses reported at the financial statement level (GAGAS)?                  | No  |
| 2015(ii)   | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No  |
| 2015(iii)  | Was there any reported material noncompliance at the financial statement level (GAGAS)?                        | No  |
| 2015(iv)   | Were there any material internal control weaknesses reported for major federal programs?                       | No  |
| 2015(iv)   | Were there any significant deficiencies in internal control reported for major federal programs?               | No  |
| 2015(v)    | Type of Major Programs' Compliance Opinion   | Unmodified                                  |
| 2015(vi)   | Are there any reportable findings under .510(a)?   | No  |
| 2015(vii)  | Major Programs (list):<br><br>Low Rent Public Housing - CFDA# 14.850<br>Capital Fund Program - CFDA# 14.872    |   |
| 2015(viii) | Dollar Threshold: Type A\B Programs  | Type A: > \$300,000<br>Type B: > all others |
| 2015(ix)   | Low Risk Auditee?  | Yes   |

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY  
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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# Dave Yost • Auditor of State

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY**

**MUSKINGUM 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  
FEBRUARY 23, 2016**