

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569



Certified Public Accountants, A.C.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
Single Audit
For the Year Ended June 30, 2015**

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...“bringing more to the table”

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

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Commissioners
Medina Metropolitan Housing Authority
850 Walter Road
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of the Medina Metropolitan Housing Authority, Medina County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Medina Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 11, 2016

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
FOR THE YEAR ENDED JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

December 30, 2015

Medina Metropolitan Housing Authority
Medina County
850 Walter Road
Medina, Ohio 44256

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Medina Metropolitan Housing Authority**, Medina County, Ohio (the 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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- Association of Certified Anti - Money Laundering Specialists •

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Financial Data Schedules presented on pages 40-43 presents additional analysis as required by the United States Department of Housing and Urban Development and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards also presents additional analysis as required by the 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 financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2015
UNAUDITED**

Medina Metropolitan Housing Authority’s (“the Authority”) Management’s Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position, and (d) identify individual fund issues or concerns.

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

Financial Highlights

- The Authority’s Net Position decreased by \$117,216 during the fiscal year 2015. Net Position was \$6,890,046 and \$7,007,262 for 2015 and 2014 respectively.
- Revenues decreased by \$81,186 during fiscal year 2015, and were \$5,762,653 and \$5,843,839 for 2015 and 2014 respectively.
- The total expenses of the Authority’s programs increased by \$25,099. Total expenses were \$5,879,869 and \$5,854,770 for 2015 and 2014 respectively.

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.

USING THIS REPORT

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A),” “Basic Financial Statements,” and “Other Required Supplementary Information”. The primary focus of the Authority’s financial statement is on the Authority as a whole (Authority-wide).

Authority-Wide Financial Statements

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

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

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

MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
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Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted Net Position: This component of Net Position consists of unrestricted assets that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

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

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

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

THE AUTHORITY'S PROGRAMS

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

Capital Fund Program – The Capital Fund Program is the primary funding source for physical and management improvements to the Authority's Public Housing property. Separate ACC's are executed for this annual allotment of funding. Modernization affected under these grants include renovated apartments, improved energy efficiencies, and updated common spaces at the Authority – owned Public Housing property.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property for use by eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) 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 contracts that set the families' rent at 30% of household income.

Shelter Plus Care Program – The Shelter Plus Care program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Business Activities – This represents non-HUD resources developed from a variety of activities. These include:

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Leases – The Authority leases residential property from two different entities: the Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC). The housing units are then sublet to eligible households consistent with the Authority's mission. The fee income and operating expenses for those services are noted in the Statement of Revenue, Expenses, and Changes in Net Positions.

Service Contracts – The Authority provides property management services for three properties owned by the Medina County ADAMH Board. The properties provide housing to persons with severe mental illness. The Authority also administers a program for the ADAMH Board that provides affordable housing services for persons with low to moderate income that have been diagnosed with severe mental illness.

The Authority also provided management services to a 70-unit residential apartment complex owned by Menwa, Inc. The purpose of this apartment complex is to provide housing for seniors with head of household 62 years of age or older.

In addition to the Authority has an agreement with Battered Women's Shelter to provided maintenance services.

The fee income and operating expenses for those services are noted in the Statement of Revenue, Expenses, and Changes in Net Positions.

Grants

The Authority administers one state grants and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis. The fee income and operating expenses for services are noted in the Statement of Revenue, Expenses, and Changes in Net Positions.

Interest Income

The Authority manages its surplus cash in compliance with HUD and State guidelines. The Authority generates interest income from the investment of surplus cash. Interest income is also derived from allowable forms of investment, including loans to affiliated organizations, which furthers the development of housing. The loans are secured by notes and mortgages.

Other Rental Units

Wadsworth Villas - The Authority constructed a new five unit, non-subsidized housing development in fiscal year 2011 named Wadsworth Villas. These units are designated for persons with sensory and/or mobility impairments. The units were constructed using Authority funds (lent to the development) and a loan from the Ohio Housing Finance Agency.

Board of Developmental Disabilities – In fiscal year 2014, the Authority concluded a grant/loan agreement with the Medina County Board of Developmental Disabilities (MCBODD) which enabled the Authority to acquire an additional wheelchair accessible, single family home. The home is rented to MCBODD eligible clients who also meet the low to moderate income levels. The Authority retains all rights to terminate leases should situations warrant such action. Financing for the acquisition of this home included a grant, secured with a lien to MCBODD governing the use of the home, from MCBODD as well as some Authority funds. The Authority funds are being paid back from operating proceeds.

MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
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New GASB 68 Reporting

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

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

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

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

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

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

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

As a result of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$7,666,305 to \$7,007,262.

AUTHORITY-WIDE STATEMENTS

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

Table 1 - Condensed Statement of Net Position Compared to Prior Year

	<u>2015</u>	Restated* <u>2014</u>
Current and Other Assets	\$ 5,905,333	\$ 6,180,323
Capital Assets	2,691,133	2,533,745
Deferred Outflows	<u>51,152</u>	<u>58,459</u>
Total Assets	<u>\$ 8,647,618</u>	<u>\$ 8,772,527</u>
Current Liabilities	\$ 339,117	\$ 342,657
Long-Term Liabilities	1,407,771	1,408,942
Deferred Inflows	<u>10,684</u>	<u>13,666</u>
Total Liabilities	<u>1,757,572</u>	<u>1,765,265</u>
Net Position:		
Net Investment in Capital Assets	2,224,392	2,051,930
Restricted Net Position	837,670	1,031,944
Unrestricted Net Position	<u>3,827,984</u>	<u>3,923,388</u>
Total Net Position	<u>6,890,046</u>	<u>7,007,262</u>
Total Liabilities and Net Position	<u>\$ 8,647,618</u>	<u>\$ 8,772,527</u>

*Restated See Note 2

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
UNAUDITED**

Major Factors Affecting the Statement of Net Position

Total assets decreased \$124,909 from 2014 to 2015. The decrease in asset was due mainly to results of current year activities.

Total liabilities decrease by \$7,693 due to the retirement of current year principal debt.

Capital assets net of accumulated depreciation increased by \$157,388. The change is due to the excess of the new acquisitions less depreciation expense for the fiscal year.

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

Table 2 - Change in Net Position

	<u>Unrestricted N/A</u>	<u>Net Inv in C/A</u>	<u>Restr N/A</u>
Beginning Net Position - Restated	\$ 3,923,388	\$ 2,051,930	\$ 1,031,944
Results from Operation	77,058	0	(194,274)
Adjustment:			
Current Year Depreciation Expense	190,849	(190,849)	0
Current Year Capital Expenditures	(348,237)	348,237	0
Net Change in Debt Balance	(15,074)	15,074	0
Ending Net Position	<u>\$ 3,827,984</u>	<u>\$ 2,224,392</u>	<u>\$ 837,670</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Net Position provides a clearer change in financial well-being.

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Position compared to prior year.

MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
UNAUDITED

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

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,850,309	\$ 1,840,863
Operating Subsidies Grants	3,484,713	3,388,308
Capital Grants	17,644	91,034
Investment Income	100,169	91,173
Gain on sale of capital assets	12,750	4,914
Other Revenue	297,068	427,547
Total Revenues	<u>5,762,653</u>	<u>5,843,839</u>
<u>Expenses</u>		
Administrative	1,223,083	1,222,964
Tenant Services	3,153	1,770
Utilities	282,321	275,891
Maintenance	570,903	567,180
General Expenses	809,616	768,862
Housing Assistance Payments	2,791,654	2,829,418
Interest expense	8,290	7,958
Depreciation	190,849	180,727
Total Expenses	<u>5,879,869</u>	<u>5,854,770</u>
Net Increases (Decreases)	\$ <u>(117,216)</u>	\$ <u>(10,931)</u>

Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Position

Total revenue decreased by \$81,186 in comparison with last year. The decrease was mainly due to the developer fee earned from the OHFA funded project Southwick Manor Apartments in fiscal year 2014.

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 statement of revenues, expenses and changes in net position still include pension expense of \$44,793 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$26,565. Consequently, in order to compare 2015 total expenses to 2014, the following adjustments are needed:

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
UNAUDITED**

**Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Position
(Continued)**

Total 2015 expenses under GASB 68	\$ 5,879,869
Pension expense under GASB 68	(26,565)
2015 contractually required contribution	104,799
Adjusted 2015 expenses	<u>5,958,103</u>
Total 2014 expenses under GASB 27	<u>5,854,770</u>
Decrease in expenses not related to pension	<u><u>\$ 103,333</u></u>

Total expenses increased \$25,099. This increase in expenses is mainly due to the recording of pension expense in relation to GASB 68 implementation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$2,691,133 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions and depreciation) of \$157,388 from the end of last year.

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2015</u>	<u>2014</u>
Land	\$ 262,076	\$ 262,076
Building & Improvements	4,790,559	4,442,099
Equipment	1,095,568	1,108,456
Construction in Progress	22	30,736
Accumulated Depreciation	<u>(3,457,092)</u>	<u>(3,309,622)</u>
Total	<u><u>\$ 2,691,133</u></u>	<u><u>\$ 2,533,745</u></u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the table above.

Table 5 - Change in Capital Assets

Beginning Balance	\$ 2,533,745
Current year purchases	348,237
Less Depreciation Expense	<u>(190,849)</u>
Ending Balance	<u><u>\$ 2,691,133</u></u>

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015
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Table 5 - Change in Capital Assets - Cont'd

Current year purchases are summarized as follows:

- Elevator Modernization at Wadsworth Tower	\$	168,568
- Units Renovation		160,929
- Building Improvements		5,832
- Drainage Improvement		6,530
- Phone System		6,378
Total Current Additions	\$	348,237

Debt Outstanding

The following is a summary of the change in outstanding debt:

**Table 6 - Condensed Statement of Changes
In Debt Outstanding**

	<u>2015</u>		<u>2014</u>
Beginning Balance	\$ 720,179	\$	651,252
Current year debt issued	-		80,000
Current year debt retired	(15,074)		(11,073)
Rounding Adjustment	-		-
Ending Balance	\$ 705,105	\$	720,179

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program
- Inflationary pressure on utility rates, supplies and other costs
- Decreased rates of return on investments which affect investment income

FINANCIAL CONTACT

The individual to be contacted regarding this report is Skip Sipos, Executive Director of the Medina Metropolitan Housing Authority. Specific requests may be submitted to Mr. Sipos' attention at 850 Walter Road; Medina, Ohio 44256-1515 or skip@mmha.org. His telephone number is 330-725-7531.

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Funds
June 30, 2015

ASSETS

Current assets

Cash and cash equivalents	\$657,222
Restricted cash and cash equivalents	964,013
Receivables, net	97,165
Prepaid expenses and other assets	87,670
Total current assets	<u>1,806,070</u>

Noncurrent assets

Capital assets:	
Land	262,076
Building and equipment	5,886,127
Construction in Progress	22
Less accumulated depreciation	<u>(3,457,092)</u>
Capital assets, net	2,691,133
Other noncurrent assets	<u>4,099,263</u>
Total noncurrent assets	<u>6,790,396</u>
Total assets	<u>8,596,466</u>
Deferred outflows of resources	<u>51,152</u>
Total assets and deferred outflows of resources	<u><u>\$8,647,618</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$35,950
Accrued liabilities	117,897
Intergovernmental payables	19,843
Tenant security deposits	126,343
Unearned revenue	5,909
Current Portion of Long-term Debt	15,073
Other current liabilities	18,102
Total current liabilities	<u>339,117</u>

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

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2015

Noncurrent liabilities	
Loan Liability - noncurrent	690,032
Net Pension Liability	717,739
Total noncurrent liabilities	<u>1,407,771</u>
Total liabilities	<u>1,746,888</u>
Deferred inflows of resources	10,684
 Net Position	
Net Investment in Capital Assets	\$2,224,392
Restricted Net Position	837,670
Unrestricted Net Position	3,827,984
Total Net Position	<u><u>\$6,890,046</u></u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$8,647,618</u></u>

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

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

OPERATING REVENUES

Tenant Revenue	\$1,850,309
Government operating grants	3,484,713
Other revenue	297,068
Total operating revenues	<u>5,632,090</u>

OPERATING EXPENSES

Administrative	1,223,083
Tenant services	3,153
Utilities	282,321
Maintenance	570,903
General	809,616
Housing assistance payment	2,791,654
Depreciation	190,849
Total operating expenses	<u>5,871,579</u>
Operating income (loss)	<u>(239,489)</u>

NON-OPERATING REVENUES (EXPENSES)

Interest and investment revenue	100,169
Gain on sale of capital assets	12,750
Interest Expense	(8,290)
Total nonoperating revenues (expenses)	<u>104,629</u>
Income (loss) before contributions and transfers	(134,860)

Capital grants	17,644
Change in Net Position	(117,216)
Total Net Position - beginning restated - See Note 2	7,007,262
Total Net Position - ending	<u>\$6,890,046</u>

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

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$3,481,073
Tenant revenue received	1,841,873
Other revenue received	286,221
General and administrative expenses paid	(2,852,252)
Housing assistance payments	<u>(2,791,654)</u>
Net cash provided (used) by operating activities	<u>(34,739)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment revenue	100,169
Increase of Notes receivable from BHDC	<u>(48,000)</u>
Net cash provided (used) by investing activities	<u>52,169</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grant funds received	17,644
Proceeds from sale of assets	12,750
Principal Debt Retired	(15,074)
Payment of interest expense	(8,290)
Property and equipment purchased	<u>(348,237)</u>
Net cash provided (used) by capital and related financing activities	<u>(341,207)</u>
Net increase (decrease) in cash	(323,777)
Cash and cash equivalents - Beginning of year	<u>1,945,012</u>
Cash and cash equivalents - End of year	<u>\$1,621,235</u>

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

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

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$239,489)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	190,849
(Increases) Decreases in:	
- Accounts Receivables	7,382
- Prepaid Assets	(8,169)
- Deferred Outflows	7,307
Increases (Decreases) in:	
- Accounts Payable	(15,886)
- Intergovernmental Payable	(416)
- Accrued Liabilities Payable	(9,453)
- Unearned Revenue	343
- Tenant Security Deposits	3,770
- Other current liabilities	18,102
- Deferred Inflows	(2,982)
- Pension liability	13,903
	<hr/>
Net cash provided by operating activities	<u><u>(\$34,739)</u></u>

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

The Medina Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) and other outside entities to provide safe and sanitary housing for people in low to moderate income brackets.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, in that the statements include all organizations, activities, functions and component units for which the Authority (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the Authority's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the Authority. There were no potential component units that met the criteria imposed by GASB Statement No. 61 to be included in the Authority's reporting entity.

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 Medina 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 for the Public Housing program, including modernization.

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 Program

The Shelter Plus Care program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

E. State and Local Grants

The Authority administers a state grant and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis.

F. Business Activity

The Business Activity Program was set-up to separate the HUD funded programs with non-HUD activities. This program is used to account for the financial activities for the various properties and programs managed by the Authority that are separate from annual contribution contracts with HUD.

Fund Accounting/Financial Reporting Entity

The Authority's basic financial statements consist of a Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows. It uses the proprietary 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:

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

Measurement Focus/Basis of Accounting

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for 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 a budget resolution.

Accounting and Reporting for Non-exchange Transactions

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

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal period.

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 statement of Net Positions date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

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.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three 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.

Restricted Cash and Investments

Restricted cash and investments represent money required by the lease agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation to be kept in separate restricted bank accounts that can only be used for specific purposes:

Reserves for Replacements - Money set aside each month to cover the cost for property repairs and replacements.

Operating Reserve - The Operating Reserve is primarily for the purpose of covering any deficiencies the other various reserve accounts suffer. If no deficiencies exist, the balance in the operating reserve fund may be used for any purpose with the agreement of both parties to the lease.

Taxes and Insurance Fund - Funds set aside to cover the cost of taxes and insurance.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

Property and Equipment

Property and equipment is stated at cost. Renewals and betterments are capitalized. 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 \$2,500 or more per unit. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and building improvements	40 years
Furniture, equipment and machinery	5 years
Leasehold improvements	20 years

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable includes amounts due from tenants, amounts identified for fraud recovery, accrued interest on certificates of deposits, and other revenue sources. Management considers all accounts receivable (excluding tenant accounts receivable) to be collected in full. At June 30, 2015, allowance for doubtful accounts in tenant accounts receivable was \$36,921.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Actual results could vary from those estimates.

Net Position

Net Position represents the difference between assets and liabilities. Net Position – 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. The amount reported as restricted Net Position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts required by the leased agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation that can only be used for specific purposes. When an expense is incurred for purposes which both restricted and unrestricted Net Position is available, the Authority first applies restricted Net Position.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

Income Taxes

No provision for income taxes is recorded as the Authority is a political subdivision of that state of Ohio and is exempt from all income taxes.

Operating Revenues and Expenses

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

Capital Contributions

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

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

For fiscal year 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions – 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.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of these pronouncements had the following effect on net position as reported June 30, 2014:

Net Position – June 30, 2014	\$7,666,305
Adjustments:	
- Net Pension Liability	(703,836)
- Deferred Outflows – Payments Subsequent to measurement date	<u>44,793</u>
Restated Net Position – June 30, 2014	<u><u>\$7,007,262</u></u>

NOTE 3 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 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 of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

At fiscal year end June 30, 2015, the carrying balance was \$1,621,235 and the bank balance was \$1,692,675. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of June 30, 2015, \$1,422,457 was exposed to custodial risk as discussed below, while \$270,218 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% 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 of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

NOTE 4 – RELATED PARTY TRANSACTIONS

**Brunswick Housing Development Corporation
Wadsworth Housing Development Corporation**

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC) are both non-profit corporations under the internal revenue service ruling 501(c) (3). Both entities operate autonomously and each is governed by its own separate Board of Directors (independent of the MMHA). WHDC owns Wadsworth Tower, a federally-assisted, elderly housing complex located in Wadsworth, Ohio. The BHDC owns Southwick Place, Jefferson Place, New Manhattan Place, and Home Place. Southwick Place, Jefferson Place, and New Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Home Place is a group of scattered-site rental single family units located in Medina County.

Medina Metropolitan Housing Authority has entered into a lease agreement with both non-profit corporations to manage the operation of the apartment complexes for which in return the Authority receives all revenues associated with the operation of the projects and is responsible for all expenses related thereto. The non-profit corporations retain ownership to the properties and are responsible for the debt associated with the buildings. The repayment of the debt is made by Medina Metropolitan Housing Authority from the rental revenue collected during the fiscal year. The current year activities of these apartment complexes have been reported in the financial statements of Medina Metropolitan Housing Authority as Business Activities.

Medina Metropolitan Housing Authority has several loans outstanding with Brunswick Housing Development Corporation. The details of these loans are listed in footnote 6, below.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 – RELATED PARTY TRANSACTIONS (CONTINUED)

Southwick Manor 2013, LLC

Medina Metropolitan Housing Authority has formed a wholly owned for-profit subsidiary Southwick Manor 2013, LLC (SM 2013), an Ohio limited liability company. SM2013 is fifty one percent of one tenth of one percent (.051%) owner of Southwick Manor Apartments, LLC. and its managing member. Southwick Manor Apartments, LLC was formed to develop, construct, own and operate a 54 unit senior residential community restricted to heads of household aged 55 and older in Brunswick, Ohio to be known as Southwick Manor. The project was completed on October 2015. Medina Metropolitan Housing Authority has entered into a management agreement with Southwick Manor Apartments, LLC to manage the operation of the apartment complexes for which in return the Authority receives a management fee of 5% of all income.

NOTE 5 – INSURANCE COVERAGE

As of June 30, 2015, the Authority had general liability insurance limits of \$2,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of \$2,000,000 per loss and in the aggregate; vehicle liability coverage of \$2,000,000; and real and personal property coverage of \$250,000,000 per occurrence. Insurance settlements have not exceeded available coverage limits during each of the years ended June 30, 2015, 2014, and 2013.

NOTE 6 – NOTES RECEIVABLE – RELATED ENTITIES

Notes receivable – related entities consists of the following as of June 30, 2015:

Brunswick Housing Development Corporation (BHDC):

Mortgage note receivable from Brunswick Housing Development Corporation with interest at 4% per annum, to be received by the Authority as the income and cash flow of BHDC permits, with the entire remaining outstanding balance payable to the Authority; secured by an open end Mortgage on Southwick Place property. Interest accrued on this note is \$300,000 which is included in the balance outstanding. \$2,300,000

Mortgage note receivable Brunswick Housing Development Corporation for \$564,730 with interest at 2% per annum; interest only monthly payments in the amount of \$941.22 is due with a balloon payment for the principle on February 2020; secured by New Manhattan Place property. 564,730

Mortgage note receivable Brunswick Housing Development Corporation with interest at 4% per annum; payable in monthly installment of \$1,118.12 through February 2024 secured by Jefferson Place Apartments. 335,437

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 – NOTES RECEIVABLE – RELATED ENTITIES (CONTINUED)

Mortgage note receivable Southwick Manor Apartments, LLC with interest at 2% per annum on the unpaid balance; In fiscal year 2014, the Authority entered into an open-end mortgage of \$400,000 with Southwick Manor Apartments, LLC for the Southwick Manor property. Interest accrued on this note as of June 30, 2015 is \$9,096 which is included in the balance outstanding.	409,096
Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$233 through February 2024; secured by the Home Place scattered-site rental single family properties.	140,000
Mortgage note receivable from Brunswick Housing Development Corporation with interest at 4% per annum; payable in interest only payments of \$1,167 per month beginning on January 1, 2010 and ending on December 1, 2019 and secured by the Home Place scattered-site rental single family properties.	<u>350,000</u>
Total Notes Receivable	<u>\$4,099,263</u>

NOTE 7 – DEFINED BENEFIT PENSION PLAN

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

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

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Plan Description - Public Employees Retirement System (PERS)

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

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

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

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the employer contribution rate was 14.0 percent during FY 2015. The contribution rates are determined actuarially. The Authority’s contractual required contribution for the year ended June 30, 2015 was \$104,799. All required contributions have been paid.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Proportion Share of Net Pension Liability	\$717,739
Proportion of Net Pension Liability	.00598%
Pension Expense	\$26,565

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

	<u>Traditional</u>	<u>Combined</u>
Deferred Outflows of Resources		
Difference between expected and actual experience	\$38,471	\$200
Authority contributions subsequent to the measurement date	10,618	1,863
	<hr/>	<hr/>
Total Deferred Outflows of Resources	\$49,089	\$2,063
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$9,903	\$781
	<hr/> <hr/>	<hr/> <hr/>

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Fiscal Year Ending June 30:	<u>Traditional</u>	<u>Combined</u>
2016	\$3,775	(\$69)
2017	3,775	(69)
2018	8,643	(69)
2019	12,375	(69)
2020	-	(118)
Thereafter	-	(187)
Total	<u>\$28,568</u>	<u>(\$581)</u>

Actuarial Assumptions – PERS

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

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

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

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

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7 – 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 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	\$1,326,902	\$721,014	\$211,154
- Combined Plan	\$425	(\$3,275)	(\$6,209)

NOTE 8 – POSTEMPLOYMENT BENEFITS

A. Plan Description

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

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

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014-2015, 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 Retirement Board 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 contribution allocated to the health care plan was 2.0 percent during calendar 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended June 30, 2015, 2014 and 2013, which were used to fund post-employment benefits, were \$17,416, \$13,125 and \$32,169, respectively.

Changes to the health care plan were adopted by OPERS Board of Trustees on September 19, 2012, with 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% of the employer contribution toward the health care fund after the end of the transition period.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - CAPITAL ASSETS

The following is a summary of the capital assets activities during the fiscal year:

	Balance		Adjust/	Balance
	6/30/2014	Increases	Decreases	6/30/2015
Capital Assets Not Depreciated:				
Land	\$ 262,076	\$ -	\$ -	\$ 262,076
Construction in Progress	30,736	22	(30,736)	22
Total Capital Assets Not Depreciated:	292,812	22	(30,736)	262,098
Capital Assets Depreciated:				
Building	4,128,584	6,530	-	4,135,114
Furniture, Mach & Equip	1,108,456	33,636	(43,379)	1,098,713
Leasehold Improvement	313,515	308,049	30,736	652,300
Total Capital Assets Depreciated:	5,550,555	348,215	(12,643)	5,886,127
	Balance		Adjust/	Balance
	6/30/2014	Increases	Decreases	6/30/2015
Accumulated Depreciation:				
Building	(2,328,617)	(79,100)	-	(2,407,717)
Furniture, Mach & Equip	(848,290)	(100,414)	43,379	(905,325)
Leasehold Improvement	(132,715)	(11,335)	-	(144,050)
Total Accumulated Depreciation	(3,309,622)	(190,849)	43,379	(3,457,092)
Total Assets Depreciated, Net	2,240,933	157,366	30,736	2,429,035
Total Capital Assets, Net	\$ 2,533,745	\$ 157,388	\$ -	\$ 2,691,133

NOTE 10 – COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of June 30, 2015, the liability for compensated absences totaled \$63,028 and has been included in the accompanying Statement of Net Position. The Authority considers all compensated absences payable as due within one year.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 – LONG-TERM DEBT

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

	Balance 06/30/14	Additions	Adjusted Deletion	Balance 06/30/15	Due Within One Year
Promissory Note – WHDC	\$238,364	\$0	\$0	\$238,364	\$0
Promissory Note – MCBDD	100,648	0	9,740	90,908	9,740
Promissory Note – MCBDD	78,667	0	5,334	73,333	5,333
Promissory Note – OHFA	302,500	0	0	302,500	0
Total Promissory Notes	<u>\$720,179</u>	<u>\$0</u>	<u>\$15,074</u>	<u>\$705,105</u>	<u>\$15,073</u>
Compensated Leave Liability	<u>\$49,275</u>	<u>\$47,866</u>	<u>\$34,113</u>	<u>\$63,028</u>	<u>\$63,028</u>
Net Pension Liability	<u>\$703,836</u>	<u>\$13,903</u>	<u>\$0</u>	<u>\$717,739</u>	<u>\$0</u>

On December 8, 2009, the Authority entered into a no interest promissory note with the Medina County Board of Developmental Disabilities (MCBODD) in the amount of \$146,102 to purchase the property located in Chippewa Lake, Ohio (known as Honey Shade). The note is forgiven over 180 month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2015 is \$90,908.

On May 13, 2014, the Authority entered into a no interest promissory note with the Medina County Board of Development and Disability (MCBODD) in the amount of \$80,000 to purchase the Coal Ridge property in Wadsworth. The note is forgiven over 180 month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2015 is \$73,333.

Below is the amortization of the promissory note schedule:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2016	\$15,073	\$0
2017	15,073	0
2018	15,073	0
2019	15,073	0
2020	15,073	0
2021-2025	75,365	0
2026-2030	13,511	0
Total	<u>\$164,241</u>	<u>\$0</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 11 – LONG-TERM DEBT (CONTINUED)

The Authority issued a no interest promissory note in the amount of \$238,364 dated October 31, 2008 to Wadsworth Housing Development Corporation (WHDC). The funds are due in a balloon payment on October 31, 2038. There is no repayment schedule. Therefore, no amortization schedule is presented.

On July 9, 2010, the Authority entered into a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of \$302,500 to build housing units located in Wadsworth, Ohio for mobility and sensory impaired persons (known as Wadsworth Villas). The note accrues interest at a rate of two percent per annum. The note shall become due upon specific events as detailed in the agreement, of which, as of June 30, 2015, none of these events have occurred or are anticipated to occur. Therefore, no amortization schedules are provided.

NOTE 12 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

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

NOTE 13 - NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The accompanying Schedule of expenditure of Federal Awards is a summary of the activity of the Authority's federal awards programs. The schedule has been prepared on an accrual basis of accounting.

NOTE 14 - SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through December 30, 2015, the date on which the financial statements were available to be issued.

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

	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.00598%	0.00598%
Authority's Proportionate share of the Net Pension Liability	\$717,739	\$703,836
Authority's Covered Employee Payroll	\$876,302	\$873,604
Authority's Proportionate Share of the Net Pension Liability As a percentage of its covered employee payroll	81.91%	80.57%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Traditional Plan)	86.45%	86.36%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Combined Plan)	114.83%	104.56%

(1) Information prior to 2014 is not available

Amounts presented are as of the Authority's measurement date, which is December 31 of the previous year.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually Required Contribution	\$104,799	\$109,180	\$80,424	\$85,687	\$79,299	\$69,540	\$59,124	\$55,291	\$67,165	\$65,997
Contributions in Relation to the Contractually Required Contribution	\$104,799	\$109,180	\$80,424	\$85,687	\$79,299	\$69,540	\$59,124	\$55,291	\$67,165	\$65,997
Authority's Covered-Employee Payroll	\$873,325	\$873,440	\$699,948	\$856,870	\$862,884	\$794,743	\$762,890	\$744,159	\$723,761	\$686,040
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%	7.43%	9.28%	9.62%

Medina Metropolitan Housing Authority
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2015

FEDERAL GRANTOR / GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Programs:		
Shelter Plus Care	14.238	\$326,209
Low Rent Public Housing	14.850	135,133
Housing Choice Voucher	14.871	2,722,621
Capital Fund Program	14.872	<u>134,061</u>
Total Expenditure of Federal Awards		<u><u>\$3,318,024</u></u>

MEDINA METROPOLITAN HOUSING
 AUTHORITY
 MEDINA, OH
 Financial Data Schedule
 Fiscal Year End 06/30/2015

	Northview Manor	Northview Manor Capital Fund	Project Total	14,871 Housing Choice Vouchers	Total State/Local	Total Business Activities	14,238 Shelter Plus Care	Subtotal	ELIM	Total
111 Cash - Unrestricted	131,822		131,822	32,886	0	492,512		657,222		657,222
113 Cash - Other Restricted			0	39,258	0	798,412		837,670		837,670
114 Cash - Tenant Security Deposits	25,737		25,737		0	100,606		126,343		126,343
100 Total Cash	157,559	0	157,559	72,146	0	1,391,530	0	1,621,238	0	1,621,238
122 Accounts Receivable - HUD Other Projects			0	7,774	0	0		7,774		7,774
124 Accounts Receivable - Other Government			0		10,639	1,951		12,590		12,590
125 Accounts Receivable - Miscellaneous			0		0	46,987		46,987		46,987
126 Accounts Receivable - Tenants	8,376		8,376		0	58,359		66,735		66,735
126.1 Allowance for Doubtful Accounts - Tenants	(4,188)		(4,188)		0	(32,733)		(36,921)		(36,921)
128 Fraud Recovery			0	21,317	0	0		21,317		21,317
128.1 Allowance for Doubtful Accounts - Fraud			0	(21,317)	0	0		(21,317)		(21,317)
129 Accrued Interest Receivable			0		0	0		0		0
120 Total Receivables, Net of Allowances for Doubtful Accounts	4,188	0	4,188	7,774	10,639	74,564	0	97,165	0	97,165
142 Prepaid Expenses and Other Assets	4,683		4,683	542	0	82,445		87,670		87,670
150 Total Current Assets	166,430	0	166,430	80,462	10,639	1,548,539	0	1,806,070	0	1,806,070
161 Land	151,675		151,675		0	110,401		262,076		262,076
162 Buildings	2,603,764		2,603,764		0	1,531,350		4,135,114		4,135,114
163 Furniture, Equipment & Machinery - Dwellings	371,255		371,255		0	17,688		388,943		388,943
164 Furniture, Equipment & Machinery - Administration	231,058		231,058	35,615	0	439,952		706,625		706,625
165 Leasehold Improvements			132,501		0	522,684		655,185		655,185
166 Accumulated Depreciation	(2,516,103)		(2,516,103)	(34,893)	0	(906,096)		(3,457,092)		(3,457,092)
167 Construction in Progress			0		0	22		22		22
160 Total Capital Assets, Net of Accumulated Depreciation	974,150	0	974,150	722	0	1,716,261	0	2,691,133	0	2,691,133
171 Notes, Loans and Mortgages Receivable - Non- Current			0		0	4,099,263		4,099,263		4,099,263
180 Total Non-Current Assets	974,150	0	974,150	722	0	5,815,524	0	6,790,396	0	6,790,396
Deferred Outflows	0	0	0	0	0	51,152	0	51,152	0	51,152
190 Total Assets	1,140,580	0	1,140,580	81,184	10,639	7,415,215	0	8,647,618	0	8,647,618
312 Accounts Payable <= 90 Days	7,953		7,953	1,239	0	26,643		35,835		35,835
313 Accounts Payable >90 Days Past Due			0	115	0	0		115		115
321 Accrued Wage/Payroll Taxes Payable	9,734		9,734	10,714	0	34,421		54,869		54,869
322 Accrued Compensated Absences - Current Portion	6,456		6,456	9,406	0	47,166		63,028		63,028
325 Accrued Interest Payable			0		0	0		0		0
333 Accounts Payable - Other Government	18,626		18,626		0	1,217		19,843		19,843
341 Tenant Security Deposits	25,737		25,737		0	100,606		126,343		126,343
342 Deferred Revenues	992		992		0	4,917		5,909		5,909
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			0		0	15,073		15,073		15,073
345 Other Current Liabilities			0		10,639	7,463		18,102		18,102
310 Total Current Liabilities	69,498	0	69,498	21,474	10,639	237,506	0	339,117	0	339,117
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			0		0	451,668		451,668		451,668
355 Loan Liability - Non Current			0		0	238,364		238,364		238,364
357 Accrued Pension and OPEB Liabilities			0		0	717,739		717,739		717,739
350 Total Non-Current Liabilities	0	0	0	0	0	1,407,771	0	1,407,771	0	1,407,771
Deferred Inflows	0	0	0	0	0	10,684	0	10,684	0	10,684

MEDINA METROPOLITAN HOUSING
 AUTHORITY
 MEDINA, OH
 Financial Data Schedule
 Fiscal Year End 06/30/2015

	Northview Manor	Northview Manor Capital Fund	Project Total	14.871 Housing Choice Vouchers	Total State/Local	Total Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
300 Total Liabilities	69,498	0	69,498	21,474	10,639	1,655,961	0	1,757,572	0	1,757,572
508.1 Invested In Capital Assets, Net of Related Debt	974,150	0	974,150	722	0	1,249,520	0	2,224,392	0	2,224,392
511.1 Restricted Net Assets	0	0	0	39,258	0	798,412	0	837,670	0	837,670
512.1 Unrestricted Net Assets	96,932	0	96,932	19,730	0	3,711,322	0	3,827,984	0	3,827,984
513 Total Equity/Net Assets	1,071,082	0	1,071,082	59,710	0	5,759,254	0	6,890,046	0	6,890,046
600 Total Liabilities and Equity/Net Assets	1,140,580	0	1,140,580	81,184	10,639	7,415,215	0	8,647,618	0	8,647,618

MEDINA METROPOLITAN HOUSING AUTHORITY MEDINA, OH										
Financial Data Schedule										
Fiscal Year End 06/30/2015										
	Northview Manor	Northview Manor Capital Fund	Project Total	14.871 Housing Choice Vouchers	Total State/Local	1 Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	269,270		269,270			1,572,979		1,842,249		1,842,249
70400 Tenant Revenue - Other	8,060		8,060			0		8,060		8,060
70500 Total Tenant Revenue	277,330	0	277,330	0	0	1,572,979	0	1,850,309	0	1,850,309
70600 HUD PHA Operating Grants	135,133	116,417	251,550	2,722,621		0	323,115	3,297,286		3,297,286
70610 Capital Grants		17,644	17,644			0		17,644		17,644
70700 Total Fee Revenue	135,133	134,061	269,194	2,722,621	0	0	323,115	3,314,930	0	3,314,930
70800 Other Government Grants			0		53,467	133,960		187,427		187,427
71100 Investment Income - Unrestricted	15		15	60		0	10,292	10,367		10,367
71200 Mortgage Interest Income			0			89,802		89,802		89,802
71400 Fraud Recovery			0	7,820		0		7,820		7,820
71500 Other Revenue	6,023		6,023	3,672	16	279,537		289,248		289,248
71600 Gain or Loss on Sale of Capital Assets			0			12,750		12,750		12,750
70000 Total Revenue	418,501	134,061	552,562	2,734,173	53,483	2,099,320	323,115	5,762,653	0	5,762,653
91100 Administrative Salaries	111,051		111,051	169,265		346,371		626,687		626,687
91200 Auditing Fees	1,980		1,980	1,980		16,780		20,740		20,740
91400 Advertising and Marketing	39		39	76		692		807		807
91500 Employee Benefit contributions - Administrative	47,309		47,309	67,829		188,416		303,554		303,554
91600 Office Expenses	2,637		2,637	15,931		19,443		38,011		38,011
91700 Legal Expense	569		569	7,869		20,719		29,157		29,157
91800 Travel	1,932		1,932	4,849		12,832		19,613		19,613
91900 Other	18,505		18,505	78,878	155	65,379	21,597	184,514		184,514
91000 Total Operating - Administrative	184,022	0	184,022	346,677	155	670,632	21,597	1,223,083	0	1,223,083
92200 Relocation Costs			0	2,000		0		2,000		2,000
92400 Tenant Services - Other	1,153		1,153			0		1,153		1,153
92500 Total Tenant Services	1,153	0	1,153	2,000	0	0	0	3,153	0	3,153
93100 Water	7,600		7,600			49,742		57,342		57,342
93200 Electricity	53,601		53,601			76,611		130,212		130,212
93300 Gas	22,027		22,027			24,792		46,819		46,819
93600 Sewer	7,841		7,841			40,107		47,948		47,948
93000 Total Utilities	91,069	0	91,069	0	0	191,252	0	282,321	0	282,321
94100 Ordinary Maintenance and Operations - Labor	62,832		62,832			170,750		233,582		233,582
94200 Ordinary Maintenance and Operations - Materials and Other	23,785		23,785			62,658		86,443		86,443
94300 Ordinary Maintenance and Operations Contracts	40,291		40,291			161,265		201,556		201,556
94500 Employee Benefit Contributions - Ordinary Maintenance	17,807		17,807			31,515		49,322		49,322
94000 Total Maintenance	144,715	0	144,715	0	0	426,188	0	570,903	0	570,903
96110 Property Insurance	7,194		7,194	682		33,265		41,144		41,144
96120 Liability Insurance	3,996		3,996	626		16,621		21,243		21,243
96130 Workmen's Compensation	903		903	5,633		2,138		8,674		8,674
96100 Total Insurance Premiums	12,093	0	12,093	6,941	0	52,027	0	71,061	0	71,061

MEDINA METROPOLITAN HOUSING AUTHORITY MEDINA, OH										
Financial Data Schedule										
Fiscal Year End 06/30/2015										
	Northview Manor	Northview Manor Capital Fund	Project Total	14.871 Housing Choice Vouchers	Total State/Local	1 Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
96200 Other General Expenses			0		53,327	631,553		684,880		684,880
96210 Compensated Absences	(3,713)		(3,713)	(1,546)	0	19,011		13,752		13,752
96300 Payments in Lieu of Taxes	18,626		18,626		0	3,336		21,962		21,962
96400 Bad debt - Tenant Rents	387		387	15,269	0	2,305		17,961		17,961
96000 Total Other General Expenses	15,300	0	15,300	13,723	53,327	656,205	0	738,555	0	738,555
96720 Interest on Notes Payable (Short and Long Term)			0		0	8,290		8,290		8,290
96700 Total Interest Expense and Amortization Cost	0	0	0	0	0	8,290	0	8,290	0	8,290
96900 Total Operating Expenses	448,352	0	448,352	369,341	53,482	2,004,594	21,597	2,897,366	0	2,897,366
97000 Excess of Operating Revenue over Operating Expenses	(29,851)	134,061	104,210	2,364,832	1	94,726	301,518	2,865,287	0	2,865,287
97300 Housing Assistance Payments			0	2,487,074	0	0	304,580	2,791,654		2,791,654
97400 Depreciation Expense	106,516		106,516	1,249	0	83,084		190,849		190,849
90000 Total Expenses	554,868	0	554,868	2,857,664	53,482	2,087,678	326,177	5,879,869	0	5,879,869
10010 Operating Transfer In	116,417		116,417		0	0		116,417	(116,417)	0
10020 Operating transfer Out		(116,417)	(116,417)		0	0		(116,417)	116,417	0
10100 Total Other financing Sources (Uses)	116,417	(116,417)	0	0	0	0	0	0	0	0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(19,950)	17,644	(2,306)	(123,491)	1	11,642	(3,062)	(117,216)	0	(117,216)
11030 Beginning Equity	1,073,388		1,073,388	183,201	(1)	6,406,650	3,062	7,666,300		7,666,300
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	17,644	(17,644)	0	0	0	(659,038)		(659,038)		(659,038)
Ending Equity	1,071,082	0	1,071,082	59,710	0	5,759,254	0	6,890,046	0	6,890,046
11020 Required Annual Debt Principal Payments	0		0	0	0	15,073	0	15,073		15,073
11170 Administrative Fee Equity			0	53,452	0	0		53,452		53,452
11180 Housing Assistance Payments Equity			0	6,258	0	0		6,258		6,258
11190 Unit Months Available	996		996	6,360	132	2,596	668	10,752		10,752
11210 Number of Unit Months Leased	989		989	5,879	132	2,544	668	10,212		10,212
11650 Leasehold Improvements Purchases	17,644		17,644		0	0		17,644		17,644



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

December 30, 2015

Medina Metropolitan Housing Authority
Medina County
850 Walter Avenue
Medina, Ohio 44256

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Medina Metropolitan Housing Authority**, Medina County, (the Authority) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2015, wherein we noted the Authority adopted Governmental Accounting Standard Board Statement No. 68, *Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

...“bringing more to the table”

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

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •

Compliance and Other Matters

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

Purpose of this Report

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 Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



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Marietta, OH 45750
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Parkersburg, WV 26101
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

December 30, 2015

Medina Metropolitan Housing Authority
Medina County
850 Walter Avenue
Medina, Ohio 44256

To the Board of Commissioners:

We have audited the Medina Metropolitan Housing Authority's, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Medina Metropolitan Housing Authority's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal programs.

Management's Responsibility

The Authority's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal programs occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

... "bringing more to the table"

Tax- Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll
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Opinion on Each Major Federal Program

In our opinion, the Medina Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal programs, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY**

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Shelter Plus Care CFDA #14.238 Section 8 Housing Choice Voucher CFDA #14.871
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

MEDINA COUNTY METROPOLITAN HOUSING AUTHORITY

MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 24, 2016**