

ALLEN METROPOLITAN HOUSING AUTHORITY

ALLEN COUNTY

SINGLE AUDIT

JULY 1, 2015 – JUNE 30, 2016





Dave Yost • Auditor of State

Board of Commissioners
Allen Metropolitan Housing Authority
600 South Main Street
Lima, Ohio 45804

We have reviewed the *Independent Auditor's Report* of the Allen Metropolitan Housing Authority, Allen County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2015 through June 30, 2016. 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 Allen 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

January 3, 2017

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**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the Allen Metropolitan Housing Authority, Allen County, Ohio (the Authority), as of and for the fiscal year ended June 30, 2016, 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 such 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 overall financial statement presentation.

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

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Allen Metropolitan Housing Authority
Allen County
Independent Auditor's Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Allen Metropolitan Housing Authority, Allen County as of June 30, 2016, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

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 Information

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

The Financial Data Schedules and Cost Certification as required by the Department of Housing and Urban Development present additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedules and certification 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 and certification are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Allen Metropolitan Housing Authority
Allen County
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report November 17, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Sherman & Sons, Inc.

Newark, Ohio
November 17, 2016

**ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2016
(Unaudited)**

The following discussion and analysis of the Allen Metropolitan Housing Authority (the Authority) is to provide an introduction to the basic financial statements for the fiscal year ended June 30, 2016. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority’s finances.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2016 by \$7,152,427 (net position). Of this amount, \$1,310,713 (unrestricted Net Position) may be used to meet the Authority’s ongoing obligations to citizens and creditors.
- Capital assets decreased by \$279,321.
- Net Position decreased by \$1,010,921 in the fiscal year ended June 30, 2016.
- Revenues increased \$347,769 primarily due to an increase in Capital fund program revenue.
- Operating expenses increased by \$93,056 due to an increase in the maintenance contracts and repair expenses.
- The capital contributions increased \$419,376 due to increase in capital fund monies spent on capital fund projects in 2016.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

| |
|---|
| <p>MD&A ~ Management Discussion and Analysis ~</p> |
| <p>Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~</p> |
| <p>Other Required Supplementary Information ~ Required Supplementary Information (Pension Schedules) ~</p> |
| <p>Supplementary Information ~ Financial Data Schedules ~ ~ Cost Certification ~ ~ Schedule of Expenditures of Federal Awards ~</p> |

The focus is on both the Authority as a whole (authority-wide). Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (fiscal year to fiscal year or Authority to Authority) and enhance the Authority’s accountability.

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
(Unaudited)

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 and deferred outflows of resources, minus liabilities and deferred inflows of resources, 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 and deferred outflows of resources, net of liabilities and deferred inflows of resources, for the entire Authority. Net Position (formerly equity) is reported in three broad categories (as applicable):

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. The Authority does not have any outstanding debt.

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

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Investment in Capital Assets", or "Restricted Net Position". This account resembles the old operating reserves account.

The Authority financial statements 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 grants, and other revenues; Operating Expenses, such as administrative, utilities, maintenance, general, insurance, housing assistance payments, and depreciation; and Non-Operating Revenues, such as capital grant revenue and investment income.

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 by operating activities, non-capital financing activities, and from capital and related financing activities.

Fund financial Statements

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

Accounting balances for many of the programs maintained by the Authority are segregated as required by HUD. Others are segregated to enhance accountability and control.

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
(Unaudited)

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

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

Housing Choice Voucher Program (HCVP) – Under the Housing Choice Voucher Program, the Authority administers contract with independent landlords that own the property. The Authority subsidizes the family's rent through the Housing Assistance Payment made to the landlord. The program is administered under the Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Special Needs Assistance Program (SNAP) – The Homeless Management Information Systems Technical Assistance funding received from the Department of Housing and Urban Development for this 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.

Section 8 Moderate Rehab – Single Room Only (SRO) – The Authority administers Section 8 rental assistance programs where the Department of Housing and Urban Development (HUD) enters into annual contribution contract with a private owner. The owner rents housing to eligible low-income individuals who typically pay rent of 30% of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority earns an administration fee for these services rendered. The program operates from Section 8 – New Construction and Substantial Rehab funding.

FSS – Service Coordinators – The purpose of the Family Self-Sufficiency Service Coordinator program is to provide funding to hire and maintain Service Coordinators who will assess the needs of residents of Section 8 Housing Choice Voucher Program and coordinate available resources in the community to meet those needs. In the past, the FSS grant has included in the Section 8 Housing Choice Voucher Program.

Business Activities - Represent other non-HUD activities

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.

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
(Unaudited)

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

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

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

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

Authority Activity Highlights

Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2016 and 2015:

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ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
(Unaudited)

| | <u>2016</u> | <u>2015</u> |
|--------------------------------|--------------------|--------------------|
| Revenues | | |
| Tenant Revenues | \$ 471,560 | \$ 452,806 |
| Operating Subsidies | 6,508,726 | 6,649,338 |
| Capital Grants | 434,399 | 15,023 |
| Investment Income | 2,519 | 2,756 |
| Other Revenues | <u>87,751</u> | <u>37,263</u> |
| Total Revenue | <u>7,504,955</u> | <u>7,157,186</u> |
| Expenses | | |
| Administrative | 1,044,641 | 1,021,762 |
| Tenant Services | 71,236 | 56,393 |
| Utilities | 278,338 | 277,759 |
| Maintenance | 1,359,119 | 913,697 |
| General Expenses and Insurance | 160,561 | 190,918 |
| Housing Assistance Payments | 4,888,261 | 5,253,630 |
| Depreciation | <u>713,720</u> | <u>708,661</u> |
| Total Expenses | <u>8,515,876</u> | <u>8,422,820</u> |
| Change in Net Position | (1,010,921) | (1,265,634) |
| Net Position at July 1 | <u>8,163,348</u> | <u>9,428,982</u> |
| Net Position at June 30 | <u>\$7,152,427</u> | <u>\$8,163,348</u> |

Housing Units Managed

The following table shows housing units managed by the Authority for fiscal years ended June 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|-----------------------------|---------------------|---------------------|
| Owned by Authority | 247 | 247 |
| Units under vouchers | 1,041 | 1,041 |
| Units under NC SR | <u>63</u> | <u>63</u> |
| Total Housing Units Managed | <u><u>1,351</u></u> | <u><u>1,351</u></u> |

Changes in Capital Assets

Total capital assets decreased from the previous year by \$279,321. The decrease is a result of depreciation on assets exceeding capital additions. The following table summarizes changes in capital asset balances for fiscal years ending June 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|--------------------------|---------------------|---------------------|
| Land | \$ 931,495 | \$ 931,495 |
| Buildings | 20,593,511 | 20,159,112 |
| Equipment | 709,781 | 709,781 |
| Accumulated Depreciation | <u>(16,442,932)</u> | <u>(15,729,212)</u> |
| Total | <u>\$ 5,791,855</u> | <u>\$ 6,071,176</u> |

Capital Assets are presented in detail on page 20 of the notes.

ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
(Unaudited)

| | |
|-------------------|---------------------|
| Beginning Balance | \$ 6,071,176 |
| Additions | 434,399 |
| Depreciation | <u>(713,720)</u> |
| Ending Balance | <u>\$ 5,791,855</u> |

Current Fiscal Year Additions are summarized as follows:

| | |
|----------------------------------|-------------------|
| Waterline Project | \$ 290,829 |
| Bathrooms | 8,805 |
| Roofs | 121,915 |
| Basements | <u>12,850</u> |
| Total Fiscal Year 2016 Additions | <u>\$ 434,399</u> |

Financial Position

The statement of Net Position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net Position is the difference between total assets and total liabilities and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of liabilities, and net position at June 30, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|--------------------------------------|---------------------|---------------------|
| Current and Other Non-Current Assets | \$2,354,752 | \$2,985,251 |
| Capital Assets | <u>5,791,855</u> | <u>6,071,176</u> |
| Total Assets | <u>8,146,607</u> | <u>9,056,427</u> |
| Deferred Outflow of Resources | <u>316,666</u> | <u>45,136</u> |
| Current Liabilities | 213,343 | 155,463 |
| Non-Current Liabilities | <u>1,013,714</u> | <u>779,711</u> |
| Total Liabilities | <u>1,227,057</u> | <u>935,174</u> |
| Deferred Inflow of Resources | <u>83,789</u> | <u>3,041</u> |
| Net Position: | | |
| Investment in Capital Assets | 5,791,855 | 6,071,176 |
| Restricted | 49,859 | 103,810 |
| Unrestricted | <u>1,310,713</u> | <u>1,988,362</u> |
| Total Net Position | <u>\$ 7,152,427</u> | <u>\$ 8,163,348</u> |

For more detailed information see page 11 for the Statement of Net Position.

**ALLEN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
(Unaudited)**

MAJOR FLUCTUATIONS COMMENTS:

Current assets have decreased mostly due to decrease in cash and an operating loss in PH for fiscal year 2016. PH showed a deficiency of revenue over expenditures of over a million dollars. The Authority had a big push in spending on extraordinary maintenance and capital spending to use excess carryover funds and improve properties. Capital Assets are the largest asset reflected on the Authority's Statement of Net Position. Changes to capital asset balances were summarized in the previous section. Current liabilities were up 37%, primarily due to PH accounts payable, a timing issue. Non-current liabilities were up by 30%; this was due to an increase in net pension liability.

Economic Factors

According to the West Ohio Community Action Partnership 2015 Community Assessment, in the City of Lima, where the Housing authority operates, nearly 17.5% of all households are below poverty level. The Assessment states that the total number of housing units in Allen County has decreased by 1%. This is partially due to the City of Lima's efforts to demolish abandoned and dilapidated properties. Housing values have also shown a decrease while median rents have increased from \$603 per month to \$647 per month. The Gross Rent as a Percentage of Household Income shows that 6,423 households pay more than 30% of their household income on rent. Poverty rates in Allen County are .3% higher than the National rate and .2% higher than the Ohio rate. These statistics indicate a continued need for programs provided by the Authority.

Section 8 lease up rates were down the entire fiscal year 2016. That program was at 83% lease up at the end of June. This affected administrative funds and staff vacancies were left unfilled. The problems with lease up were attributed to staff shortages, major increases in attrition, (both voluntary and terminations), and tenants with background issues. The Authority purged their waiting list and went to managing it by time and date, eliminating preferences. They focused on cutting down the time between pulling, voucher issuance, and being housed to increase success rates. The number of vouchers on the street was greatly increased and lease up has been climbing since fiscal year end. Health insurance costs were capped at single plan rates to assist in stabilizing costs.

The Public Housing Program spent most of 2016 with at least a 97% occupancy rate. They too suffer from major increases in attrition and tenants with background issues. Success rates from the waiting list to housed is only averaging 27.5%. Many persons turn down properties because they are not interested in the units they are offered. Some of the lease up issues are related to Section 8 vouchers, but many residents are moving off program for unknown reasons. The Authority struggles to meet the demands of older units with limited capital fund monies. More units are requiring major renovations, which leads to costly repairs and longer vacancies. Turnovers are taking more time due to the intensive repairs discovered during move-out inspection. The Authority concentrated on spending down excess funds in Public Housing by doing major renovations and upgrades to their housing stock this fiscal year. There is much work yet to be done. A restructuring of the maintenance department during the fiscal year was completed to support this process.

It has become obvious that even as the requests for services and the demand for housing assistance continue to increase, consumers are being much more selective about where they reside and are struggling more with background issues to qualify. The Authority has managed to maneuver these difficult times by continuing to make sound financial decisions and streamline processes. Expenses are cut where possible and the agency continues to change with the demands of the public: Allen Metropolitan Housing Authority is a High Performer under SEMAP and PHAS.

Requests for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Anna Schnippel, Executive Director, Allen Metropolitan Housing Authority, 600 S Main, Lima, OH 45804.

ALLEN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

Assets

Current Assets:

| | | |
|---------------------------|----|---------------|
| Cash and Cash Equivalents | \$ | 2,074,287 |
| Restricted Cash | | 152,498 |
| Receivables, net | | 15,725 |
| Inventories, net | | 57,073 |
| Prepaid Items | | <u>54,118</u> |

Total Current Assets 2,353,701

Non-Current Assets:

Capital Assets:

| | | |
|-------------------------------|--|---------------------|
| Nondepreciable Capital Assets | | 931,495 |
| Depreciable Capital Assets | | 21,303,292 |
| Accumulated Depreciation | | <u>(16,442,932)</u> |
| Total Capital Assets | | <u>5,791,855</u> |

Other Non-Current Assets 1,051

Total Non-Current Assets 5,792,906

Total Assets 8,146,607

Deferred Outflow of Resources 316,666

Liabilities

Current Liabilities:

| | | |
|---------------------------------|--|--------------|
| Accounts Payable | | 42,162 |
| Accrued Wages and Payroll Taxes | | 57,637 |
| Intergovernmental Payables | | 42,140 |
| Tenant Security Deposits | | 66,247 |
| Other Accrued Liabilities | | <u>5,157</u> |

Total Current Liabilities 213,343

Non-Current Liabilities:

| | | |
|--|--|----------------|
| Accrued Compensated Absences | | 43,840 |
| Family Self-Sufficiency Escrow Liability Payable | | 36,392 |
| Net Pension Liability | | <u>933,482</u> |

Total Non-Current Liabilities 1,013,714

Total Liabilities 1,227,057

Deferred Inflow of Resources 83,789

Net Position

| | | |
|------------------------------|--|------------------|
| Investment in Capital Assets | | 5,791,855 |
| Restricted | | 49,859 |
| Unrestricted | | <u>1,310,713</u> |

Total Net Position \$ 7,152,427

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

ALLEN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | | |
|--------------------------------------|----------------|----------------------------|
| Operating Revenues | | |
| Tenant Revenue | | \$ 471,560 |
| Government Operating Grants | | 6,508,726 |
| Other Revenues | | <u>87,751</u> |
| Total Operating Revenues | | <u>7,068,037</u> |
| Operating Expenses | | |
| Administrative | 1,044,641 | |
| Tenant Services | 71,236 | |
| Utilities | 278,338 | |
| Maintenance | 1,153,474 | |
| Insurance | 105,499 | |
| General | 55,062 | |
| Extraordinary Maintenance | 205,645 | |
| Housing Assistance Payments | 4,888,261 | |
| Depreciation | <u>713,720</u> | |
| Total Operating Expenses | | <u>8,515,876</u> |
| Operating Loss | | <u>(1,447,839)</u> |
| Nonoperating Revenues | | |
| Capital Grants | | 434,399 |
| Interest | | <u>2,519</u> |
| Total Nonoperating Revenues | | <u>436,918</u> |
| Change in Net Position | | (1,010,921) |
| Net Position at July 1, 2015 | | <u>8,163,348</u> |
| Net Position at June 30, 2016 | | <u><u>\$ 7,152,427</u></u> |

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

**ALLEN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Cash flows from operating activities:

| | | |
|--|----|-------------|
| Cash received from operating grants | \$ | 6,696,554 |
| Cash received from tenants | | 471,560 |
| Cash received from other sources | | 87,751 |
| Cash payments to employees for services | | (1,057,857) |
| Cash payments for good or services - HUD | | (4,888,261) |
| Cash payments for goods or services | | (1,906,348) |
| | | (596,601) |
| Net cash used in operating activities | | (596,601) |

Cash flows from investing activities:

| | | |
|---|--|-------|
| Interest | | 2,519 |
| | | 2,519 |
| Net cash provided by investing activities | | 2,519 |

Cash flows from capital and related activities:

| | | |
|---|-----------|------------------|
| Capital grant funds received | | 434,399 |
| Acquisition of capital assets | | (434,399) |
| | | - |
| Net cash provided by capital and related activities | | - |
| Net change in cash and cash equivalents | | (594,082) |
| Cash and cash equivalents at July 1, 2015 | | 2,820,867 |
| | | 2,820,867 |
| Cash and cash equivalents at June 30, 2016 | \$ | 2,226,785 |

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

| | | |
|---|-----------|------------------|
| Operating loss | \$ | (1,447,839) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | | 713,720 |
| Changes in assets and liabilities: | | |
| Accounts receivable | | 28,923 |
| Prepaid items | | (598) |
| Inventory | | 8,092 |
| Accounts payable | | 32,859 |
| Accrued wages and payroll taxes | | 35,854 |
| Intergovernmental payable | | 28,016 |
| Net pension liability | | 183,160 |
| Other liabilities | | 11,994 |
| Change in deferred outflow of resources | | (271,530) |
| Change in deferred inflow of resources | | 80,748 |
| | | 80,748 |
| Net cash used in operating activities | \$ | (596,601) |

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

**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

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

Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

The Authority uses a single enterprise fund to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Fund Accounting

The Authority 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, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

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

Cash and Cash Equivalents

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

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the fiscal year. The allowance for uncollectable tenant receivables was \$1,000, and the allowance for doubtful fraud receipts was \$13,060 at June 30, 2016.

Inventories

Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was \$21,200 at June 30, 2016.

Prepaid Items

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

**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold is \$7,500. The following are the useful lives used for depreciation purposes:

| | |
|------------------------------|------|
| Buildings – residential | 27.5 |
| Buildings – non- residential | 40 |
| Building improvements | 15 |
| Furniture – dwelling | 7 |
| Furniture – non-dwelling | 7 |
| Equipment – dwelling | 5 |
| Equipment – non dwelling | 7 |
| Autos and trucks | 5 |
| Computer hardware | 3 |
| Computer software | 3 |
| Leasehold improvements | 15 |
| Land improvements | 15 |

Inter-program payables/receivables

On the basic financial statements, intercompany receivables and payables reported on the FDS are eliminated.

Compensated Absences

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. The Authority considers the entire liability to be non-current based on historical trends and employees using leave earned during the current fiscal year.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did report restricted net position for modernization and development of public housing projects of \$49,859 at June 30, 2016.

**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Grants

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

Budgetary Accounting

The authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. Budgets are submitted to the Department of Housing and Urban Development when applicable. Budgets are adopted by the Board of the Housing Authority.

Estimates

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

Accounting and Reporting for Non-exchange Transactions

The Authority previously adopted GASB 33. Non-exchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transactions as follows:

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- Imposed nonexchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- Government-mandated non-exchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary non-exchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary non-exchange transaction.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a non-exchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net position, equity, or fund balance as restricted.

**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary non-exchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

Pensions – Deferred inflow/outflow of Resources

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

2. DEPOSITS AND INVESTMENTS

Deposits

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

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

Inactive deposits are public deposits that the Authority has 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.

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

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

ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016

2. DEPOSITS AND INVESTMENTS - CONTINUED

At fiscal year end June 30, 2016, the carrying amount of the Authority's deposits totaled \$2,226,785 (including petty cash of \$200 and change fund of \$100), and its bank balance was \$2,297,273. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2016, \$1,562,332 was protected by FDIC, and \$734,941 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. All deposits are collateralized with eligible securities in amounts equal to at least 110% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOAW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority had no classified investments at June 30, 2016.

3. RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents, vehicles and liability. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three fiscal years.

The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP.

4. RESTRICTED CASH

Restricted cash balance as of June 30, 2016 consists of cash on hand for the following:

| | |
|-----------------------------------|------------------|
| FSS Escrow funds held for tenants | \$36,392 |
| Tenant Security Deposits | 66,247 |
| Development Funds on hand | <u>49,859</u> |
| Total Restricted Cash | <u>\$152,498</u> |

**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016**

5. CAPITAL ASSETS

The following is a summary of changes in capital assets:

| | <u>Balance at July 1, 2015</u> | <u>Additions</u> | <u>Reclassifications</u> | <u>Balance at June 30, 2016</u> |
|--|------------------------------------|---------------------|--------------------------|-------------------------------------|
| Capital Assets Not Depreciated | | | | |
| Land | \$ <u>931,495</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>931,495</u> |
| Total Capital Assets Not Depreciated | <u>931,495</u> | <u>-</u> | <u>-</u> | <u>931,495</u> |
| Capital Assets Depreciated | | | | |
| Buildings and Improvements | 20,159,112 | 434,399 | - | 20,593,511 |
| Furniture and Equipment | <u>709,781</u> | <u>-</u> | <u>-</u> | <u>709,781</u> |
| Total Capital Assets Depreciated | <u>20,868,893</u> | <u>434,399</u> | <u>-</u> | <u>21,303,292</u> |
| Accumulated Depreciation | | | | |
| Buildings and Improvements | (15,115,687) | (678,353) | (122,691) | (15,916,731) |
| Furniture and Equipment | <u>(613,525)</u> | <u>(35,367)</u> | <u>122,691</u> | <u>(526,201)</u> |
| Total Accumulated Depreciation | <u>(15,729,212)</u> | <u>(713,720)</u> | <u>-</u> | <u>(16,442,932)</u> |
| Total Capital Assets Depreciated, Net | <u>5,139,681</u> | <u>(279,321)</u> | <u>-</u> | <u>4,860,360</u> |
| Total Capital Assets, Net | <u>\$ 6,071,176</u> | <u>\$ (279,321)</u> | <u>\$ -</u> | <u>\$ 5,791,855</u> |

6. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities

| | <u>Balance at July 1, 2015</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance at June 30, 2016</u> | <u>Due in One Year</u> |
|-----------------------|------------------------------------|-------------------|--------------------|-------------------------------------|----------------------------|
| Compensated Absences | \$ 39,470 | \$ 48,392 | \$ (44,022) | \$ 43,840 | \$ - |
| FSS Escrow Liability | 29,389 | 38,291 | (31,288) | 36,392 | - |
| Net Pension Liability | <u>750,322</u> | <u>183,160</u> | <u>-</u> | <u>933,482</u> | <u>-</u> |
| Total | <u>\$ 819,181</u> | <u>\$ 269,843</u> | <u>\$ (75,310)</u> | <u>\$ 1,013,714</u> | <u>\$ -</u> |

See Note 8 for information on the Authority's net pension liability.

The FSS escrow liability of \$36,392 represents escrow money held in escrow for residents participating in the family self-sufficiency program. Each month contributions are deposited into the Authority's savings account on behalf of the program participants. Participants enter into an initial five year contract (with an option for a two year extension upon Authority's approval). At the end of the contract, the participant either meet their program goals and may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs in the program, the money earned is used by the Authority to reinvest into the program.

ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statements 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 statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 8.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension. The deferred inflows of resources related to pension are explained in Note 8.

8. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

**ALLEN METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FISCAL YEAR ENDED JUNE 30, 2016**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution was \$89,663 for the fiscal year ending June 30, 2016.

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

The net pension liability was measured as of December 31, 2015, 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:

| | |
|--|-----------|
| Proportionate Share of the Net Pension Liability | \$933,482 |
| Proportion of the Net Pension Liability | 0.005395% |
| Pension Expense | \$131,303 |

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**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | |
|--|-------------------------|
| Deferred Outflows of Resources | |
| Net difference between projected and actual earnings on pension plan investments | \$274,679 |
| Authority contributions subsequent to the measurement date | <u>41,987</u> |
| Total Deferred Outflows of Resources | <u><u>\$316,666</u></u> |
| Deferred Inflows of Resources | |
| Differences between expected and actual experience | \$18,055 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | <u>65,734</u> |
| Total Deferred Inflows of Resources | <u><u>\$83,789</u></u> |

\$41,987 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, 2017. 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:

| | | |
|-------|------|-------------------------|
| | 2017 | \$29,745 |
| | 2018 | 34,137 |
| | 2019 | 64,847 |
| | 2020 | <u>62,161</u> |
| Total | | <u><u>\$190,890</u></u> |

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of 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 in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

| | |
|---|--|
| Wage Inflation | 3.75 percent |
| Future Salary Increases, including inflation COLA or Ad Hoc COLA | 4.25 to 10.05 percent including wage inflation Pre 1/7/2013 retirees: 3 percent, simple; Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.8 percent, simple |
| Investment Rate of Return | 8 percent |
| Actuarial Cost Method | Individual Entry Age |

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------|----------------------|---|
| Fixed Income | 23.00 % | 2.31 % |
| Domestic Equities | 20.70 | 5.84 |
| Real Estate | 10.00 | 4.25 |
| Private Equity | 10.00 | 9.25 |
| International Equities | 18.30 | 7.40 |
| Other investments | 18.00 | 4.59 |
| Total | 100.00 % | 5.28 % |

**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016**

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

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

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

| | 1% Decrease █ (7.00%) | Current Discount Rate █ (8.00%) | 1% Increase █ (9.00%) |
|---|--------------------------|---------------------------------------|--------------------------|
| Authority's proportionate share of the net pension liability | \$1,488,858 | \$933,482 | \$466,883 |

9. POST-EMPLOYMENT BENEFITS

A. Plan Description

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 two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting www.opers.org, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2016**

9. POST-EMPLOYMENT BENEFITS - CONTINUED

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015 and 2016, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%. The portion of actual Authority contributions for the year ended June 30, 2016, 2015, and 2014, which were used by OPERS to fund post-employment benefits were \$14,944, \$14,843, and \$8,276, respectively.

10. FDS SCHEDULES SUBMITTED TO HUD

For the fiscal year ended June 30, 2016, the Authority electronically submitted an unaudited version of the combining balance sheet, statement of revenues, expenses and changes in net position and other data to HUD as required on the GAAP basis. The audited versions of the FDS schedules are in the supplemental data. The schedules are presented in the manner prescribed by Housing and Urban Development.

11. MORTGAGES RECEIVABLE

When the Authority sells a Public Housing home under the 4(h) Homeownership program, the difference between the appraised value of the home and the price actually paid for the home is secured by a promissory note and a subordinate second mortgage. This amount dissipates 20% each year after the fifth year the family maintains residency. Therefore, after a period of 10 years, the mortgage amount is zero. If the family leaves the residence or fails to make its mortgage payment within the first 5 years of residency, the family would owe the entire amount of the note to the Authority. If, however, the family decides to leave the residence or fails to make its mortgage payment after the 10th year of residency, the family owes nothing to the Authority. If the family wants to leave in its eighth year, the amount the family owes to the Authority would be calculated to reflect a 60% reduction, etc.

On July 11, 2006, the Authority sold a house to an eligible family in which the second mortgage amount was \$35,753. If the family remains in the unit until July, 2016, they will owe the Authority nothing. On October 31, 2007, the Authority sold a house to an eligible family in which the second mortgage amount was \$24,088. If the family remains in the unit until October, 2017 they will owe the Authority nothing.

12. CONTINGENCIES/LITIGATIONS & CLAIMS

In the normal course of operations the Authority may be subject to litigation and claims. At June 30, 2016 the Authority was not involved in such matters.

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**ALLEN METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST THREE FISCAL YEARS**

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|
| Authority's Proportion of the Net Pension Liability | 0.005395% | 0.006221% | 0.006221% |
| Authority's Proportionate Share of the Net Pension Liability | \$933,482 | \$750,322 | \$733,375 |
| Authority's Covered Employee Payroll | \$747,192 | \$742,125 | \$861,112 |
| Authority's Proportionate Share of the Net Pension Liability As a Percentage of its Covered Employee Payroll | 124.93% | 101.10% | 85.17% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 81.08% | 86.45% | 89.19% |

(1) Information prior to 2014 is not available

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

**ALLEN METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
LAST TEN FISCAL YEARS**

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Contractually required employer contribution | \$ 89,663 | \$ 89,055 | \$107,639 | \$ 87,402 | \$ 66,065 | \$ 59,624 | \$ 70,247 | \$ 76,973 | \$ 60,006 | \$ 79,425 |
| Contributions in Relation to the Contractually Required Contribution | (89,663) | (89,055) | (107,639) | (87,402) | (65,065) | (59,624) | (70,247) | (76,973) | (60,006) | (79,425) |
| Contribution Deficiency (Excess) | - | - | - | - | - | - | - | - | - | - |
| Authority Covered-Employee Payroll | \$747,192 | \$742,125 | \$861,112 | \$760,679 | \$660,650 | \$648,792 | \$802,823 | \$993,200 | \$807,618 | \$855,873 |
| Contributions as a Percentage of Covered-Employee Payroll | 12.00% | 12.00% | 12.50% | 11.49% | 10.00% | 9.19% | 8.75% | 7.75% | 7.43% | 9.28% |

**ALLEN METROPOLITAN HOUSING AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Ohio Public Employees' Retirement System

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

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014, 2015, and 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014, 2015, and 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

ALLEN METROPOLITAN HOUSING AUTHORITY
 ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
 JUNE 30, 2016

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 14.871 Housing Choice Vouchers | 14.182 N/C S/R Section 8 Programs | 1 Business Activities | 8 Other Federal Program 1 | Subtotal | ELIM | Total |
|---|---------------|--|--------------------------------|-----------------------------------|-----------------------|---------------------------|---------------|----------|---------------|
| 111 Cash - Unrestricted | \$1,371,625 | | \$555,425 | \$38,932 | \$108,305 | | \$2,074,287 | | \$2,074,287 |
| 112 Cash - Restricted - Modernization and Development | \$49,859 | | | | | | \$49,859 | | \$49,859 |
| 113 Cash - Other Restricted | | | \$36,392 | | | | \$36,392 | | \$36,392 |
| 114 Cash - Tenant Security Deposits | \$65,032 | | | | \$1,215 | | \$66,247 | | \$66,247 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | | | | |
| 100 Total Cash | \$1,486,516 | \$0 | \$591,817 | \$38,932 | \$109,520 | \$0 | \$2,226,785 | \$0 | \$2,226,785 |
| 121 Accounts Receivable - PHA Projects | | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | | | | | | | | | |
| 124 Accounts Receivable - Other Government | | | | | | | | | |
| 125 Accounts Receivable - Miscellaneous | \$1,190 | | | | | | \$1,190 | | \$1,190 |
| 126 Accounts Receivable - Tenants | \$8,193 | | | | | | \$8,193 | | \$8,193 |
| 126.1 Allowance for Doubtful Accounts - Tenants | -\$750 | | | | | | -\$750 | | -\$750 |
| 126.2 Allowance for Doubtful Accounts - Other | -\$250 | | | | | | -\$250 | | -\$250 |
| 127 Notes, Loans, & Mortgages Receivable - Current | \$7,342 | | | | | | \$7,342 | | \$7,342 |
| 128 Fraud Recovery | | | \$13,060 | | | | \$13,060 | | \$13,060 |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | -\$13,060 | | | | -\$13,060 | | -\$13,060 |
| 129 Accrued Interest Receivable | | | | | | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$15,725 | \$0 | \$0 | \$0 | \$0 | \$0 | \$15,725 | \$0 | \$15,725 |
| 131 Investments - Unrestricted | | | | | | | | | |
| 132 Investments - Restricted | | | | | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | \$42,086 | | \$12,032 | | | | \$54,118 | | \$54,118 |
| 143 Inventories | \$78,273 | | | | | | \$78,273 | | \$78,273 |
| 143.1 Allowance for Obsolete Inventories | -\$21,200 | | | | | | -\$21,200 | | -\$21,200 |
| 144 Inter Program Due From | \$4,898 | | | | | | \$4,898 | -\$4,898 | \$0 |
| 145 Assets Held for Sale | | | | | | | | | |
| 150 Total Current Assets | \$1,606,298 | \$0 | \$603,849 | \$38,932 | \$109,520 | \$0 | \$2,358,599 | -\$4,898 | \$2,353,701 |
| 161 Land | \$931,495 | | | | | | \$931,495 | | \$931,495 |
| 162 Buildings | \$20,388,533 | | \$36,624 | | \$168,354 | | \$20,593,511 | | \$20,593,511 |
| 163 Furniture, Equipment & Machinery - Dwellings | | | | | | | | | |
| 164 Furniture, Equipment & Machinery - Administration | \$585,717 | | \$124,064 | | | | \$709,781 | | \$709,781 |
| 165 Leasehold Improvements | | | | | | | | | |
| 166 Accumulated Depreciation | -\$16,239,851 | | -\$144,926 | | -\$58,155 | | -\$16,442,932 | | -\$16,442,932 |
| 167 Construction in Progress | | | | | | | | | |
| 168 Infrastructure | | | | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$5,665,894 | \$0 | \$15,762 | \$0 | \$110,199 | \$0 | \$5,791,855 | \$0 | \$5,791,855 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | \$1,051 | | | | | | \$1,051 | | \$1,051 |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | | | | | |
| 173 Grants Receivable - Non Current | | | | | | | | | |
| 174 Other Assets | | | | | | | | | |
| 176 Investments in Joint Ventures | | | | | | | | | |
| 180 Total Non-Current Assets | \$5,666,945 | \$0 | \$15,762 | \$0 | \$110,199 | \$0 | \$5,792,906 | \$0 | \$5,792,906 |
| 200 Deferred Outflow of Resources | \$177,333 | | \$139,333 | | | | \$316,666 | | \$316,666 |
| 290 Total Assets and Deferred Outflow of Resources | \$7,450,576 | \$0 | \$758,944 | \$38,932 | \$219,719 | \$0 | \$8,468,171 | -\$4,898 | \$8,463,273 |

ALLEN METROPOLITAN HOUSING AUTHORITY
 ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
 JUNE 30, 2016

| | Project Total | 14,896 PIH Family Self-Sufficiency Program | 14,871 Housing Choice Vouchers | 14,182 N/C S/R Section 8 Programs | 1 Business Activities | 8 Other Federal Program 1 | Subtotal | ELIM | Total |
|---|---------------|--|--------------------------------|-----------------------------------|-----------------------|---------------------------|-------------|----------|-------------|
| 311 Bank Overdraft | | | | | | | | | |
| 312 Accounts Payable <= 90 Days | \$40,169 | | \$1,993 | | | | \$42,162 | | \$42,162 |
| 313 Accounts Payable >90 Days Past Due | | | | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | \$16,465 | | \$41,172 | | | | \$57,637 | | \$57,637 |
| 322 Accrued Compensated Absences - Current Portion | | | | | | | | | |
| 324 Accrued Contingency Liability | | | | | | | | | |
| 325 Accrued Interest Payable | | | | | | | | | |
| 331 Accounts Payable - HUD PHA Programs | | | | \$38,932 | | | \$38,932 | | \$38,932 |
| 332 Account Payable - PHA Projects | | | | | | | | | |
| 333 Accounts Payable - Other Government | \$3,208 | | | | | | \$3,208 | | \$3,208 |
| 341 Tenant Security Deposits | \$65,032 | | | | \$1,215 | | \$66,247 | | \$66,247 |
| 342 Unearned Revenue | | | | | | | | | |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | | | | | | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | | | | |
| 345 Other Current Liabilities | | | | | | | | | |
| 346 Accrued Liabilities - Other | \$5,157 | | | | | | \$5,157 | | \$5,157 |
| 347 Inter Program - Due To | | | \$4,898 | | | | \$4,898 | -\$4,898 | \$0 |
| 348 Loan Liability - Current | | | | | | | | | |
| 310 Total Current Liabilities | \$130,031 | \$0 | \$48,063 | \$38,932 | \$1,215 | \$0 | \$218,241 | -\$4,898 | \$213,343 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | | | | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | | | | | |
| 353 Non-current Liabilities - Other | | | \$36,392 | | | | \$36,392 | | \$36,392 |
| 354 Accrued Compensated Absences - Non Current | \$20,673 | | \$23,167 | | | | \$43,840 | | \$43,840 |
| 355 Loan Liability - Non Current | | | | | | | | | |
| 356 FASB 5 Liabilities | | | | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | \$522,310 | | \$411,172 | | | | \$933,482 | | \$933,482 |
| 350 Total Non-Current Liabilities | \$542,983 | \$0 | \$470,731 | \$0 | \$0 | \$0 | \$1,013,714 | \$0 | \$1,013,714 |
| 300 Total Liabilities | \$673,014 | \$0 | \$518,794 | \$38,932 | \$1,215 | \$0 | \$1,231,955 | -\$4,898 | \$1,227,057 |
| 400 Deferred Inflow of Resources | \$46,922 | | \$36,867 | | | | \$83,789 | | \$83,789 |
| 508.4 Net Investment in Capital Assets | \$5,665,894 | | \$15,762 | | \$110,199 | \$0 | \$5,791,855 | | \$5,791,855 |
| 511.4 Restricted Net Position | \$49,859 | | \$0 | | \$0 | \$0 | \$49,859 | | \$49,859 |
| 512.4 Unrestricted Net Position | \$1,014,887 | \$0 | \$187,521 | \$0 | \$108,305 | \$0 | \$1,310,713 | | \$1,310,713 |
| 513 Total Equity - Net Assets / Position | \$6,730,640 | \$0 | \$203,283 | \$0 | \$218,504 | \$0 | \$7,152,427 | \$0 | \$7,152,427 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$7,450,576 | \$0 | \$758,944 | \$38,932 | \$219,719 | \$0 | \$8,468,171 | -\$4,898 | \$8,463,273 |

ALLEN METROPOLITAN HOUSING AUTHORITY
 ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 14.871 Housing Choice Vouchers | 14.182 N/C S/R Section 8 Programs | 1 Business Activities | 8 Other Federal Program 1 | Subtotal | ELIM | Total |
|---|---------------|--|--------------------------------|-----------------------------------|-----------------------|---------------------------|-------------|------|-------------|
| 70300 Net Tenant Rental Revenue | \$432,268 | | | | \$0 | | \$432,268 | | \$432,268 |
| 70400 Tenant Revenue - Other | \$39,292 | | | | | | \$39,292 | | \$39,292 |
| 70500 Total Tenant Revenue | \$471,560 | \$0 | \$0 | \$0 | \$0 | \$0 | \$471,560 | | \$471,560 |
| 70600 HUD PHA Operating Grants | \$1,042,976 | \$39,336 | \$4,961,817 | \$293,995 | | \$170,602 | \$6,508,726 | | \$6,508,726 |
| 70610 Capital Grants | \$434,399 | | | | | | \$434,399 | | \$434,399 |
| 70710 Management Fee | | | | | | | | | |
| 70720 Asset Management Fee | | | | | | | | | |
| 70730 Book Keeping Fee | | | | | | | | | |
| 70740 Front Line Service Fee | | | | | | | | | |
| 70750 Other Fees | | | | | | | | | |
| 70700 Total Fee Revenue | | | | | | | | | |
| 70800 Other Government Grants | | | | | | | | | |
| 71100 Investment Income - Unrestricted | \$2,386 | | | | \$133 | | \$2,519 | | \$2,519 |
| 71200 Mortgage Interest Income | | | | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | | | | |
| 71400 Fraud Recovery | | | \$14,816 | | | | \$14,816 | | \$14,816 |
| 71500 Other Revenue | \$42,490 | | \$15,865 | | \$14,580 | | \$72,935 | | \$72,935 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | | | | |
| 72000 Investment Income - Restricted | | | | | | | | | |
| 70000 Total Revenue | \$1,993,811 | \$39,336 | \$4,992,498 | \$293,995 | \$14,713 | \$170,602 | \$7,504,955 | | \$7,504,955 |
| 91100 Administrative Salaries | \$334,133 | | \$282,732 | \$32,543 | | | \$649,408 | | \$649,408 |
| 91200 Auditing Fees | \$5,964 | | \$4,346 | \$340 | | | \$10,650 | | \$10,650 |
| 91300 Management Fee | | | | | | | | | |
| 91310 Book-keeping Fee | | | | | | | | | |
| 91400 Advertising and Marketing | | | | | | | | | |
| 91500 Employee Benefit contributions - Administrative | \$89,335 | | \$95,747 | \$10,848 | | | \$195,930 | | \$195,930 |
| 91600 Office Expenses | \$46,034 | | \$49,761 | | \$3,815 | | \$99,610 | | \$99,610 |
| 91700 Legal Expense | \$15,882 | | | | | | \$15,882 | | \$15,882 |
| 91800 Travel | \$15,848 | | \$5,253 | | | | \$21,101 | | \$21,101 |
| 91810 Allocated Overhead | | | | | | | | | |
| 91900 Other | \$15,060 | | \$37,000 | | | | \$52,060 | | \$52,060 |
| 91000 Total Operating - Administrative | \$522,256 | \$0 | \$474,839 | \$43,731 | \$3,815 | \$0 | \$1,044,641 | | \$1,044,641 |

ALLEN METROPOLITAN HOUSING AUTHORITY
 ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 14.871 Housing Choice Vouchers | 14.182 N/C S/R Section 8 Programs | 1 Business Activities | 8 Other Federal Program 1 | Subtotal | ELIM | Total |
|---|---------------|--|--------------------------------|-----------------------------------|-----------------------|---------------------------|-------------|------|-------------|
| 92000 Asset Management Fee | | | | | | | | | |
| 92100 Tenant Services - Salaries | | \$29,816 | | | | \$8,384 | \$38,200 | | \$38,200 |
| 92200 Relocation Costs | \$598 | | | | | | \$598 | | \$598 |
| 92300 Employee Benefit Contributions - Tenant Services | | \$9,520 | | | | \$2,766 | \$12,286 | | \$12,286 |
| 92400 Tenant Services - Other | \$20,152 | | | | | | \$20,152 | | \$20,152 |
| 92500 Total Tenant Services | \$20,750 | \$39,336 | \$0 | \$0 | \$0 | \$11,150 | \$71,236 | | \$71,236 |
| 93100 Water | \$198,513 | | | | | | \$198,513 | | \$198,513 |
| 93200 Electricity | \$53,579 | | | | | | \$53,579 | | \$53,579 |
| 93300 Gas | \$16,148 | | | | | | \$16,148 | | \$16,148 |
| 93400 Fuel | | | | | | | | | |
| 93500 Labor | | | | | | | | | |
| 93600 Sewer | \$10,098 | | | | | | \$10,098 | | \$10,098 |
| 93700 Employee Benefit Contributions - Utilities | | | | | | | | | |
| 93800 Other Utilities Expense | | | | | | | | | |
| 93900 Total Utilities | \$278,338 | \$0 | \$0 | \$0 | \$0 | \$0 | \$278,338 | | \$278,338 |
| 94100 Ordinary Maintenance and Operations - Labor | | | | | | | \$98,679 | | \$98,679 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$316,355 | | | | | | \$316,355 | | \$316,355 |
| 94300 Ordinary Maintenance and Operations Contracts | \$712,057 | | | | | | \$712,057 | | \$712,057 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$26,383 | | | | | | \$26,383 | | \$26,383 |
| 94000 Total Maintenance | \$1,153,474 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,153,474 | | \$1,153,474 |
| 95100 Protective Services - Labor | | | | | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | | | | | |
| 95300 Protective Services - Other | | | | | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 96110 Property Insurance | | | | | | | | | |
| 96120 Liability Insurance | | | | | | | | | |
| 96130 Workmen's Compensation | \$5,472 | | | | | | \$5,472 | | \$5,472 |
| 96140 All Other Insurance | \$95,727 | | \$4,300 | | | | \$100,027 | | \$100,027 |
| 96100 Total Insurance Premiums | \$101,199 | \$0 | \$4,300 | \$0 | \$0 | \$0 | \$105,499 | | \$105,499 |
| 96200 Other General Expenses | \$18,169 | | \$2,628 | | | | \$20,797 | | \$20,797 |
| 96210 Compensated Absences | \$3,476 | | \$893 | | | | \$4,369 | | \$4,369 |
| 96300 Payments in Lieu of Taxes | \$3,208 | | | | | | \$3,208 | | \$3,208 |
| 96400 Bad debt - Tenant Rents | \$26,688 | | | | | | \$26,688 | | \$26,688 |
| 96500 Bad debt - Mortgages | | | | | | | | | |
| 96600 Bad debt - Other | | | | | | | | | |
| 96800 Severance Expense | | | | | | | | | |
| 96000 Total Other General Expenses | \$51,541 | \$0 | \$3,521 | \$0 | \$0 | \$0 | \$55,062 | | \$55,062 |

ALLEN METROPOLITAN HOUSING AUTHORITY
 ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Project Total | 14.896 PIH Family Self-Sufficiency Program | 14.871 Housing Choice Vouchers | 14.182 N/C S/R Section 8 Programs | 1 Business Activities | 8 Other Federal Program 1 | Subtotal | ELIM | Total |
|---|---------------|--|--------------------------------|-----------------------------------|-----------------------|---------------------------|--------------|------|--------------|
| 96710 Interest of Mortgage (or Bonds) Payable | | | | | | | | | |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 96900 Total Operating Expenses | \$2,127,558 | \$39,336 | \$482,660 | \$43,731 | \$3,815 | \$11,150 | \$2,708,250 | | \$2,708,250 |
| 97000 Excess of Operating Revenue over Operating Expenses | -\$133,747 | \$0 | \$4,509,838 | \$250,264 | \$10,898 | \$159,452 | \$4,796,705 | | \$4,796,705 |
| 97100 Extraordinary Maintenance | \$205,645 | | | | | | \$205,645 | | \$205,645 |
| 97200 Casualty Losses - Non-capitalized | | | | | | | | | |
| 97300 Housing Assistance Payments | | | \$4,473,254 | \$250,264 | | \$159,452 | \$4,882,970 | | \$4,882,970 |
| 97350 HAP Portability-In | | | \$5,291 | | | | \$5,291 | | \$5,291 |
| 97400 Depreciation Expense | \$704,194 | | \$3,404 | | \$6,122 | | \$713,720 | | \$713,720 |
| 97500 Fraud Losses | | | | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | | | | |
| 97900 Dwelling Units Rent Expense | | | | | | | | | |
| 90000 Total Expenses | \$3,037,397 | \$39,336 | \$4,964,609 | \$293,995 | \$9,937 | \$170,602 | \$8,515,876 | | \$8,515,876 |
| 10010 Operating Transfer In | | | | | | | | | |
| 10020 Operating transfer Out | | | | | | | | | |
| 10030 Operating Transfers from/to Primary Government | | | | | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | | | | |
| 10060 Proceeds from Property Sales | | | | | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | | | | | |
| 10093 Transfers between Program and Project - In | | | | | | | | | |
| 10094 Transfers between Project and Program - Out | | | | | | | | | |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$1,043,586 | \$0 | \$27,889 | \$0 | \$4,776 | \$0 | -\$1,010,921 | | -\$1,010,921 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 11030 Beginning Equity | \$7,774,226 | \$0 | \$175,394 | \$0 | \$213,728 | \$0 | \$8,163,348 | | \$8,163,348 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$0 | | | | | | \$0 | | \$0 |
| 11170 Administrative Fee Equity | | | \$205,907 | | | | \$205,907 | | \$205,907 |
| 11180 Housing Assistance Payments Equity | | | -\$2,624 | | | | -\$2,624 | | -\$2,624 |

**ALLEN METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATION
FISCAL YEAR ENDED JUNE 30, 2016**

Capital Fund Program Number OH16P04450113

1. The Program Costs are as follows:

| | |
|---------------------------------------|----------------|
| Funds Approved | \$320,182 |
| Funds Expended | <u>320,182</u> |
| Excess (Deficiency) of Funds Approved | <u>\$ -</u> |
| Funds Advanced | \$320,182 |
| Funds Expended | <u>320,182</u> |
| Excess (Deficiency) of Funds Advanced | <u>\$ -</u> |

2. All costs have been paid and there are no outstanding obligations.
3. The Final financial Status Report was signed and filed on November 10, 2015.
4. The final costs on the certification agree to the Authority's records.

**ALLEN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| <u>Federal Grantor/Pass Through Grantor Program/Cluster Title</u> | <u>Pass-Through Number</u> | <u>Federal CFDA Number</u> | <u>Total Federal Expenditures</u> |
|---|--------------------------------|------------------------------------|---------------------------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Section 8 - New Construction and Substantial Rehab | N/A | 14.182 | \$ 293,995 |
| Homeless Management Information Systems Technical Assistance | N/A | 14.261 | 170,602 |
| Public and Indian Housing | N/A | 14.850 | 887,699 |
| Section 8 Housing Choice Vouchers | N/A | 14.871 | 4,961,817 |
| Public Housing Capital Fund | N/A | 14.872 | 589,676 |
| Family Self-Sufficiency Program | N/A | 14.896 | 39,336 |
| Total Expenditures of Federal Awards | | | \$ 6,943,125 |

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Allen Metropolitan Housing Authority (the Authority) under programs of the federal government for the fiscal year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

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 Allen Metropolitan Housing Authority, Allen County, (the Authority) as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 17, 2016.

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.

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*.

Wilson, Shannon & Snow, Inc.

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

Purpose of this Report

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
November 17, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the Allen Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Allen Metropolitan Housing Authority's major federal program for the fiscal year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
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Opinion on the Major Federal Program

In our opinion, the Allen Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2016.

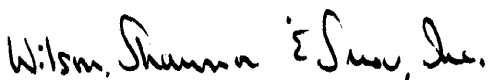
Report on Internal Control Over Compliance

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 program, 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 the Uniform Guidance, 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 program's 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 Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Newark, Ohio
November 17, 2016

**ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016**

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 weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any 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 weaknesses in internal control reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any 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 2 CFR § 200.516(a)? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Housing Choice Vouchers/CFDA #14.871 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$750,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee under 2 CFR §200.520? | 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

ALLEN COUNTY METROPOLITAN HOUSING AUTHORITY

ALLEN 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
JANUARY 17, 2017**