

**ERIE METROPOLITAN  
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS  
AND SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

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





# Dave Yost • Auditor of State

Board of Directors  
Erie Metropolitan Housing Authority  
322 Warren Street  
Sandusky, OH 44870

We have reviewed the *Independent Auditor's Report* of the Erie Metropolitan Housing Authority, Erie County, prepared by James G. Zupka, CPA, 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 Erie Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

March 6, 2017

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**ERIE METROPOLITAN HOUSING AUTHORITY  
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

*Certified Public Accountants  
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Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Members of the Board  
Erie Metropolitan Housing Authority  
Sandusky, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Erie Metropolitan Housing Authority, Ohio, (the Authority) as of and for the 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Erie Metropolitan Housing Authority, Ohio, as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with 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 that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Erie Metropolitan Housing Authority's basic financial statements. The Statement of Modernization Cost - Completed and the Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of 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 basic financial statements.



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the Erie Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Erie Metropolitan Housing Authority's internal control over financial reporting and compliance.



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

December 21, 2016

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)**

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The Erie Metropolitan Housing Authority’s (the Authority) management’s discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (its ability to address the next and subsequent year challenges), and (d) identify individual issues or concerns.

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

**FINANCIAL HIGHLIGHTS**

- The Authority’s authority-wide statements reflect a decrease in total net position of \$149,578 (or 4.7 percent) during 2016. Net position was \$3.021 million and \$3.171 million for 2016 and 2015 respectively (after restatement).
- The business-type activity revenue increased by \$660,604 (or 7.90 percent) during 2016, and was \$9.027 million and \$8.366 million for 2016 and 2015 respectively.
- The total expenses of all Authority programs increased by \$214,469 (or 2.56 percent). Total expenses were \$9.176 million and \$8.962 million for 2016 and 2015 respectively.

***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:

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

**ERIE METROPOLITAN HOUSING AUTHORITY  
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(Unaudited)**

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*Authority-Wide Financial Statements* (Continued)

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

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

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

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the "Change in Net Position", which is similar to net income or loss.

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

***Fund Financial Statements***

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists of exclusively 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.

The Department of Housing and Urban Development requires the funds maintained by the Authority.

**THE AUTHORITY'S PROGRAMS**

***Business-Type Activities***

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

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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*Business-type Activities* (Continued)

The Authority converted to asset management starting July 1, 2007 and has separated its' properties into two asset management projects - AMP #1 consists of all scattered sites and AMP #2 consists of all units at the Bayshore Towers. The Authority tracks income and expenses at the AMP level for better management and control.

Capital Fund Program (CFP) - This is the current primary funding source for the Authority's Public Housing physical and management improvements. Funds are provided by formula allocation and based on size and age of the Authority's Public Housing units.

Housing Choice Voucher Program - Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30 percent, and the Authority subsidizes the balance.

Central Office Cost Center - As part of the conversion to asset management, the Authority has established a central office cost center (COCC) fund by fees charged to the individual AMPs. Salaries and benefits of administrative personnel and charged to the COCC as are other administrative-related expenses. The profit remaining in the COCC is deprogrammed and is available for any housing use. As part of the conversion to asset management, the management fees received from the Erie Community Plaza, Inc. (a 202 PRAC project) and the Sandusky Metropolitan Housing Authority are now reported under the Central Office Cost Center.

Special Programs for the Aging - Title III-C - Under the Title III-C Program, the Authority oversees the administration of the nutrition program by the Erie County Senior Center. Funding is received from the Area Office on Aging of Northwest Ohio, Inc. through the Department of Health and Human Services to provide nutritionally balanced meals to residents of Erie County age 60 and older. Meals are provided for a donation only.

Special Programs for the Aging - Title III-B - represents resources derived from the administration of the Title III-B program by the Erie County Senior Center. The program provides services for the elderly of Erie County for transportation, escort, education, information and referral, volunteer placement, health assessment and socialization. Funding is received through the Area Office on Aging of Northwest Ohio, Inc. from the Department of Health and Human Services.

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(Unaudited)**

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*Business-type Activities* (Continued)

State and Local Grants - Represents resources derived from local grants for training and protective services at both the Bayshore Towers and the Erie County Senior Center.

In 2015, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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

In accordance with GASB Statement No. 68, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

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**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)**

**AUTHORITY-WIDE STATEMENTS**

*Statement of Net Position*

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

**Table 1 - Statement of Net Position**

	<u>2016</u>	<u>2015</u>
<b><u>Assets and Deferred Outflows of Resources</u></b>		
Current Assets	\$ 1,077,958	\$ 1,187,873
Capital and Other Assets	5,094,457	5,135,676
Deferred Outflows of Resources	<u>479,167</u>	<u>110,025</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 6,651,582</u></b>	<b><u>\$6,433,574</u></b>
<b><u>Liabilities</u></b>		
Current Liabilities	\$ 321,705	\$ 327,114
Non-Current Liabilities	<u>3,265,938</u>	<u>2,915,427</u>
<b>Total Liabilities</b>	<b><u>3,587,643</u></b>	<b><u>3,242,541</u></b>
<b>Deferred Inflows of Resources</b>	<u>42,469</u>	<u>19,985</u>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	3,332,687	3,581,440
Restricted	47	113,973
Unrestricted	<u>(311,264)</u>	<u>(524,365)</u>
<b>Total Net Position</b>	<b><u>3,021,470</u></b>	<b><u>3,171,048</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b><u>\$6,651,582</u></b>	<b><u>\$ 6,433,574</u></b>

For more detail information, see Statement of Net Position presented on page 13.

***Major Factors Affecting the Statement of Net Position:***

Current assets decreased by \$109,915 and total liabilities increased by \$345,102. The decrease in current assets was primarily due to the spending of debt proceeds in fiscal year 2016. The increase in total liabilities is primarily due to an increase in the net pension liability.

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)**

**Table 2- Change of Unrestricted Net Position**

Restated Unrestricted Net Position, June 30, 2015	\$ (524,365)
Results of Operations	(149,578)
Adjustments:	
Depreciation (1)	565,534
Capital Asset Disposals	8,372
Capital Expenditures	(532,361)
Debt Proceeds used for Capital Expenditures	301,680
Debt Principal Payments	(94,472)
Transfers from Restricted Net Position	113,926
Unrestricted Net Position, June 30, 2016	<u>\$ (311,264)</u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net position.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in unrestricted net position provides a clearer change in financial well being. The Authority's unrestricted net position increased \$213,101.

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

**Table 3 - Statement of Revenues, Expenses, and Changes in Net Position**

	2016	2015
<b><u>Revenues</u></b>		
Tenant Rental Income	\$ 417,537	\$ 431,300
Government Operating Grant	6,970,688	6,806,369
Capital Grants	227,587	55,866
Interest and Investment Revenue	2,466	1,210
Other Revenues	1,408,820	1,071,749
<b>Total Revenues</b>	<u>9,027,098</u>	<u>8,366,494</u>
<b><u>Expenses</u></b>		
Administrative	1,497,883	1,371,544
Tenant and Protective Services	161,628	152,035
Utilities	202,992	220,937
Maintenance	1,424,637	1,193,903
General and Interest	201,463	275,762
Housing Assistance Payments	5,122,539	5,206,072
Depreciation	565,534	541,894
<b>Total Expenses</b>	<u>9,176,676</u>	<u>8,962,147</u>
Net (Decreases) in Net Position	<u>\$ (149,578)</u>	<u>\$ (595,653)</u>



**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Unaudited)**

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

*REVENUES:* Operating Subsidies, Grants and Capital Grants increased by \$336,040, or 4.90 percent. The majority of the increase was due to increased operating subsidy and additional capital fund revenue.

*EXPENSES:* Maintenance expenses increased by \$230,734 primarily due to an increase in contractor costs due to repairs as units were turned over. Administrative costs increased by \$126,339 due to an increase in health insurance and additional office expense due to purchase of scanners for all employees.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

As of year end, the Authority had \$5.088 million invested in a variety of capital assets as reflected in the following schedule. This represents a net decrease (addition, deductions and depreciation) of \$41,545 from the end of last year.

**Table 4 - Capital Assets at Year-End (Net of Depreciation)**

	2016	2015
Land	\$ 674,630	\$ 674,630
Building and Improvements	16,556,089	16,111,525
Equipment	876,412	894,447
Accumulated Depreciation	<u>(13,019,509)</u>	<u>(12,551,435)</u>
<b>Total</b>	<u><u>\$ 5,087,622</u></u>	<u><u>\$ 5,129,167</u></u>

The following reconciliation summarizes the change in capital assets, which is presented in detail in Note 3 of the financial statements.

**Table 5 - Change in Capital Assets**

Beginning Balance, June 30, 2015	\$ 5,129,167
Current Year Additions	532,361
Asset Disposal	(8,372)
Depreciation	<u>(565,534)</u>
Ending Balance - June 30, 2016	<u><u>\$5,087,622</u></u>

***Debt Administration***

At year-end, the Authority had \$1,754,935 in long-term debt. The current year debt decreased due to debt payments made in the fiscal year. See Note 4 for more information on long-term debt payments made in fiscal year.

**ERIE METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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*Economic Factors*

Significant economic factors affecting the Authority are as follows:

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

**IN CONCLUSION**

The Authority had a \$213,101 increase in unrestricted net position and a reduction of \$149,578 in total net position.

**FINANCIAL CONTACT**

If you have any questions regarding this report, you may contact Ralph Chamberlain, Executive Director of the Erie Metropolitan Housing Authority at (419) 502-2321.

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 658,161
Restricted Cash and Cash Equivalents	123,615
Receivables, Net	164,839
Prepaid Expenses and Other Assets	72,003
Inventory	59,340
<b>Total Current Assets</b>	<u>1,077,958</u>

**Non-Current Assets**

Non-Depreciable Capital Assets	674,630
Depreciable Capital Assets, Net	4,412,992
Other Assets	6,835
<b>Total Non-Current Assets</b>	<u>5,094,457</u>

**DEFERRED OUTFLOWS OF ASSETS**

Pension	<u>479,167</u>
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**TOTAL ASSETS AND DEFERRED INFLOWS OF RESOURCES** \$ 6,651,582

**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 110,224
Current Portion of Compensated Absences	26,430
Accrued Liabilities	23,557
Tenant Security Deposits	23,650
Other Current Liabilities	39,002
Current Portion - Mortgages Payable	98,842
<b>Total Current Liabilities</b>	<u>321,705</u>

**Noncurrent Liabilities**

Mortgages Payable	1,656,093
Net Pension Liability	1,430,634
Accrued Compensated Absences - Non-Current	79,293
Other Non-Current Liabilities	99,918
<b>Total Noncurrent Liabilities</b>	<u>3,265,938</u>
<b>Total Liabilities</b>	<u>3,587,643</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension	<u>42,469</u>
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**NET POSITION**

Net Investment in Capital Assets	3,332,687
Restricted	47
Unrestricted	(311,264)
<b>Total Net Position</b>	<u>3,021,470</u>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION** \$ 6,651,582

See accompanying notes to the basic financial statements.

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

<b><u>Operating Revenues</u></b>	
Tenant Rental Income	\$ 417,537
Government Operating Grants	6,970,688
Other Revenue	<u>1,417,192</u>
<b>Total Operating Revenues</b>	<b><u>8,805,417</u></b>
<b><u>Operating Expenses</u></b>	
Administrative Salaries	1,497,883
Tenant and Protective Services	161,628
Utilities	202,992
Maintenance	1,424,637
General	121,588
Housing Assistance Payment	5,122,539
Depreciation Expense	<u>565,534</u>
<b>Total Operating Expenses</b>	<b><u>9,096,801</u></b>
<b>Operating Income (Loss)</b>	<b><u>(291,384)</u></b>
<b><u>Non-Operating Revenues (Expenses)</u></b>	
Loss on Disposal of Capital Assets	(8,372)
Interest and Investment Revenue	2,466
Interest Expense and Bond Issuance Costs	<u>(79,875)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<b><u>(85,781)</u></b>
Income (Loss) Before Capital Grants	(377,165)
Capital Grants	<u>227,587</u>
<b>Change in Net Position</b>	<b>(149,578)</b>
Total Net Position, Beginning of Year	<u>3,171,048</u>
<b>Net Position, End of Year</b>	<b><u>\$ 3,021,470</u></b>

See accompanying notes to the basic financial statements.

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

**Cash Flows from Operating Activities**

Cash Received - HUD Operating Subsidies and Grants	\$ 6,962,049
Cash Received from Tenants	425,822
Other Revenue	1,368,728
Cash Payments for Housing Assistance Payments	(5,122,539)
Cash Payments for Administrative Costs	(1,433,085)
Cash Payment for Other Operating Expenses	(1,910,539)
<b>Net Cash Used in by Operating Activities</b>	<b><u>290,436</u></b>

**Cash Flows from Capital and Related Financing Activities**

Capital Additions	(532,361)
Capital Grants	227,587
Interest and Bond Issuance Costs	(79,875)
Repayment of Long Term Debt	(94,472)
<b>Net Cash Provided (Used) by Capital and Other Related Financing Activities</b>	<b><u>(479,121)</u></b>

**Cash Flows from Investing Activities**

Investment Income	<u>2,466</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>2,466</u></b>
Net Decrease in Cash and Cash Equivalents	(186,219)
Cash and Cash Equivalents, Beginning	<u>967,995</u>

**Cash and Cash Equivalents, Ending** **\$ 781,776**

**Reconciliation of Operating Loss to Net**

**Cash Provided by Operating Activities**

Net Operating (Loss)	\$ (291,384)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	565,534
(Increase) Decrease in:	
Accounts Receivable	(53,323)
Prepaid Expenses	(25,657)
Inventory and Other Assets	2,350
Deferred Outflows of Resources	(369,142)
Increase (Decrease) in:	
Accounts Payable	(14,684)
Compensated Absences	(3,583)
Security Deposits	(400)
Non-Current Liabilities	46,000
Net Pension Liability	406,039
Accrued Expenses and Other Current Liabilities	6,202
Deferred Inflows of Resources	<u>22,484</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ 290,436</u></b>

See accompanying notes to the basic financial statements.

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

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Reporting Entity**

The Erie Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, located in Sandusky, Ohio, created under Section 3735.27 of the Ohio Revised Code, to engage in the acquisition, development, leasing and administration of low-rent housing program. An Annual Contributions Contract was signed by the Authority and the United States Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring constructing, maintenance, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. The Authority is a political subdivision with no component units.

**B. Basis of Presentation**

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

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

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.

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Basis of Presentation** (Continued)

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

Enterprise fund reporting focuses on the determination of the changes 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.

**C. Measurement Focus and Basis of Accounting**

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the Statement of Net Position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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 the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Property and Equipment**

Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized, while maintenance repair costs are expensed as incurred.

Useful life of property and equipment is as follows:

Buildings	40 years
Land and Building Improvements	15 years
Equipment	7 years
Autos	5 years

Depreciation is recorded on the straight-line method. Total depreciation expense for the 2016 fiscal year was \$565,534.

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Cash and Cash Equivalents**

The Authority considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash and cash equivalents.

F. **Investments**

Investments are stated at fair value. Cost-based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

G. **Restricted Assets**

Restricted assets represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include excess Housing Choice Voucher housing assistance payments funding and security deposits collected from residents of the Authority's housing units.

H. **Net Position**

Net position represents the difference between assets and liabilities. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position includes the Housing Choice Voucher Program HAP Equity. That is funding provided to the Authority by HUD for the purpose of making rental assistance payments on behalf of program participants that has yet to be expended and was \$47 at June 30, 2016.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

I. **Use of Estimates**

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



**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

J. **Budgetary Accounting**

The Authority annually prepares funding requests as prescribed by HUD. After HUD approval of these requests, a budget is adopted by the Board of the Authority.

K. **Capitalization of Interest**

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

L. **Financial Statement Format and Content**

The format and content of the financial statements included in this report conforms to the format and content submitted to U.S. Department of Housing and Urban Development, via the Real Estate Assessment Center.

M. **Pensions**

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

N. **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 6.

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 include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 6).

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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NOTE 2: **DEPOSITS AND INVESTMENTS**

The Authority follows the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This standard revised the existing requirement regarding disclosure of custodial credit risk and establishes requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

**A. 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 (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Authority had 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 to 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.

At June 30, 2016, the Authority had undeposited cash on hand (petty cash) of \$510.

At June 30, 2016, the carrying amount of the Authority's cash deposits was \$780,756 and the bank balance was \$796,094. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2016, deposits totaling \$595,317 were covered by Federal Depository Insurance Corporation, while the balance of \$200,777 was collateralized by securities pledged in the name of the Authority.

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

A. **Deposits** (Continued)

Custodial credit is the risk that, in the event of a 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. Multiple financial institution collateral pools that insure public deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority.

B. **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 funds, super NOW 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 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 exception that it will be held to maturity. Investments may only be made through specified 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 has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At June 30, 2016, the Authority has no investments.

**ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(CONTINUED)**

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NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

C. **Interest Rate Risk**

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires those funds which are not operating reserve funds to be invested in investments with a maximum term of one year or the Authority's operating cycle. For investments of the Authority's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity.

D. **Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit its investment choices.

E. **Concentration of Credit Risk**

Generally, the Authority places no limit on the amount it may invest in any one financial institution. However, the investment policy limits the investment of HUD-approved mutual funds to no more than 20 percent of the Authority's available investment funds. The Authority's deposits in financial institutions represent 100 percent of its deposits.

F. **Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

NOTE 3: **CAPITAL ASSETS**

A summary of capital assets at June 30, 2016, by class is as follows:

Land	\$ 674,630
Building and Improvements	16,556,089
Furniture, Equipment	<u>876,412</u>
Total	18,107,131
Less Accumulated Depreciation	<u>(13,019,509)</u>
Net Property and Equipment	<u>\$ 5,087,622</u>

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

NOTE 3: **CAPITAL ASSETS** (Continued)

A summary of changes in capital assets during the year is as follows:

	Balance <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2016</u>
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 674,630	\$ 0	\$ 0	\$ 674,630
<b>Total Capital Assets Not Being Depreciated</b>	<u>674,630</u>	<u>0</u>	<u>0</u>	<u>674,630</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and Improvements	16,111,525	488,144	(43,580)	16,556,089
Furniture and Equipment	<u>894,447</u>	<u>44,217</u>	<u>(62,252)</u>	<u>876,412</u>
<b>Total Capital Assets Being Depreciated</b>	<u>17,005,972</u>	<u>532,361</u>	<u>(105,832)</u>	<u>17,432,501</u>
<b>Less Accumulated Depreciation</b>				
Buildings and Improvements	(11,873,565)	(503,951)	36,930	(12,340,586)
Furniture and Equipment	<u>(677,870)</u>	<u>(61,583)</u>	<u>60,530</u>	<u>(678,923)</u>
<b>Less Accumulated Depreciation</b>	<u>(12,551,435)</u>	<u>(565,534)</u>	<u>97,460</u>	<u>(13,019,509)</u>
Total Capital Assets being Depreciated, Net	<u>4,454,537</u>	<u>(33,173)</u>	<u>(8,372)</u>	<u>4,412,992</u>
<b>Total Capital Assets, Net</b>	<u>\$ 5,129,167</u>	<u>\$ (33,173)</u>	<u>\$ (8,372)</u>	<u>\$ 5,087,622</u>

NOTE 4: **LONG-TERM DEBT**

The long-term debt consists of bond payable dated July 17, 2007, due June 2027, and was funded by a bond issue in the principal amount of \$40,532,000, of which the Authority's share is \$1,130,000. Repayment of the loan is funded through contributions from HUD under the Capital Fund Program and investment earnings. Payments are made by reducing the Capital Fund Program subsidy due to the Authority. Payments are due semi-annually beginning October 1, 2007, totaling approximately \$90,000 annually. Serial bonds were issued with fixed interest rates between 3.90 percent and 4.67 percent. The bonds were issued to provide major renovations at Bayshore Towers. The outstanding balance as of June 30, 2016 is \$751,749.

The Authority entered into an Energy Performance agreement in December, 2014 which was funded in the amount of \$1,056,444 with an interest rate of 4.75 percent. The funds were used for energy conservation improvements and equipment for the Public Housing units. The repayment of this debt began in February, 2015 with the final payment due in February, 2030. The balance outstanding as June 30, 2016 was \$1,003,186.

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

NOTE 4: **LONG-TERM DEBT** (Continued)

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

<u>Description</u>	Balance 06/30/15	Issued	Retired	Balance 06/30/16	Current Portion
U. S. Department of HUD	\$ 785,000	\$ 0	\$ (50,000)	\$ 735,000	\$ 50,000
Unamortized Premium	18,272	0	(1,523)	16,749	1,523
Energy Performance Equipment Lease	1,046,135	0	(42,949)	1,003,186	47,319
Net Pension Liability	1,024,595	406,039	0	1,430,634	0
Compensated Absence	109,306	48,604	(52,187)	105,723	26,430
Total	<u>\$2,983,930.8</u>	<u>\$454,643</u>	<u>\$ (146,659)</u>	<u>\$3,291,292</u>	<u>\$ 125,272</u>

Debt maturities for the next five years are estimated as follows:

For the Year Ended June, 30	Amortized Premium	<u>U.S. Department of HUD</u>		<u>Energy Performance Equipment Lease</u>	
		Principal	Interest	Principal	Interest
2017	\$ 1,523	\$ 50,000	\$ 36,750	\$ 47,319	\$ 36,966
2018	1,523	55,000	34,250	51,380	35,139
2019	1,523	55,000	31,500	56,573	33,141
2020	1,523	60,000	28,750	61,621	30,941
2021	1,523	60,000	25,750	65,300	28,583
2022-2026	7,613	370,000	78,750	382,425	102,339
2027-2030	1,521	85,000	4,250	338,568	25,945
Totals	<u>\$ 16,749</u>	<u>\$ 735,000</u>	<u>\$ 240,000</u>	<u>\$ 1,003,186</u>	<u>\$ 293,054</u>

NOTE 5: **RESTRICTED CASH**

The restricted cash balance of \$123,615 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by:	
HUD for Housing Assistance Payments	\$ 47
Tenant Security Deposits	23,650
FSS Escrow Funds	99,918
Total Restricted Cash	<u>\$ 123,615</u>

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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NOTE 6: **DEFINED BENEFIT PENSION PLAN**

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

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

**ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(CONTINUED)**

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

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



**ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(CONTINUED)**

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

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

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.

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority’s contractually required contribution to the Traditional and Combined Plans was \$131,914 for FYE 6/30/16.

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

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

***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:

	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,430,634	\$ (6,835)	\$ 1,423,799
Proportionate of the Net Pension Liability/(Asset)	0.008293%	0.016490%	
Pension Expense	\$ 201,834	\$ 4,231	\$ 206,065

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

	<u>Traditional Plan</u>	<u>Combined Plan</u>	<u>Total</u>
<b><u>Deferred Outflows of Resources</u></b>			
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 422,227	\$ 3,465	\$ 425,692
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	0	107	107
Authority Contributions Subsequent to the Measurement Date	50,435	2,933	53,368
<b>Total Deferred Outflows of Resources</b>	<u>\$ 472,662</u>	<u>\$ 6,505</u>	<u>\$ 479,167</u>
<b><u>Deferred Inflows of Resources</u></b>			
Difference between Expected and Actual Experience	\$ 27,755	\$ 3,662	\$ 31,417
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions	11,052	0	11,052
<b>Total Deferred Outflows of Resources</b>	<u>\$ 38,807</u>	<u>\$ 3,662</u>	<u>\$ 42,469</u>

**ERIE METROPOLITAN HOUSING AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (CONTINUED)**

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

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

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

\$53,368 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:

Year Ending	
June 30:	
2017	\$ 85,367
2018	92,119
2019	106,679
2020	100,917
2021	(450)
Thereafter	<u>(1,302)</u>
Total	<u>\$ 383,330</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:

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

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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

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

*Actuarial Assumptions - OPERS* (Continued)

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

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

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

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

**ERIE METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(CONTINUED)**

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

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

*Actuarial Assumptions - OPERS* (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
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
<b>Total</b>	<b>100.00 %</b>	<b>5.28 %</b>

***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:

<u>Authority’s proportionate share of the net pension liability (asset)</u>	<u>1% Decrease (7.0%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
Traditional Plan	\$ 2,288,619	\$ 1,430,634	\$ 717,676
Combined Plan	\$ (165)	\$ (6,835)	\$ (14,346)

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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NOTE 7: **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 <https://opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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NOTE 7: **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, 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 \$21,986, \$21,704, and \$16,732, respectively.

NOTE 8: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of the Authority based on local and state laws. All permanent employees will earn 4.62 hours of sick leave per eighty (80) hours of service. Unused sick leave may accumulate without limit. After ten (10) or more years of service and upon retirement, employees shall be paid the value of twenty-five percent of unused sick leave subject to a maximum payment equal to 30 days of sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Employees will be paid for all unused vacation time upon their separation from service.

**ERIE METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(CONTINUED)**

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**NOTE 9: RISK MANAGEMENT**

The Authority is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of damage to, and destruction of assets; errors and omissions; and injuries to employees.

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, and building contents. There was no significant reduction in coverage and no settlements exceeded insurance coverage, during the past three years.

**NOTE 10: CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

**NOTE 11: SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

The Authority did not elect to use the de-minimis rate of 10 percent for indirect costs charged to Federal Programs



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

Traditional Plan	2016	2015	2014
Authority's Proportion of the Net Pension Liability/Asset	0.008293%	0.008495%	0.008495%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,430,634	\$ 1,024,595	\$ 1,001,450
Authority's Covered-Employee Payroll	\$ 1,038,875	\$ 1,196,583	\$ 1,234,575
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	137.71%	85.63%	81.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%
Combined Plan			
Authority's Proportion of the Net Pension Liability/Asset	0.016490%	0.016901%	0.016901%
Authority's Proportionate Share of the Net Pension (Asset)	\$ (6,835)	\$ (6,509)	\$ (7,470)
Authority's Covered-Employee Payroll	\$ 60,417	\$ 69,525	\$ 68,492
Authority's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	-11.31%	-9.36%	-10.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.90%	114.83%	104.33%

(1) Information prior to 2014 is not available.

Amounts presented as of Authority's fiscal year end. The plan measurement date is the prior calendar year end.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Contractually Required Contributions</u>										
Traditional Plan	124,665	143,590	148,149	\$147,060	\$140,589	\$140,687	\$138,417	\$135,338	\$129,000	\$129,925
Combined Plan	7,250	8,343	8,219	8,137	7,801	2,446	-	-	-	1,315
<b>Total Required Contributions</b>	<b>\$131,915</b>	<b>\$151,933</b>	<b>\$156,368</b>	<b>\$155,197</b>	<b>\$148,390</b>	<b>\$143,133</b>	<b>\$138,417</b>	<b>\$135,338</b>	<b>\$129,000</b>	<b>\$131,240</b>
<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>(\$131,915)</u>	<u>(\$151,933)</u>	<u>(\$156,368)</u>	<u>(\$155,197)</u>	<u>(\$148,390)</u>	<u>(\$143,133)</u>	<u>(\$138,417)</u>	<u>(\$135,338)</u>	<u>(\$129,000)</u>	<u>(\$131,240)</u>
<u>Contribution Deficiency/(Excess)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Authority's Covered Employee Payroll</u>										
Traditional Plan	\$1,088,875	\$1,196,583	\$1,234,575	\$1,131,231	\$1,405,890	\$1,406,870	\$1,537,967	\$1,592,212	\$1,842,857	\$1,672,136
Combined Plan	\$60,417	\$69,525	\$68,492	\$62,592	\$98,126	\$30,767	\$0	\$0	\$0	\$16,924
<u>Pension Contributions as a Percentage of Covered Employee Payroll</u>										
Traditional Plan	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%	7.00%	7.77%
Combined Plan	12.00%	12.00%	12.00%	13.00%	7.95%	7.95%	9.77%	9.27%	8.10%	7.77%

**ERIE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE BALANCE SHEET SUMMARY  
JUNE 30, 2016**

	Project Total	93.044 Special Programs for the Aging Title III, Part B	93.045 Special Programs for the Aging Title III, Part C	14.871 Housing Choice Vouchers	93.778 Medical Assistance Program	2 State/Local	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	289,599			75,752		42,017	250,793	658,161		658,161
113 Cash - Other Restricted				99,965				99,965		99,965
114 Cash - Tenant Security Deposits	23,650							23,650		23,650
<b>100 Total Cash</b>	<b>313,249</b>	<b>-</b>	<b>-</b>	<b>175,717</b>	<b>-</b>	<b>42,017</b>	<b>250,793</b>	<b>781,776</b>	<b>-</b>	<b>781,776</b>
122 Accounts Receivable - HUD Other Projects				13,300				13,300		13,300
125 Accounts Receivable - Miscellaneous	6,792					90,942	25,378	123,112		123,112
126 Accounts Receivable - Tenants	13,466							13,466		13,466
126.1 Allowance for Doubtful Accounts - Tenants	-2,933							-2,933		-2,933
128 Fraud Recovery				486,263				486,263		486,263
128.1 Allowance for Doubtful Accounts - Fraud				-468,369				-468,369		-468,369
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>17,325</b>	<b>-</b>	<b>-</b>	<b>31,194</b>	<b>-</b>	<b>90,942</b>	<b>25,378</b>	<b>164,839</b>	<b>-</b>	<b>164,839</b>
142 Prepaid Expenses and Other Assets	37,143			1,450		3,713	29,697	72,003		72,003
143 Inventories	44,236					8,860	8,605	61,701		61,701
143.1 Allowance for Obsolete Inventories	-2,211						-150	-2,361		-2,361
<b>150 Total Current Assets</b>	<b>409,742</b>	<b>-</b>	<b>-</b>	<b>208,361</b>	<b>-</b>	<b>145,532</b>	<b>314,323</b>	<b>1,077,958</b>	<b>-</b>	<b>1,077,958</b>
161 Land	638,695						35,935	674,630		674,630
162 Buildings	15,948,563			72,305			535,221	16,556,089		16,556,089
163 Furniture, Equipment & Machinery - Dwellings	152,276							152,276		152,276
164 Furniture, Equipment & Machinery - Administration	301,921			61,481		94,707	266,027	724,136		724,136
166 Accumulated Depreciation	-12,144,745			-97,518		-70,004	-707,242	-13,019,509		-13,019,509
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>4,896,710</b>	<b>-</b>	<b>-</b>	<b>36,268</b>	<b>-</b>	<b>24,703</b>	<b>129,941</b>	<b>5,087,622</b>	<b>-</b>	<b>5,087,622</b>
174 Other Assets	1,599			2,094		2,315	827	6,835		6,835
<b>180 Total Non-Current Assets</b>	<b>4,898,309</b>	<b>-</b>	<b>-</b>	<b>38,362</b>	<b>-</b>	<b>27,018</b>	<b>130,768</b>	<b>5,094,457</b>	<b>-</b>	<b>5,094,457</b>
200 Deferred Outflow of Resources	98,084			128,498		142,110	110,475	479,167		479,167
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>5,406,135</b>	<b>-</b>	<b>-</b>	<b>375,221</b>	<b>-</b>	<b>314,660</b>	<b>555,566</b>	<b>6,651,582</b>	<b>-</b>	<b>6,651,582</b>

**ERIE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE BALANCE SHEET SUMMARY  
JUNE 30, 2016**

	Project Total	93.044 Special Programs for the Aging Title III, Part B	93.045 Special Programs for the Aging Title III, Part C	14.871 Housing Choice Vouchers	93.778 Medical Assistance Program	2 State/Local	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	24,992			4,705		18,129	62,398	110,224		110,224
321 Accrued Wage/Payroll Taxes Payable							2,261	2,261		2,261
322 Accrued Compensated Absences - Current Portion	4,142			5,795		9,032	7,461	26,430		26,430
333 Accounts Payable - Other Government						15,000		15,000		15,000
341 Tenant Security Deposits	23,650							23,650		23,650
342 Unearned Revenue						16,008	6,580	22,588		22,588
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	98,842							98,842		98,842
345 Other Current Liabilities	1,414							1,414		1,414
346 Accrued Liabilities - Other	21,296							21,296		21,296
<b>310 Total Current Liabilities</b>	<b>174,336</b>	<b>-</b>	<b>-</b>	<b>10,500</b>	<b>-</b>	<b>58,169</b>	<b>78,700</b>	<b>321,705</b>	<b>-</b>	<b>321,705</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	1,656,093							1,656,093		1,656,093
353 Non-current Liabilities - Other				99,918				99,918		99,918
354 Accrued Compensated Absences - Non Current	12,427			17,385		27,098	22,383	79,293		79,293
357 Accrued Pension and OPEB Liabilities	286,074			374,780		414,480	355,300	1,430,634		1,430,634
<b>350 Total Non-Current Liabilities</b>	<b>1,954,594</b>	<b>-</b>	<b>-</b>	<b>492,083</b>	<b>-</b>	<b>441,578</b>	<b>377,683</b>	<b>3,265,938</b>	<b>-</b>	<b>3,265,938</b>
<b>300 Total Liabilities</b>	<b>2,128,930</b>	<b>-</b>	<b>-</b>	<b>502,583</b>	<b>-</b>	<b>499,747</b>	<b>456,383</b>	<b>3,587,643</b>	<b>-</b>	<b>3,587,643</b>
400 Deferred Inflow of Resources	9,458			12,392		13,704	6,915	42,469		42,469
508.4 Net Investment in Capital Assets	3,141,775			36,268		24,703	129,941	3,332,687		3,332,687
511.4 Restricted Net Position				47				47		47
512.4 Unrestricted Net Position	125,972			-176,069		-223,494	-37,673	-311,264		-311,264
<b>513 Total Equity - Net Assets / Position</b>	<b>3,267,747</b>	<b>-</b>	<b>-</b>	<b>-139,754</b>	<b>-</b>	<b>-198,791</b>	<b>92,268</b>	<b>3,021,470</b>	<b>-</b>	<b>3,021,470</b>
<b>600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net</b>	<b>5,406,135</b>	<b>-</b>	<b>-</b>	<b>375,221</b>	<b>-</b>	<b>314,660</b>	<b>555,566</b>	<b>6,651,582</b>	<b>-</b>	<b>6,651,582</b>

**ERIE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project Total	93.044 Special Programs for the Aging Title III, Part B	93.045 Special Programs for the Aging Title III, Part C	14.871 Housing Choice Vouchers	93.778 Medical Assistance Program	2 State/Local	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	398,868							398,868		398,868
70400 Tenant Revenue - Other	18,669							18,669		18,669
<b>70500 Total Tenant Revenue</b>	<b>417,537</b>	-	-	-	-	-	-	417,537	-	417,537
70600 HUD PHA Operating Grants	1,043,353			5,688,831				6,732,184		6,732,184
70610 Capital Grants	227,587							227,587		227,587
70710 Management Fee							138,916	138,916	-138,916	-
70730 Book Keeping Fee							19,815	19,815	-19,815	-
70740 Front Line Service Fee							39,323	39,323	-39,323	-
70750 Other Fees							357,104	357,104		357,104
<b>70700 Total Fee Revenue</b>	<b>-</b>	-	-	-	-	-	555,158	555,158	-198,054	357,104
70800 Other Government Grants		45,090	136,016		57,398			238,504		238,504
71100 Investment Income - Unrestricted				77			2,389	2,466		2,466
71400 Fraud Recovery				16,504				16,504		16,504
71500 Other Revenue	196,444			14,873		831,062	1,205	1,043,584		1,043,584
71600 Gain or Loss on Sale of Capital Assets	-8,372							-8,372		-8,372
<b>70000 Total Revenue</b>	<b>1,876,549</b>	<b>45,090</b>	<b>136,016</b>	<b>5,720,285</b>	<b>57,398</b>	<b>831,062</b>	<b>558,752</b>	<b>9,225,152</b>	<b>-198,054</b>	<b>9,027,098</b>
91100 Administrative Salaries	50,953			257,774		287,608	286,436	882,771		882,771
91200 Auditing Fees	2,493			11,453		3,887		17,833		17,833
91300 Management Fee	138,916							138,916	-138,916	-
91310 Book-keeping Fee	19,815							19,815	-19,815	-
91400 Advertising and Marketing	1,406			361			6	1,773		1,773
91500 Employee Benefit contributions - Administrative	30,629			123,620		129,943	116,786	400,978		400,978
91600 Office Expenses	13,256			50,871		22,018	62,634	148,779	-39,323	109,456
91700 Legal Expense	16,857			2,996		2,523	1,064	23,440		23,440
91800 Travel	7,969			10,502		6,247	1,844	26,562		26,562
91900 Other	6,315					25,068	3,687	35,070		35,070
<b>91000 Total Operating - Administrative</b>	<b>288,609</b>	-	-	<b>457,577</b>	-	<b>477,294</b>	<b>472,457</b>	<b>1,695,937</b>	<b>-198,054</b>	<b>1,497,883</b>
92100 Tenant Services - Salaries	16,521			32,345				48,866		48,866
92300 Employee Benefit Contributions - Tenant Services	11,250			13,571				24,821		24,821
92400 Tenant Services - Other	9,992							9,992		9,992
<b>92500 Total Tenant Services</b>	<b>37,763</b>	-	-	<b>45,916</b>	-	-	-	<b>83,679</b>	-	<b>83,679</b>
93100 Water	6,273			96		12	713	7,094		7,094
93200 Electricity	131,088			5,035		613	1,763	138,499		138,499
93300 Gas	35,314			796		97	279	36,486		36,486
93400 Fuel						7,114		7,114		7,114
93600 Sewer	13,594			139		17	49	13,799		13,799
<b>93000 Total Utilities</b>	<b>186,269</b>	-	-	<b>6,066</b>	-	<b>7,853</b>	<b>2,804</b>	<b>202,992</b>	-	<b>202,992</b>
94100 Ordinary Maintenance and Operations - Labor	125,546							125,546		125,546
94200 Ordinary Maintenance and Operations - Materials	130,024			534		490,557	247	621,362		621,362
94300 Ordinary Maintenance and Operations Contracts	503,070			85,587		7,424	23,396	619,477		619,477
94500 Employee Benefit Contributions - Ordinary Maintenance	57,481							57,481		57,481
<b>94000 Total Maintenance</b>	<b>816,121</b>	-	-	<b>86,121</b>	-	<b>497,981</b>	<b>23,643</b>	<b>1,423,866</b>	-	<b>1,423,866</b>

**ERIE METROPOLITAN HOUSING AUTHORITY  
SUPPLEMENTAL FINANCIAL SCHEDULE  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Project Total	93.044 Special Programs for the Aging Title III, Part B	93.045 Special Programs for the Aging Title III, Part C	14.871 Housing Choice Vouchers	93.778 Medical Assistance Program	2 State/Local	COCC	Subtotal	ELIM	Total
95200 Protective Services - Other Contract Costs	53,484					24,465		77,949		77,949
<b>95000 Total Protective Services</b>	53,484	-	-	-	-	24,465	-	77,949	-	77,949
96110 Property Insurance	61,448			1,430			501	63,379		63,379
96120 Liability Insurance	733			986			635	2,354		2,354
96130 Workmen's Compensation	2,847			4,606			3,211	10,664		10,664
96140 All Other Insurance	7,766			969		4,542	1,938	15,215		15,215
<b>96100 Total insurance Premiums</b>	72,794	-	-	7,991	-	4,542	6,285	91,612	-	91,612
96200 Other General Expenses				1,994				1,994		1,994
96210 Compensated Absences	589					5,119		5,708		5,708
96300 Payments in Lieu of Taxes	21,296							21,296		21,296
96800 Severance Expense				125			853	978		978
<b>96000 Total Other General Expenses</b>	21,885	-	-	2,119	-	5,119	853	29,976	-	29,976
96710 Interest of Mortgage (or Bonds) Payable	38,640							38,640		38,640
96730 Amortization of Bond Issue Costs	41,235							41,235		41,235
<b>96700 Total Interest Expense and Amortization Cost</b>	79,875	-	-	-	-	-	-	79,875	-	79,875
<b>96900 Total Operating Expenses</b>	1,556,800	-	-	605,790	-	1,017,254	506,042	3,685,886	-198,054	3,487,832
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	319,749	45,090	136,016	5,114,495	57,398	-186,192	52,710	5,539,266	-	5,539,266
97100 Extraordinary Maintenance	771							771		771
97300 Housing Assistance Payments				5,111,228				5,111,228		5,111,228
97350 HAP Portability-In				11,311				11,311		11,311
97400 Depreciation Expense	520,041			6,389		6,201	32,903	565,534		565,534
<b>90000 Total Expenses</b>	2,077,612	-	-	5,734,718	-	1,023,455	538,945	9,374,730	-198,054	9,176,676
10010 Operating Transfer In	256,506					238,504		495,010	-495,010	-
10020 Operating transfer Out	-256,506	-45,090	-136,016		-57,398			-495,010	495,010	-
<b>10100 Total Other financing Sources (Uses)</b>	-	-45,090	-136,016	-	-57,398	238,504	-	-	-	-
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	-201,063	-	-	-14,433	-	46,111	19,807	-149,578	-	-149,578
11020 Required Annual Debt Principal Payments	50,000							50,000		50,000
11030 Beginning Equity	3,468,810			-125,321		-244,902	72,461	3,171,048		3,171,048
11170 Administrative Fee Equity				-139,801				-139,801		-139,801
11180 Housing Assistance Payments Equity				47				47		47
11190 Unit Months Available	2,718			12,564				15,282		15,282
11210 Number of Unit Months Leased	2,642			11,413				14,055		14,055

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

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<b><u>Direct Programs</u></b>		
Low Rent Public Housing Program	14.850	\$ <u>745,517</u>
Section 8 Housing Choice Voucher Program	14.871	<u>5,688,831</u>
Public Housing - Capital Fund Program	14.872	<u>525,423</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u><u>6,959,771</u></u>
<b><u>U.S. Department of Health and Human Services</u></b>		
<b><u>Pass-Through Programs</u></b>		
<i>Area Office on Aging of Northwestern Ohio, Inc.</i>		
Aging Programs (Cluster):		
Special Program for the Aging - Title III, Part B - Grants for Supportive Services and Senior Center	93.044	45,090
Special Programs for the Aging - Title III, Part C, Nutrition Services	93.045	<u>136,016</u>
Total Aging Program Cluster		<u>181,106</u>
Medical Assistance Program - Passport Medicaid Waiver Program	93.778	<u>57,398</u>
<b>Total U. S. Department of Health and Human Services</b>		<u>238,504</u>
<b>Total Federal Expenditures</b>		<u><u>\$ 7,198,275</u></u>

This schedule is prepared on the accrual basis of accounting.

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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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

To the Members of the Board  
Erie Metropolitan Housing Authority  
Sandusky, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Erie Metropolitan Housing Authority, Ohio, (the Authority) as of and for the 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 December 21, 2016.

***Internal Control Over Financial Reporting***

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

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

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



### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

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



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

December 21, 2016

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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE**

To the Members of the Board  
Erie Metropolitan Housing Authority  
Sandusky, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

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

We have audited the Erie Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Erie Metropolitan Housing Authority's major federal program for the year ended June 30, 2016. The Erie Metropolitan Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

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

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

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

In our opinion, the Erie Metropolitan Housing Authority, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

### ***Report on Internal Control over Compliance***

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

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

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



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

December 21, 2016

**ERIE METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

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

2016(i)	Type of Financial Statement Opinion	Unmodified
2016(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2016(ii)	Were there any significant deficiencies in internal control reported at the financial statements level (GAGAS)?	No
2016(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2016(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2016(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2016(v)	Type of Major Programs' Compliance Opinion	Unmodified
2016(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2016(vii)	Major Programs (list):  CFDA #14.871 - Housing Choice Voucher Program	
2016(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$750,000 Type B: all others
2016(ix)	Low Risk Auditee?	Yes

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

None.

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

None.

**ERIE METROPOLITAN HOUSING AUTHORITY  
 SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <i>Explain</i></u>
2015-001	Internal Controls Over Financial Reporting	Yes	Corrected

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# Dave Yost • Auditor of State

ERIE COUNTY METROPOLITAN HOUSING AUTHORITY

ERIE COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MARCH 16, 2017