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Certified Public Accountants, A.C.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
Regular Audit  
For the Year Ended September 30, 2015**

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*...“bringing more to the table”*

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
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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  
Meigs Metropolitan Housing Authority  
117 East Memorial Drive  
Pomeroy, Ohio 45769

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Meigs Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

May 9, 2016

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**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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## INDEPENDENT AUDITOR'S REPORT

February 12, 2016

Meigs Metropolitan Housing Authority  
Meigs County  
117 East Memorial Drive  
Pomeroy, Ohio 45769

To the Board of Commissioners:

### ***Report on the Financial Statements***

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

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

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

### ***Auditor's Responsibility***

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

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

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

### ***...“bringing more to the table”***

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

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- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- 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 Meigs Metropolitan Housing Authority, Meigs County, as of September 30, 2015, and the respective changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

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

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

The Financial Data Schedule is presented on pages 28 and 29 and is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the 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, the schedule is 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 February 12, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

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



**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
Unaudited**

It is a privilege to present for you the financial picture of Meigs Metropolitan Housing Authority. The Meigs 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 (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise 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, which begin on page 10.

**FINANCIAL HIGHLIGHTS**

- Total revenues increased by \$100,049 (or 29%) during 2015, and were \$443,833 and \$343,784 for 2015 and 2014, respectively.
- Total operating expenses decreased by \$28,016 (or 6%) during 2015, and were \$434,833 and \$462,849 for 2015 and 2014, respectively.

**USING THIS ANNUAL REPORT**

The following is a summary of the presentation of the Authority’s financial statements:

<p><b>MD&amp;A</b> Management’s Discussion and Analysis</p>
<p><b>Basic Financial Statements</b> Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows Notes to the Basic Financial Statements</p>
<p><b>Required Supplementary Information</b> Schedule of the Authority’s Proportionate Share of Net Pension Liability Schedule of the Authority’s Contributions</p>

The focus is on the Authority as a single enterprise fund. This format allows the user to address relevant questions, broadens a basis for comparison (year to year or Authority to Authority) and enhances the Authority’s accountability.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
Unaudited**

**BASIC FINANCIAL STATEMENTS**

The basic financial statements, beginning on page 10, are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the 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 equals "Net Position." Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current."

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

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

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

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

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

The focus of the Statement of Revenues, Expenses, and Changes in Net Position is the "Change in Net Position."

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities and investment activities.

The Authority's programs that are consolidated into a single enterprise fund are as follows:

Housing Assistance Payments Program-Section 8 – The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

MR/DD – This program is used to account for revenues and expenses related to the board of mental health or mental retardation.

Family Self Sufficiency (FSS) Program – This program is designed to help participants achieve economic independence and self-sufficiency.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
Unaudited**

**BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**

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

**TABLE 1  
STATEMENT OF NET POSITION**

	2015	2014	Variance
Current and Other Assets	\$ 106,813	\$ 75,561	\$ 31,252
Capital Assets*	118,040	126,995	(8,955)
TOTAL ASSETS	<u>224,853</u>	<u>202,556</u>	<u>22,297</u>
Deferred Outflows of Resources*	7,392	4,711	2,681
Current and Other Liabilities	12,656	833	11,823
Long-term liabilities*	47,221	43,854	3,367
TOTAL LIABILITIES	<u>59,877</u>	<u>44,687</u>	<u>15,190</u>
Deferred Inflows of Resources	788	-	788
Net Position:			
Net Investment in Capital Assets*	118,040	126,995	(8,955)
Restricted	32,505	8,103	24,402
Unrestricted*	21,035	27,482	(6,447)
TOTAL NET POSITION	<u>\$ 171,580</u>	<u>\$ 162,580</u>	<u>\$ 9,000</u>

\*2014 numbers shown as restated to account for implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and to correct an error related to capital assets.

**MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION**

Capital assets decreased due to depreciation expense as shown in Table 4. Cash increased by \$31,252 primarily due to increased operating revenues during 2015. Restricted net position increased due to an increase in cash balance of HUD monies to be used for Housing Assistance Payments.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
Unaudited**

**TABLE 2  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The following schedule compares the revenues and expenses for the current and previous fiscal years.

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
<b>Revenues</b>			
Tenant Rental Revenues	\$ 20,640	\$ 19,141	\$ 1,499
HUD PHA Grants/Operating Grants	416,883	315,370	101,513
MRDD Revenues	4,200	4,200	-
Investment Income/Other Revenues	2,110	5,073	(2,963)
TOTAL REVENUE	<u>443,833</u>	<u>343,784</u>	<u>100,049</u>
<b>Expenses</b>			
Administrative	74,119	72,754	1,365
Ordinary Maintenance & Operations	11,475	14,460	(2,985)
General Expenses	16,080	9,188	6,892
Housing Assistance Payment	324,204	358,519	(34,315)
Depreciation Expense	8,955	7,928	1,027
TOTAL EXPENSES	<u>434,833</u>	<u>462,849</u>	<u>(28,016)</u>
NET INCREASE (DECREASE)	9,000	(119,065)	128,065
Net Position, Beginning of Year	162,580	N/A	N/A
Net Position, End of Year	<u>\$ 171,580</u>	<u>\$ 162,580</u>	<u>\$ 9,000</u>

The information necessary to restate the beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 operating expenses still include pension expense of \$4,711 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 \$4,118. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 434,833
Pension expense under GASB 68	(4,118)
2015 contractually required contribution	<u>4,998</u>
Adjusted 2015 program expenses	435,713
Total 2014 program expense under GASB 27	<u>462,849</u>
Decrease in program expenses not related to pension	<u>\$ (27,136)</u>

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
Unaudited**

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

Government operating grants increased by \$101,513 from fiscal year 2014 to 2015, due to increased government subsidy of rents. Housing Assistance Payments decreased due to the Authority limiting new clients during 2015. Other than these changes the Authority operated consistently between the years.

**CAPITAL ASSETS**

As of year-end, the Authority had \$118,040 invested in a variety of capital assets (net of accumulated depreciation) as reflected in the following table, which represents a net decrease (depreciation) of \$8,955 from the end of last year.

**TABLE 3  
CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATION)**

	2015	2014
Land	\$ 24,690	\$ 24,690
Buildings	218,005	218,005
Furniture, Equipment & Machinery - Administration *	7,070	9,970
Accumulated Depreciation*	(131,725)	(125,670)
TOTAL	\$ 118,040	\$ 126,995

\*2014 numbers shown as restated to correct an error in period.

The following reconciliation summarizes the change in Capital Assets.

**TABLE 4  
CHANGE IN CAPITAL ASSETS**

BEGINNING BALANCE, Restated		\$ 126,995
Depreciation		(8,955)
ENDING BALANCE		\$ 118,040

See Note 7 to the basic financial statements for more information regarding the Authority's capital assets.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
Unaudited**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

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

**IN CONCLUSION**

Meigs Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on the consistent and sound financial condition of the Authority.

**FINANCIAL CONTACT**

If you have any questions regarding this report, you may contact Brenda Leslie, Executive Director of the Meigs Metropolitan Housing Authority at 740-992-2733.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
STATEMENT OF NET POSITION  
AS OF SEPTEMBER 30, 2015**

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<i>Assets</i>	
Current Assets:	
Cash and Cash Equivalents- Unrestricted	\$ 64,913
Cash and Cash Equivalents- Restricted	38,372
Total Cash and Cash Equivalents	103,285
Prepaid Expenses and Other Assets	3,528
Total Current Assets	106,813
Noncurrent Assets:	
Capital Assets:	
Nondepreciable Capital Assets	24,690
Depreciable Capital Assets, Net of Accumulated Depreciation	93,350
Total Capital Assets	118,040
Total Noncurrent Assets	118,040
<i>Total Assets</i>	224,853
Deferred Outflows of Resources - Pension	7,392
<i>Total Assets and Deferred Outflows of Resources</i>	\$ 232,245
<i>Liabilities</i>	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	\$ 1,337
Accounts Payable	3,769
Compensated Absences	1,333
Unearned Revenue	350
Undistributed Credits - Family Self-Sufficiency	5,867
Total Current Liabilities	12,656
Long-Term Liabilities:	
Net Pension Liability	44,867
Compensated Absences	2,354
Total Long-Term Liabilities	47,221
<i>Total Liabilities</i>	59,877
Deferred Inflows of Resources - Pension	788
<i>Net Position</i>	
Net Investment in Capital Assets	118,040
Restricted	32,505
Unrestricted	21,035
<i>Total Net Position</i>	171,580
<i>Total Liabilities, Deferred Inflows, and Net Position</i>	\$ 232,245

See accompanying notes to the basic financial statements.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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*Operating Revenues*

Tenant Rental Revenue	\$	20,640
HUD PHA Operating Grants		416,883
Other Revenue		5,804
		443,327
Total Operating Revenues		443,327

*Operating Expenses*

Administrative		74,119
Ordinary Maintenance & Operation		11,475
General Expense		16,080
Housing Assistance Payments		324,204
Depreciation Expense		8,955
		434,833
Total Operating Expenses		434,833

Operating Income (Loss)		8,494
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*Non-Operating Revenues*

Investment Income - Restricted		413
Investment Income - Unrestricted		93
		506

Total Non-Operating Revenues		506
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Change in Net Position		9,000
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Net Position, Beginning of Year (Restated, See Note 3)		162,580
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Net Position, End of Year	\$	171,580
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See accompanying notes to the basic financial statements.



**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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Cash Flows From Operating Activities:	
Receipts From Tenants	\$ 20,640
Receipts From Operating Grants	416,883
Other Operating Receipts	5,804
Housing Assistance Payments	(324,204)
Payments for Employees and Services	(91,905)
Net Cash Provided by Operating Activities	<u>27,218</u>
Cash Flows From Investing Activities:	
Interest Received on Investments	<u>506</u>
Net Cash Provided by Investing Activities	<u>506</u>
Net Increase in Cash and Cash Equivalents	27,724
Cash and Cash Equivalents at Beginning of Year	<u>75,561</u>
Cash and Cash Equivalents at End of Year	<u>\$ 103,285</u>
 <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Operating Income	\$ 8,494
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation Expense	8,955
(Increase) Decrease In:	
Prepaid Expenses and Other Assets	(3,528)
Deferred Outflows of Resources	(2,681)
Increase (Decrease) In:	
Accrued Pension and OPEB Liabilities	1,013
Accrued Wages/Payroll Taxes Payable	504
Compensated Absences	3,687
Unearned Revenue	350
Deferred Inflows of Resources	788
Other Current Liabilities	5,867
Accounts Payable	3,769
Net Cash Provided by Operating Activities	<u>\$ 27,218</u>

See accompanying notes to the basic financial statements.

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

**1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY**

The Meigs Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.01 of the Ohio Revised Code.

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

DESCRIPTION OF PROGRAMS

*A. HOUSING ASSISTANCE PAYMENTS PROGRAM - SECTION 8*

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

*B. MR/DD*

This program is used to account for revenues and expenses related to the board of mental health or mental retardation.

*C. Family Self Sufficiency (FSS) Program*

This program is designed to help participants achieve economic independence and self-sufficiency.

REPORTING ENTITY

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Authority are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Authority. For the Authority, this includes general operations and Section 8. Component units are legally separate organizations for which the Authority is financially accountable.

The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's governing board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization or (2) the Authority is legally entitled to or can otherwise access the organization's resources; (3) the Authority is legally obligated or has assumed responsibility to finance the deficits of, or provide fiscal support to, the organization; (4) the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the levying of taxes or issuance of debt. The Authority did not have any component units or other related organizations in 2015.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Meigs Metropolitan Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applies to governmental units. The Governmental Accounting Standards Board is the accepted standard - setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described here.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. For financial statement presentation purposes, the various programs of the Authority are grouped into the following fund type:

*PROPRIETARY FUND TYPE* - Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in a private sector. The following is the Authority's proprietary fund:

*ENTERPRISE FUND* - The enterprise fund is used to account for operations 1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services of the general public on a continuing basis be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**B. MEASUREMENT FOCUS**

Proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type income statements represent increases (e.g. revenues and other financing sources) and decreases (e.g. expenditures and other financing uses) in total net position.

**C. BASIS OF ACCOUNTING**

Proprietary fund types use accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and measurable and expenses are recorded at the time liabilities are incurred, if measurable.

**D. BUDGETARY DATA**

The Authority is not required to follow the budgetary requirements of the Ohio Revised Code. However, the Authority does maintain a budget for management purposes.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of funds deposited in checking accounts. Cash equivalents are stated at cost, which approximates market value.

Unrestricted cash and cash equivalents represents the funds that are used for the general operations and the administrative portion of Section 8 program. Restricted cash and cash equivalents represent funds deposited for participants in the Family Self Sufficiency (FSS) Program, which is designed to help participants achieve economic independence and self-sufficiency and the portion of Section 8 designed to aid low-income families with rent.

For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, cash and cash equivalents include all highly liquid debt instruments with an original maturity of three months or less at the time they are purchased.

**F. CAPITAL ASSETS**

The capital asset values initially were determined by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated capital assets are capitalized at estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

Enterprise Fund Capital Assets: Capital assets reflected in the enterprise fund are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	27.5 years
Office Equipment	5 years

**G. COMPENSATED ABSENCES**

In 1999, the Authority implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method.

The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

In proprietary funds, compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. OPERATING REVENUES and EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD, and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are primarily administrative, benefits, maintenance and operations, depreciation, and housing assistance payments.

I. USE OF ESTIMATES

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

J. PENSIONS

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

K. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints placed on its use are externally imposed, including HUD, creditors, grantors, contributions, or laws and regulators of other governments. Unrestricted net position represents the portion of net position not classified as net investment in capital assets or restricted.

The amount reported as restricted Net Position at fiscal year end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts from Administration Fee which may be recaptured by HUD. When an expense is incurred for purposes which both restricted and unrestricted Net Position is available, the Authority first applies restricted Net Position.

L. DEFERRED OUTFLOWS

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

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

M. DEFERRED INFLOWS

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

N. ADOPTION OF ACCOUNTING PRONOUNCEMENT

The Authority adopted 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. The objective of these statements is to improve decision-usefulness of information in employer entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability will also be enhanced through new note disclosure and required supplementary information.

**3. PRIOR PERIOD ADJUSTMENT**

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

Net position, as previously stated:	\$	197,183
Add:		
Deferred outflows of resources-employer contributions made subsequent to measurement date		4,711
Copy machine-cost		5,140
Deduct:		
Net pension liability		(43,854)
Accumulated depreciation		(600)
Net position, restated	\$	162,580

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**4. CASH AND CASH EQUIVALENTS**

**Deposits**

At fiscal year end, the carrying amount of the Authority's deposits was \$103,285, and the bank balance was \$106,209. The entire bank balance was covered by federal deposit insurance.

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. 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 Chapter 135 of the ORC, is held in financial institution pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve bank in the name of the Authority.

**5. RESTRICTED CASH**

The restricted cash of \$38,372 on the financial statements represent the following:

Excess Cash Balance of HUD funds to be used for Housing Assistance Payments	\$ 32,505
FSS Escrow Funds	<u>5,867</u>
Total Restricted Cash	<u><u>\$ 38,372</u></u>

**6. LONG-TERM LIABILITIES**

Changes in long-term obligations of the Authority during the year ended September 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net Pension Liability	\$ 43,854	\$ 1,013	\$ -	\$ 44,867	\$ -
Compensated Absences	-	2,354	-	2,354	-
Total	<u><u>\$ 43,854</u></u>	<u><u>\$ 1,013</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 44,867</u></u>	<u><u>\$ -</u></u>

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**7. CAPITAL ASSETS**

A summary of changes in the Authority's capital assets for the year ended September 30, 2015, follows:

	Balance, Restated 9/30/2014	Additions	Deletions	Balance 9/30/2015
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 24,690	\$ -	\$ -	\$ 24,690
Total Capital Assets Not Being Depreciated	24,690	-	-	24,690
Capital Assets Being Depreciated:				
Buildings and Improvements	218,005	-	-	218,005
Office Equipment	9,970	-	(2,900)	7,070
Total Capital Assets Being Depreciated	227,975	-	(2,900)	225,075
Accumulated Depreciation:				
Buildings and Improvements	(120,240)	(7,927)	-	(128,167)
Office Equipment	(5,430)	(1,028)	2,900	(3,558)
Total Depreciation	(125,670)	(8,955)	2,900	(131,725)
Net Capital Assets Being Depreciated	102,305	(8,955)	-	93,350
Net Capital Assets	\$ 126,995	\$ (8,955)	\$ -	\$ 118,040

The capital assets beginning balance was restated due to a copier not being included in the capital asset schedule for fiscal year 2014.



**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**8. DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System (OPERS)**

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

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

For the year ended September 30, 2015, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Authority's contribution rate for 2015 was 14.0 percent of covered payroll—12.0 percent was used to fund pension contributions.

The Authority's required contributions for pension obligations to the traditional plan for the year ended September 30, 2015 was \$5,718. All required payments of contributions have been made through September 30, 2015.

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

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

	<u>OPERS</u>
Amount for proportionate share of net pension liability	\$ 44,867
Percentage for proportionate share of net pension liability	0.000372%

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

**Ohio Public Employees Retirement System (OPERS) (Continued)**

For the year ended September 30, 2015, the Authority recognized pension expense of \$4,118. The Authority also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 788
Net difference between projected and actual investment earnings on pension plan investments	2,394	-
Contributions subsequent to measurement date	4,899	-
Totals	<u>\$ 7,293</u>	<u>\$ 788</u>

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

Year Ended September 30:

2016	\$ (235)
2017	(235)
2018	(539)
2019	<u>(597)</u>
Total	<u>\$ (1,606)</u>

***Actuarial Assumptions***

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

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

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

**Ohio Public Employees Retirement System (OPERS) (Continued)**

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

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

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

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

	1% Decrease 7.0%	Current Discount Rate 8.0%	1% Increase 9.0%
Proportionate share of net pension liability	\$ 82,543	\$ 44,867	\$ (13,135)

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

**Ohio Public Employees Retirement System (OPERS) (Continued)**

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

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

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

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

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

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. 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 issues 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 (800) 222-7377.

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 postretirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the Authority contributed at a rate of 14.00 percent of covered payroll. 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. Effective January 1, 2014, the portion of the employer contributions allocated to health care was raised to 2.0 percent for both plans as recommended by the 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 September 30, 2015, 2014, and 2013 which were used to fund postemployment benefits, were \$953, \$782, and \$971, respectively.

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS (Continued)**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

**B. FUNDING POLICY (CONTINUED)**

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved healthcare, OPERS expects to be able to consistently allocate 2 percent of the employer contributions toward the health care fund after the end of the transition period.

**10. COMPENSATED ABSENCES**

Sick leave and vacation policies are established by the Housing Authority Board of Directors. All permanent employees earn 4.6 hours sick leave for each 80 hours of service, 3.1 hours vacation time for each 80 hours of service for employees with 1—7 years service; and 4.6 hours vacation time for each 80 hours worked for employees with 8—14 years service. The Executive Director receives 6.2 hours vacation time for every 80 hours of service. Unused sick leave may be accumulated up to 240 hours and is paid to employees at the time of retirement. All permanent employees earn vacation hours based on length of service. Unused vacation leave will be paid to the employees at the time of separation. As of September 30, 2015, \$3,687 of sick leave and vacation was accrued.

**11. ECONOMIC DEPENDENCY**

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

**12. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets. The Authority owns 6 single family dwellings that are covered by State Farm Insurance, Auto-Owners Insurance, and Ohio Fair Plan coverage. These dwelling coverages include fire, personal liability, and other special form perils with deductibles between \$250 and \$1,000. There have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

The Authority pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. There was no reduction in coverage from 2014 to 2015.

**13. CONTINGENCIES**

The Authority received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at September 30, 2015.

Required Supplementary Information

**MEIGS METROPOLITAN HOUSING AUTHORITY**  
**MEIGS COUNTY**  
**Required Supplementary Information**  
**Schedule of the Authority's Proportionate Share of the Net Pension Liability**  
**Ohio Public Employees Retirement System**  
Last Two Fiscal Years\*

	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability (asset) (percentage)	0.000372%	0.000372%
Authority's proportionate share of the net pension liability (asset)	\$ 44,867	\$ 43,854
Authority's covered-employee payroll	\$ 37,650	\$ 45,600
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	119.17%	96.17%
Plan fiduciary net position as a percentage of the total pension liability (Traditional Plan)	86.45%	86.36%

Information prior to fiscal year 2014 is not available.

\*The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.



**MEIGS METROPOLITAN HOUSING AUTHORITY**  
**MEIGS COUNTY**  
**Required Supplementary Information**  
**Schedule of the Authority's Contributions**  
**Ohio Public Employees Retirement System**  
**Last Ten Fiscal Years**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Contractually required contribution	\$ 5,718	\$ 5,455	\$ 5,939	\$ 5,428	\$ 5,393	\$ 4,782	\$ 4,421	\$ 4,215	\$ 5,251	\$ 5,296
Contributions in relation to contractually required contribution	<u>(5,718)</u>	<u>(5,455)</u>	<u>(5,939)</u>	<u>(5,428)</u>	<u>(5,393)</u>	<u>(4,782)</u>	<u>(4,421)</u>	<u>(4,215)</u>	<u>(5,251)</u>	<u>(5,296)</u>
Contribution deficit (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 47,650	\$ 44,550	\$ 49,359	\$ 54,280	\$ 55,277	\$ 54,441	\$ 57,076	\$ 58,434	\$ 60,304	\$ 57,016
Contributions as a percentage of covered-employee payroll	12.00%	12.24%	12.03%	10.00%	9.76%	8.78%	7.75%	7.21%	8.71%	9.29%

Calculated contribution rates above sometimes differ from published OPERS rates due to rate changes during the Authority's fiscal year (OPERS rates are effective based on a calendar year).

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
FINANCIAL DATA SCHEDULE  
AS OF SEPTEMBER 30, 2015**

14.871  
Housing  
Choice      Business  
Vouchers    Activities    TOTAL

111 Cash - Unrestricted	\$47,904	\$17,009	\$64,913
113 Cash - Other Restricted	\$38,372	\$ -	\$38,372
115 Cash - Restricted for Payment of Current Liabilities	\$ -	\$ -	\$0
100 Total Cash	\$86,276	\$17,009	\$103,285
142 Prepaid Expenses and Other Assets	\$1,138	\$2,390	\$3,528
150 Total Current Assets	\$87,414	\$19,399	\$106,813
161 Land	\$ -	\$24,690	\$24,690
162 Buildings	\$ -	\$218,005	\$218,005
164 Furniture, Equipment & Machinery - Administration	\$7,070	\$ -	\$7,070
166 Accumulated Depreciation	-\$3,558	-\$128,167	-\$131,725
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,512	\$114,528	\$118,040
180 Total Non-Current Assets	\$3,512	\$114,528	\$118,040
200 Deferred Outflow of Resources	\$7,392	\$ -	\$7,392
290 Total Assets and Deferred Outflow of Resources	\$98,318	\$133,927	\$232,245
312 Accounts Payable <= 90 Days	\$303	\$ -	\$303
321 Accrued Wage/Payroll Taxes Payable	\$1,337	\$ -	\$1,337
322 Accrued Compensated Absences - Current Portion	\$1,333	\$ -	\$1,333
333 Accounts Payable - Other Government	\$ -	\$3,466	\$3,466
342 Unearned Revenue	\$350	\$ -	\$350
345 Other Current Liabilities	\$5,867	\$ -	\$5,867
310 Total Current Liabilities	\$9,190	\$3,466	\$12,656
354 Accrued Compensated Absences - Non Current	\$2,354	\$ -	\$2,354
357 Accrued Pension and OPEB Liabilities	\$44,867	\$ -	\$44,867
350 Total Non-Current Liabilities	\$47,221	\$ -	\$47,221
300 Total Liabilities	\$56,411	\$3,466	\$59,877
400 Deferred Inflow of Resources	\$788	\$ -	\$788
508.4 Net Investment in Capital Assets	\$3,512	\$114,528	\$118,040
511.4 Restricted Net Position	\$32,505	\$ -	\$32,505
512.4 Unrestricted Net Position	\$5,102	\$15,933	\$21,035
513 Total Equity - Net Assets / Position	\$41,119	\$130,461	\$171,580
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$98,318	\$133,927	\$232,245

**MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

14.871  
Housing  
Choice      Business  
Vouchers      Activities      TOTAL

70300	Net Tenant Rental Revenue	\$ -	\$20,640	\$20,640
70500	Total Tenant Revenue	\$ -	\$20,640	\$20,640
70600	HUD PHA Operating Grants	\$416,883	\$ -	\$416,883
71100	Investment Income - Unrestricted	\$ -	\$93	\$93
71400	Fraud Recovery	\$300	\$ -	\$300
71500	Other Revenue	\$5,154	\$350	\$5,504
72000	Investment Income - Restricted	\$413	\$ -	\$413
70000	Total Revenue	\$422,750	\$21,083	\$443,833
91100	Administrative Salaries	\$49,804	\$ -	\$49,804
91200	Auditing Fees	\$6,001	\$ -	\$6,001
91500	Employee Benefit contributions - Administrative	\$5,791	\$ -	\$5,791
91600	Office Expenses	\$7,075	\$3,949	\$11,024
91700	Legal Expense	\$100	\$ -	\$100
91800	Travel	\$581	\$ -	\$581
91000	Total Operating - Administrative	\$69,352	\$3,949	\$73,301
93800	Other Utilities Expense	\$818	\$ -	\$818
93000	Total Utilities	\$818	\$ -	\$818
94100	Ordinary Maintenance and Operations - Labor	\$ -	\$10,059	\$10,059
94300	Ordinary Maintenance and Operations Contracts	\$223	\$ -	\$223
94000	Total Maintenance	\$223	\$10,059	\$10,282
96110	Property Insurance	\$ -	\$1,832	\$1,832
96120	Liability Insurance	\$176	\$ -	\$176
96130	Workmen's Compensation	\$1,017	\$ -	\$1,017
96100	Total insurance Premiums	\$1,193	\$1,832	\$3,025
96200	Other General Expenses	\$ -	\$8,224	\$8,224
96210	Compensated Absences	\$6,024	\$ -	\$6,024
96000	Total Other General Expenses	\$6,024	\$8,224	\$14,248
96900	Total Operating Expenses	\$77,610	\$24,064	\$101,674
97000	Excess of Operating Revenue over Operating Expenses	\$345,140	-\$2,981	\$342,159
97300	Housing Assistance Payments	\$324,204	\$ -	\$324,204
97400	Depreciation Expense	\$1,028	\$7,927	\$8,955
90000	Total Expenses	\$402,842	\$31,991	\$434,833
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$19,908	-\$10,908	\$9,000
11030	Beginning Equity	\$48,207	\$141,369	\$189,576
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$26,996	\$ -	-\$26,996
11170	Administrative Fee Equity	\$8,614	\$ -	\$8,614
11180	Housing Assistance Payments Equity	\$32,505	\$ -	\$32,505
11190	Unit Months Available	1500	1500	3000
11210	Number of Unit Months Leased	1455	1455	2910



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**

February 12, 2016

Meigs Metropolitan Housing Authority  
Meigs County  
117 East Memorial Drive  
Pomeroy, Ohio 45769

To the Board of Commissioners:

We have audited in accordance with auditing standards generally accepted in the United State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Meigs Metropolitan Housing Authority**, Meigs County, Ohio, (the Authority) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 12, 2016, wherein we noted the School District adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

***Internal Control Over Financial Reporting***

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

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

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

***...“bringing more to the table”***

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

Members: American Institute of Certified Public Accountants

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



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

MEIGS METROPOLITAN HOUSING AUTHORITY  
MEIGS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2014-001	Controls Over Financial Statement Preparation	Yes	N/A



# Dave Yost • Auditor of State

**MEIGS COUNTY METROPOLITAN HOUSING AUTHORITY**

**MEIGS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 19, 2016**