

Gallia Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2015

GALLIA METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

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GALLIA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
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The Gallia 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 position, and (d) identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The Authority’s Net Position decreased by \$283,643 (or 5.36%) during 2015, resulting from the operations of the Authority. Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. Net Position was \$5,009,021 and \$5,292,664 for 2015 and 2014 respectively. Please note that the 2014 balance was restated to reflect the implementation of GASB 68. See footnote 7 for further explanation.
- Revenues increased by \$65,577 (or 4.45%) during 2015, and were \$1,539,034 and \$1,473,457 for 2015 and 2014 respectively.
- The total expenses decreased by \$10,731 (or 0.59%). Total expenses were \$1,822,677 and \$1,833,408 for 2015 and 2014 respectively.

USING THIS ANNUAL REPORT

This Report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Required Supplementary information”:

<p>MD&A ~Management’s Discussion and Analysis ~</p>
<p>Basic Financial Statement ~Authority Financial Statements ~</p>
<p>Other Required Supplementary Information ~Required Supplementary Information ~ (Other than the MD&A)</p>

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Authority Financial Statements

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

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets minus liabilities, equals "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 represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) are reported in three broad categories:

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

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

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Position Invested in Capital Assets, Net of Related or Debt", or "Restricted Net Position".

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

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

Fund Financial Statements

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.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program

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

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

New GASB 68 Reporting

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

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

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

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they

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received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$5,538,311 to \$5,292,664.

AUTHORITY 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.

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TABLE 1 - STATEMENT OF NET POSITION

	<u>2015</u>	<u>Restated</u> <u>2014</u>
Current and Other Assets	\$ 400,237	\$ 492,470
Capital Assets	4,953,333	5,158,618
Deferred Outflows	51,065	35,160
Total Assets	<u>\$ 5,404,635</u>	<u>\$ 5,686,248</u>
Current Liabilities	\$ 60,735	\$ 70,482
Long-Term Liabilities	329,833	323,102
Total Liabilities	<u>390,568</u>	<u>393,584</u>
Deferred Inflows	<u>5,046</u>	<u>-</u>
Net Position:		
Net Investment in Capital Assets	4,953,333	5,158,618
Restricted Net Position	113,454	243,138
Unrestricted Net Position	<u>(57,766)</u>	<u>(109,092)</u>
Total Net Position	<u>5,009,021</u>	<u>5,292,664</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 5,404,635</u>	<u>\$ 5,686,248</u>

Major Factors Affecting the Statement of Net Position

During 2014, current and other assets decreased by \$92,233 and total liabilities also decreased by \$3,016. The current and other assets, primarily cash and investments, decreased due to results from operation. Total liabilities decrease is due to outstanding payables at year end.

Capital assets also changed, decreasing from \$5,158,618 to \$4,953,333. The \$205,285 decrease may be contributed primarily to current year depreciation expense less purchase of current year assets.

TABLE 2 - CHANGE OF NET POSITION

	<u>Unrestricted</u>	<u>Net Investment</u> <u>in Capital Assets</u>	<u>Restricted</u>
Beginning Balance - 12/31/14 Restated	\$ (109,092)	\$ 5,158,618	\$ 243,138
Results of Operation	(153,959)	-	(129,684)
Adjustments:			
Current year Depreciation Expense (1)	430,593	(430,593)	-
Capital Expenditure (2)	(225,308)	225,308	-
Net Result of Disposition of Assets (3)	<u>-</u>	<u>-</u>	<u>-</u>
Ending Balance - December 31, 2015	<u>\$ (57,766)</u>	<u>\$ 4,953,333</u>	<u>\$ 113,454</u>

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- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position
- (2) Capital expenditures represent an outflow of unrestricted Net Position, but are not treated as an expense against Results of Operations, and therefore must be deducted
- (3) The Net Result of the Disposition of Assets is the combined effect of removing the value of an asset that is sold and its' associated Accumulated Depreciation. While this asset removal has a small effect on the Unrestricted Net Position, the large effect is seen in the Gain/Loss on the Sale of the asset in the Results of Operation in this instance.

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

TABLE 3 - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 105,811	\$ 100,393
Operating Subsidies	1,324,815	1,280,900
Capital Grants	87,016	86,343
Investment Income	46	46
Other Revenues	21,346	5,775
Total Revenues	<u>1,539,034</u>	<u>1,473,457</u>
<u>Expenses</u>		
Administrative	307,930	314,578
Tenant Services	-	4,672
Utilities	125,275	122,488
Maintenance	265,414	274,017
Protective services	18,202	22,707
General and Interest Expenses	54,220	55,736
Housing Assistance Payments	621,043	634,670
Loss on Disposal of Assets	-	1,521
Depreciation	430,593	403,019
Total Expenses	<u>1,822,677</u>	<u>1,833,408</u>
Net Increases (Decreases)	<u>\$ (283,643)</u>	<u>\$ (359,951)</u>

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

Total revenue increased compared to the prior year by \$65,577. This increase was due to additional grant revenue earned from HUD plus additional miscellaneous revenue earned for the year.

The expenses decreased by \$10,731 in current year. The decrease was due to continues cost saving measures implemented through the year that resulted in decreases in expenses in all categories. The only expenditure that increase was in depreciation expense.

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense adjustment of \$4,369. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$	1,822,677
Pension expense under GASB 68		(4,369)
2015 contractually required contribution		<u>35,736</u>
Adjusted 2015 program expenses		1,854,044
Total 2014 program expenses under GASB 27		<u>1,833,408</u>
Increases in program expense not related to pension	\$	<u><u>20,636</u></u>

Total expenditure increase during the year by \$20,636. The increase in expenses is due to increase in depreciation expense.

CAPITAL ASSETS

Capital Assets

As of year end, the Authority had \$4,953,333 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease due to current year addition less depreciation expense. See table 5 for detail of current year change.

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**TABLE 4 - CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	<u>2015</u>	<u>2014</u>
Land and Land Rights	\$ 869,068	\$ 869,068
Buildings	13,520,458	13,251,276
Equipment	375,923	379,188
Construction in Progress	-	44,724
Accumulated Depreciation	<u>(9,812,116)</u>	<u>(9,385,638)</u>
 Total	 <u>\$ 4,953,333</u>	 <u>\$ 5,158,618</u>

The following reconciliation summarizes the change in Capital Assets, which presented in detail on the notes to the financial statements.

TABLE 5 – CHANGE IN CAPITAL ASSETS

Beginning Balance - December 31, 2014	\$	5,158,618
Current year Additions		225,308
Current year Depreciation Expense		<u>(430,593)</u>
 Ending Balance - December 31, 2015	 \$	 <u>4,953,333</u>
 Current year Additions are summarized as follows:		
- Doors replacement	\$	93,903
- Paving project		119,920
- Foundation repairs		10,635
- Computer purchased		<u>850</u>
 Total 2015 Additions	 \$	 <u>225,308</u>

Debt Outstanding

As of year-end, the Authority had no outstanding debt.

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ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to 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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Les Young, Executive Director of the Gallia Metropolitan Housing Authority, at (740) 446-0251. Specific requests may be submitted to the Gallia Metropolitan Housing Authority at 381 Buk Ridge Road Bidwell, Ohio 45614.

Gallia Metropolitan Housing Authority
Statement of Net Position
December 31, 2015

ASSETS

Current assets

Cash and cash equivalents	\$203,603
Restricted cash and cash equivalents	145,395
Receivables, net	5,690
Prepaid expenses and other assets	20,218
Inventory, net	25,331
<i>Total current assets</i>	<u>400,237</u>

Noncurrent assets

Capital assets:	
Land	869,068
Building and equipment	13,896,381
Less accumulated depreciation	(9,812,116)
<i>Total noncurrent assets</i>	<u>4,953,333</u>

Deferred Outflows of Resources

Total assets	51,065
	<u>\$5,404,635</u>

LIABILITIES

Current liabilities

Accounts payable	\$12,520
Accrued liabilities	5,639
Accrued compensated absences current	10,635
Tenant security deposits	31,941
<i>Total current liabilities</i>	<u>60,735</u>

Noncurrent liabilities

Accrued compensated absences Non-current	42,537
Net pension liability payable	287,296
<i>Total noncurrent liabilities</i>	<u>329,833</u>
Total liabilities	<u>\$390,568</u>

Deferred Inflows of Resources

	<u>\$5,046</u>
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Net Position

Net Invested in capital assets	\$4,953,333
Restricted Net Position	113,454
Unrestricted Net Position	(57,766)
Total Net Position	<u>\$5,009,021</u>

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

Gallia Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended December 31, 2015

OPERATING REVENUES

Tenant Revenue	\$105,811
Government operating grants	1,324,815
Other revenue	21,346
Total operating revenues	<u>1,451,972</u>

OPERATING EXPENSES

Administrative	307,930
Utilities	125,275
Maintenance	265,414
Protective services	18,202
General and Insurance	54,220
Housing assistance payment	621,043
Depreciation	430,593
Total operating expenses	<u>1,822,677</u>
Operating income (loss)	<u>(370,705)</u>

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	46
Total nonoperating revenues (expenses)	<u>46</u>
Income (loss) before contributions and transfers	(370,659)

Capital Grants	87,016
Change in Net Position	(283,643)
Total Net Position - beginning (restated)	5,292,664
Total Net Position - ending	<u><u>\$5,009,021</u></u>

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

Gallia Metropolitan Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$1,324,815
Tenant revenue received	108,499
Other revenue received	23,787
General and administrative expenses paid	(779,837)
Housing assistance payments	(621,043)

Net cash provided (used) by operating activities

56,221

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	46
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Net cash provided (used) by investing activities

46

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital grant funds received	87,016
Property and equipment purchased	(225,308)

Net cash provided (used) by financing activities

(138,292)

Net increase (decrease) in cash

(82,025)

Cash and cash equivalents - Beginning of year

431,023

Cash and cash equivalents - End of year

\$348,998

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss) (\$370,705)

Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities

- Depreciation	430,593
- (Increases) Decreases in Accounts Receivable	4,979
- (Increases) Decreases in Prepaid Assets	7,959
- (Increases) Decreases in Inventory	(2,730)
- (Increases) Decreases in Deferred Outflows	(15,905)
- Increases (Decreases) in Accounts Payable	(4,658)
- Increases (Decreases) in Accrued Compensated Absence	304
- Increases (Decreases) in Accrued Expenses Payable	(7,306)
- Increases (Decreases) in Deferred Inflows	5,046
- Increases (Decreases) in Pension Liability	6,489
- Increases (Decreases) in Tenant Security Deposits	2,155

Net cash provided by operating activities

\$56,221

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

GALLIA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

The accompanying financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 61, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden

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relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable. The Authority has no component units nor is a component unit of another entity.

Basis of Presentation

The Authority's financial statements consist of a statement of net position, a statement of revenue, expenses and changes net position, and a statement of cash flows.

Fund Accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those found in the private sector. The following is the proprietary fund type:

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use proprietary fund accounting, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles

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Board Opinions and Accounting Research Bulletins issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Description of programs

The following are the various programs which are included in the single enterprise fund:

A. Public Housing Program

The public housing program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. Capital Fund Program

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

C. Housing Choice Voucher Program

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending December 31, 2015 totaled \$46.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Buildings Improvements	15 years
Furniture and Equipment	7 years
Vehicles	5 years

Net Position

Net investment in capital assets 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

GALLIA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

as restricted when there are limitations imposed on their use either enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Housing Authority's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

Compensated Absences

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

GALLIA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Budgetary Accounting

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

Accounting and Reporting for Non-exchange Transactions

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

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

Estimates

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

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 government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 7.

In addition to liabilities, the 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.

GALLIA METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

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

For fiscal year 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December, 2014:

Net Position - December 31, 2014	\$5,538,311
Adjustments:	
Net Pension Liability	(280,807)
Deferred Outflows	35,160
Restated Net Position - December 31, 2014	\$5,292,664

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

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

- A. 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 withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

GALLIA METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

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

At fiscal yearend December 31, 2015, the carrying amount of the Authority's deposits totaled \$348,998 and its bank balance was \$395,640. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2015, \$145,640 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

NOTE 4: RESTRICTED CASH

Restricted cash as of December 31, 2015 represent money held that can only be used for specific purpose or money held on behalf of the tenants:

Cash advance by HUD that is to be used for the Housing Assistance Payments	\$3,734
Tenant security deposit	31,941
Proceeds from sale of a house	<u>109,720</u>
Total Restricted Cash Balance	<u><u>\$145,395</u></u>

NOTE 5: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2015 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

GALLIA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

NOTE 6: CAPITAL ASSETS

This is a summary of the changes in Capital Assets:

	Balance 12/31/14	Adjustment	Additions	Deletions	Balance 12/31/15
Capital Assets Not Being Depreciated:					
Land	\$869,068	\$0	\$0	\$0	\$869,068
Construction in Progress	44,724	(44,724)	0	0	0
Total Capital Assets Not Being Depreciated	913,792	(44,724)	0	0	869,068
Capital Assets Being Depreciated:					
Buildings	13,251,276	44,724	224,458	(1)	13,520,458
Furnt, Mach. and Equip.	379,188	0	850	(4,115)	375,923
Total Capital Assets Being Depreciated	13,630,464	44,724	225,308	(4,116)	13,896,381
Accumulated Depreciation:					
Buildings	(9,052,922)	0	(407,999)	4,116	(9,456,805)
Furnt, Mach. and Equip.	(332,716)	0	(22,594)	0	(355,310)
Total Accumulated Depreciation	(9,385,638)	0	(430,593)	4,116	(9,812,116)
Total Capital Assets Being Depreciated, Net	4,244,826	44,724	(205,285)	0	4,084,265
Total Capital Assets, Net	\$5,158,618	\$0	(\$205,285)	\$0	\$4,953,333

NOTE 7: DEFINED BENEFIT PENSION PLANS

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.

GALLIA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension. GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - Public Employees Retirement System (PERS)

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

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

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 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the employer contribution rate was 14.0 percent during fiscal year 2015. The contribution rates are determined actuarially. The Authority’s contractual required contribution for the year ended December 31, 2015 was \$35,736.

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

	Traditional
Proportionate Share of Net Pension Liability	\$287,296
Proportion of the Net Pension Liability	0.002382%
Pension Expense	\$4,369

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GALLIA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Traditional
Deferred Outflows of Resources	
Differences between expected and actual experience	\$15,329
Authority contributions subsequent to the measurement date	35,736
Total Deferred Outflows of Resources	\$51,065
 Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$5,047

\$35,736 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 December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional
Fiscal Year Ending December 31:	
2016	\$1,504
2017	1,504
2018	3,443
2019	3,831
Total	\$10,282

Actuarial Assumptions – PERS

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

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

GALLIA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2014, are presented below:

Wage Inflation	3.75%
Future Salary Increases, including inflation	4.25 - 10.05%
Cost-of-Living Adjustment	3% Simple
Investment Rate of Return	8%

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

The most recent experience study was completed December 31, 2010.

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

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

GALLIA METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

Discount Rate The total pension liability was calculated using the discount rate of 8.0 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (8.0 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0 percent), or one percentage point higher (9.0 percent) than the current rate.

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	\$528,542	\$287,296	\$84,108

NOTE 8: POST-EMPLOYMENT BENEFITS

A. Plan Description

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

Combined Plan – a cost sharing, multiple-employer defined pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-

GALLIA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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

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

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended December 31, 2015, 2014 and 2013, which were used to fund post-employment benefits, were \$41,692, \$41,189 and \$34,335 respectively.

GALLIA METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 9: COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of December 31, 2015, the accrual for compensated absences totaled \$52,172 and has been included in the accrued liabilities account balance in the accompanying Statement of Net Position. The Authority considers all compensated absences payable as due within one year.

The following is a summary of changes in compensated absence for the year ended December 31, 2015:

Description	Balance 12/31/2014	Net Decrease	Balance 12/31/2015	Due Within One Year
Compensated Absence	\$52,868	\$304	\$53,172	\$10,635

NOTE 10: LONG-TERM LIABILITIES

The change in the Authority's long-term obligations during 2015 were as follows:

Description	Balance 01/01/15	Additions	Deletions	Balance 12/31/15	Due Within One Year
Net Pension Liability	280,807	6,489	0	287,296	0
Total	\$280,807	\$6,489	\$0	\$287,296	\$0

See note 2 and 7 for information on the Authority net pension liability.

NOTE 11: NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

GALLIA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 12: CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2015.

Litigations and Claims

In the normal course of operations the PHA may be subject to litigation and claims. At December 31, 2015 the PHA was involved in such matters. While the outcome of these matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

Gallia Metropolitan Housing Authority
 Schedule of Expenditures of Federal Award
 For the Year Ended December 31, 2015

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program:		
Low Rent Public Housing	14.850	\$562,473
Housing Choice Vouchers	14.871	700,138
Public Housing Capital Fund Program	14.872	<u>149,220</u>
Total Direct Programs		<u>1,411,831</u>
 TOTAL EXPENDITURE OF FEDERAL AWARDS		 <u><u>\$1,411,831</u></u>

Gallia Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Gallia Metropolitan Housing Authority
 Proportionate Share of the Net Pension Liability
 For the Fiscal Years Ended December 31, 2015 and 2014

Traditional Plan	2015	2014
Authority's Proportion of the Net Pension Liability / Asset	0.002382%	0.002382%
Authority's Proportionate Share of the Net Pension Liability	\$287,296	\$280,807
Authority's Covered-Employee Payroll	\$297,775	\$294,207
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	96.48%	95.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2014 is not available.

Gallia Metropolitan Housing Authority
Required Supplementary Information
Schedule of Gallia Metropolitan Housing Authority's
PERS Schedule of Ten Year Contributions
For the Fiscal Years Ended December 31, 2015 and 2006

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually Required Contribution	\$35,737	\$36,613	\$31,882	\$24,220	\$12,532	\$13,316	\$23,967	\$44,877	\$35,644	\$23,564
Contributions in Relation to the Contractually Required Contribution	\$35,737	\$36,613	\$31,882	\$24,220	\$12,532	\$13,316	\$23,967	\$44,877	\$35,644	\$23,564
Authority's Covered-Employee Payroll	\$297,775	\$294,207	\$243,374	\$237,451	\$122,863	\$147,956	\$288,759	\$632,070	\$419,341	\$258,945
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.44%	13.10%	10.20%	10.20%	9.00%	8.30%	7.10%	8.50%	9.10%

GALLIA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$181,177	\$22,426	\$203,603	\$0	\$203,603
113 Cash - Other Restricted	\$109,720	\$3,734	\$113,454	\$0	\$113,454
114 Cash - Tenant Security Deposits	\$31,941	\$0	\$31,941	\$0	\$31,941
100 Total Cash	\$322,838	\$26,160	\$348,998	\$0	\$348,998
125 Accounts Receivable - Miscellaneous	\$5,421	\$0	\$5,421	\$0	\$5,421
126 Accounts Receivable - Tenants	\$233	\$0	\$233	\$0	\$233
126.1 Allowance for Doubtful Accounts -Tenants	(\$78)	\$0	(\$78)	\$0	(\$78)
128 Fraud Recovery	\$0	\$114	\$114	\$0	\$114
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$5,576	\$114	\$5,690	\$0	\$5,690
142 Prepaid Expenses and Other Assets	\$19,916	\$302	\$20,218	\$0	\$20,218
143 Inventories	\$28,146	\$0	\$28,146	\$0	\$28,146
143.1 Allowance for Obsolete Inventories	(\$2,815)	\$0	(\$2,815)	\$0	(\$2,815)
150 Total Current Assets	\$373,661	\$26,576	\$400,237	\$0	\$400,237
161 Land	\$869,068	\$0	\$869,068	\$0	\$869,068
162 Buildings	\$13,520,458	\$0	\$13,520,458	\$0	\$13,520,458
163 Furniture, Equipment & Machinery - Dwellings	\$123,484	\$0	\$123,484	\$0	\$123,484
164 Furniture, Equipment & Machinery - Administration	\$252,439	\$0	\$252,439	\$0	\$252,439
166 Accumulated Depreciation	(\$9,812,116)	\$0	(\$9,812,116)	\$0	(\$9,812,116)
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,953,333	\$0	\$4,953,333	\$0	\$4,953,333
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0	\$0

GALLIA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$158,974	\$0	\$158,974	(\$158,974)	\$0
180 Total Non-Current Assets	\$5,112,307	\$0	\$5,112,307	(\$158,974)	\$4,953,333
200 Deferred Outflow of Resources	\$43,535	\$7,530	\$51,065	\$0	\$51,065
290 Total Assets and Deferred Outflow of Resources	\$5,529,503	\$34,106	\$5,563,609	(\$158,974)	\$5,404,635
312 Accounts Payable <= 90 Days	\$12,519	\$1	\$12,520	\$0	\$12,520
321 Accrued Wage/Payroll Taxes Payable	\$4,846	\$793	\$5,639	\$0	\$5,639
322 Accrued Compensated Absences - Current Portion	\$8,137	\$2,498	\$10,635	\$0	\$10,635
341 Tenant Security Deposits	\$31,941	\$0	\$31,941	\$0	\$31,941
310 Total Current Liabilities	\$57,443	\$3,292	\$60,735	\$0	\$60,735
353 Non-current Liabilities - Other	\$0	\$158,974	\$158,974	(\$158,974)	\$0
354 Accrued Compensated Absences - Non Current	\$32,545	\$9,992	\$42,537	\$0	\$42,537
357 Accrued Pension and OPEB Liabilities	\$244,932	\$42,364	\$287,296	\$0	\$287,296
350 Total Non-Current Liabilities	\$277,477	\$211,330	\$488,807	(\$158,974)	\$329,833
300 Total Liabilities	\$334,920	\$214,622	\$549,542	(\$158,974)	\$390,568
400 Deferred Inflow of Resources	\$4,302	\$744	\$5,046	\$0	\$5,046

GALLIA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
508.4 Net Investment in Capital Assets	\$4,953,333	\$0	\$4,953,333	\$0	\$4,953,333
511.4 Restricted Net Position	\$109,720	\$3,734	\$113,454	\$0	\$113,454
512.4 Unrestricted Net Position	\$127,228	(\$184,994)	(\$57,766)	\$0	(\$57,766)
513 Total Equity - Net Assets / Position	\$5,190,281	(\$181,260)	\$5,009,021	\$0	\$5,009,021
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,529,503	\$34,106	\$5,563,609	(\$158,974)	\$5,404,635
70300 Net Tenant Rental Revenue	\$98,498	\$0	\$98,498	\$0	\$98,498
70400 Tenant Revenue - Other	\$7,313	\$0	\$7,313	\$0	\$7,313
70500 Total Tenant Revenue	\$105,811	\$0	\$105,811	\$0	\$105,811
70600 HUD PHA Operating Grants	\$624,677	\$700,138	\$1,324,815	\$0	\$1,324,815
70610 Capital Grants	\$87,016	\$0	\$87,016	\$0	\$87,016
71100 Investment Income - Unrestricted	\$41	\$5	\$46	\$0	\$46
71400 Fraud Recovery	\$0	\$514	\$514	\$0	\$514
71500 Other Revenue	\$10,204	\$10,628	\$20,832	\$0	\$20,832
70000 Total Revenue	\$827,749	\$711,285	\$1,539,034	\$0	\$1,539,034
91100 Administrative Salaries	\$105,900	\$43,340	\$149,240	\$0	\$149,240
91200 Auditing Fees	\$4,405	\$1,820	\$6,225	\$0	\$6,225
91500 Employee Benefit contributions - Administrative	\$56,071	\$17,931	\$74,002	\$0	\$74,002
91600 Office Expenses	\$24,443	\$2,856	\$27,299	\$0	\$27,299
91700 Legal Expense	\$5,032	\$0	\$5,032	\$0	\$5,032
91800 Travel	\$2,519	\$612	\$3,131	\$0	\$3,131

GALLIA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
91900 Other	\$34,369	\$8,632	\$43,001	\$0	\$43,001
91000 Total Operating - Administrative	\$232,739	\$75,191	\$307,930	\$0	\$307,930
93100 Water	\$44,824	\$0	\$44,824	\$0	\$44,824
93200 Electricity	\$20,038	\$0	\$20,038	\$0	\$20,038
93300 Gas	\$1,436	\$0	\$1,436	\$0	\$1,436
93600 Sewer	\$58,977	\$0	\$58,977	\$0	\$58,977
93000 Total Utilities	\$125,275	\$0	\$125,275	\$0	\$125,275
94100 Ordinary Maintenance and Operations - Labor	\$134,427	\$0	\$134,427	\$0	\$134,427
94200 Ordinary Maintenance and Operations - Materials and Other	\$47,328	\$0	\$47,328	\$0	\$47,328
94300 Ordinary Maintenance and Operations Contracts	\$43,910	\$0	\$43,910	\$0	\$43,910
94500 Employee Benefit Contributions - Ordinary Maintenance	\$39,749	\$0	\$39,749	\$0	\$39,749
94000 Total Maintenance	\$265,414	\$0	\$265,414	\$0	\$265,414
95100 Protective Services - Labor	\$14,808	\$0	\$14,808	\$0	\$14,808
95300 Protective Services - Other	\$3,068	\$0	\$3,068	\$0	\$3,068
95500 Employee Benefit Contributions - Protective Services	\$326	\$0	\$326	\$0	\$326
95000 Total Protective Services	\$18,202	\$0	\$18,202	\$0	\$18,202
96110 Property Insurance	\$35,339	\$0	\$35,339	\$0	\$35,339
96120 Liability Insurance	\$13,333	\$1,463	\$14,796	\$0	\$14,796
96130 Workmen's Compensation	\$1,949	\$336	\$2,285	\$0	\$2,285
96100 Total insurance Premiums	\$50,621	\$1,799	\$52,420	\$0	\$52,420

GALLIA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96200 Other General Expenses	\$59	\$0	\$59	\$0	\$59
96400 Bad debt - Tenant Rents	\$1,741	\$0	\$1,741	\$0	\$1,741
96000 Total Other General Expenses	\$1,800	\$0	\$1,800	\$0	\$1,800
96900 Total Operating Expenses	\$694,051	\$76,990	\$771,041	\$0	\$771,041
97000 Excess of Operating Revenue over Operating Expenses	\$133,698	\$634,295	\$767,993	\$0	\$767,993
97300 Housing Assistance Payments	\$0	\$611,366	\$611,366	\$0	\$611,366
97350 HAP Portability-In	\$0	\$9,677	\$9,677	\$0	\$9,677
97400 Depreciation Expense	\$430,593	\$0	\$430,593	\$0	\$430,593
90000 Total Expenses	\$1,124,644	\$698,033	\$1,822,677	\$0	\$1,822,677
10010 Operating Transfer In	\$53,704	\$0	\$53,704	(\$53,704)	\$0
10020 Operating transfer Out	(\$53,704)	\$0	(\$53,704)	\$53,704	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$296,895)	\$13,252	(\$283,643)	\$0	(\$283,643)
11030 Beginning Equity	\$5,696,876	(\$158,565)	\$5,538,311	\$0	\$5,538,311
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$209,700)	(\$35,947)	(\$245,647)	\$0	(\$245,647)
Ending Equity	\$5,190,281	(\$181,260)	\$5,009,021	\$0	\$5,009,021

GALLIA METROPOLITAN HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	(\$184,994)	(\$184,994)	\$0	(\$184,994)
11180 Housing Assistance Payments Equity	\$0	\$3,734	\$3,734	\$0	\$3,734
11190 Unit Months Available	\$1,716	\$1,990	\$3,706	\$0	\$3,706
11210 Number of Unit Months Leased	\$1,693	\$1,969	\$3,662	\$0	\$3,662
11270 Excess Cash	\$106,616	\$0	\$106,616	\$0	\$106,616
11650 Leasehold Improvements Purchases	\$87,016	\$0	\$87,016	\$0	\$87,016

Gallia Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Costs
December 31, 2015

Capital Fund Program Number (OH16P047501-13)

1. The Program Costs are as follows:

Funds Approved	\$ 163,228
Funds Expended	<u>163,228</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -</u></u>
Funds Approved	\$ 163,228
Funds Expended	<u>163,228</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -</u></u>

2. All Costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on November 24, 2015.
4. The Final Costs on the Certification agrees with the Authority's records.