Perry Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2015

Dave Yost · Auditor of State

Board of Commissioners
Perry Housing Metropolitan Authority
28 Brown Circle Drive
Crooksville, Ohio 43731

We have reviewed the *Independent Auditor's Report* of the Perry Housing Metropolitan Authority, Perry County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

August 1, 2016

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

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Perry Metropolitan Housing Authority

I have audited the accompanying financial statements of the Perry Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Perry Metropolitan Housing Authority as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the basic financial statements, the Housing Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and restated its net position at December 31, 2014 for business-type activities. My opinion is not modified with respect to this matter.

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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Perry Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying Schedule of Expenditure 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 Requirement, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the financial statements. The combining financial data schedule ("FDS") and The PHA Statement of

Certificate of Actual Modernization Costs are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and are not a required part of the Basic Financial Statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respect in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 23, 2016, on my consideration of the Perry Metropolitan Housing Authority's internal control over financial reporting and on my 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 my 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 Perry Metropolitan Housing Authority's internal control over financial reporting and compliance.

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
June 23, 2016

Unaudited

The Perry Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis (MD&A) 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 of concerns.

Since the MD&A is designed to focus of the 2015 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The net position decreased by $121,949 (or 4.11%) during 2015, and was $2,845,513 and $2,967,462 for 2015 and 2014, respectively.
- The revenue increased by $145,738 (or 9.11%) during 2015, and was $1,745,687 and $1,599,949 for 2015 and 2014, respectively.
- The total expenses increased by $31,352 (or 1.71%). Total expenses were $1,867,636 and $1,836,284 for 2015 and 2014, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

M D & A
-Management Discussion and Analysis-

Basic Financial Statements
-Statement of Net Position-
-Statement of Revenues, Expenses and Changes in Net Position-
-Statement of Cash Flows-
-Notes to Financial Statements-

The clearly preferable focus is on the Authority as a single enterprise fund. This format will allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Unaudited

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, equal "Net Position", formerly known as net assets. Assets and liabilities are presented in order of liquidity, and are classified as "current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly net assets) 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, constructions, 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 creditor (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 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.

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

Unaudited

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.

AUTHORITY PROGRAMS

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

Conventional Public Housing (PH) – 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 and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program (CFP) – This is the primary funding source for physical and management improvements to the Authority's properties. Funds are allocated by a formula allocation and are based on the size and age of the properties.

Housing Choice Voucher Program (HCVP) – 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 an 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. The Authority earns administrative fees to cover the cost of administering the program.

Other Business Activity – Tracking of the Supported Living Program (Perry County DD) activity.

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

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

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

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service

2. Minus plan assets available to pay these benefits

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

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

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

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

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implementation also had the effect of restating net position at December 31, 2014, from $3,211,356 to $2,967,462.

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.

TABLE 1

		2015		Restated 2014
Current and Other Assets	$	481,685	$	646,477
Capital Assets		2,661,257		2,626,527
Notes, loans & mortgages receivable - non current		138,857		143,884
Deferred Outflows		50,592		34,909
Total Assets	$	3,332,391	$	3,451,797
Current Liabilities	$	120,987	$	119,708
Long-Term Liabilities		360,880		364,627
Deferred Inflows		5,011		-
Total Liabilities		486,878		484,335
Net Positions:				
Net Investment in Capital Assets		2,661,257		2,626,527
Restricted Net Positions		-		79,216
Unrestricted Net Positions		184,256		261,719
Total Net Positions		2,845,513		2,967,462
Total Liabilities and Net Positions	$	3,332,391	$	3,451,797

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Major Factors Affecting the Statement of Net Position

During 2015, current assets decreased by $164,792, and current liabilities increased by $1,279. The decrease in current assets is mainly due to the change in cash based on the current year activity. Cash decreased by $173,442.

The change in the Capital Assets, Net is detailed later in the MDA discussion and the additions and depreciation expense are the factors that represent the change during the fiscal year. Deferred outflow and inflow of $50,592 and $5,011 were not present in the prior fiscal year total based on GASB 68 being implemented for the fiscal year 2015 financial statements. The non-current liabilities include the new pension liability, but the prior fiscal year was restated so the fiscal year figures are comparable.

The decrease in the Restricted Net Position of $79,216 was due to the housing assistance funds being used and no carry over for 2016. The Authority transferred from the administration fund an amount of $11,609 to cover the HAP expenses for 2015.

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

TABLE 2

CHANGE OF NET POSITION

	Unrestricted	Restricted	Net Investment In Capital Assets
Beginning Balance - January 1, 2015 (Restated)	$ 261,719	$ 79,216	$ 2,626,527
Results of Operation	(42,733)	(79,216)	-
Adjustments:			
Current Year Depreciation Expense (1)	207,127	-	(207,127)
Capital Expenditure (2)	(241,859)	-	241,859
Rounding Adjustment	2	-	(2)
Ending Balance - December 31, 2015	$ 184,256	$ -	$ 2,661,257

(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.

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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 presentation of financial position.

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

TABLE 3

Statement of Revenue, Expenses & Changes in Net Positions

	2015	2014
Revenues		
Total Tenant Revenues	$ 293,986	$ 286,794
Government operating grants	1,186,253	1,300,721
Capital Grants	241,860	-
Investment Income	2,219	2,004
Other Revenues	21,369	10,430
Total Revenues	**1,745,687**	**1,599,949**
Expenses		
Administrative	339,183	293,873
Tenant Services	2,751	8,804
Utilities	162,695	158,906
Maintenance	242,044	316,431
General, Insurance and Interest Expenses	99,226	98,396
Housing Assistance Payments	814,610	751,504
Depreciation	207,127	208,370
Total Expenses	**1,867,636**	**1,836,284**
Net Increases (Decreases)	**$ (121,949)**	**$ (236,335)**

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

The major increase in revenue is the capital grants of $241,860 for 2015. Total expenses fluctuate from year to year, the change between the years is mostly reflected in changes of the accounts maintenance, general and housing assistance payments. These expense accounts tend to fluctuate based on the needs of the Authority each year.

CAPITAL ASSETS

As of year-end, the Authority had $2,661,257 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of $34,730 or 1.32% from the end of 2014. This increase was due to the purchasing of more capital assets.

TABLE 4

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	2015	204
Land and Land Rights	$ 250,209	$ 250,209
Buildings	7,430,920	7,191,658
Equipment	412,998	410,401
Leasehold Improvement	1,802,040	1,802,040
Accumulated Depreciation	(7,234,910)	(7,027,781)
Total	$ 2,661,257	$ 2,626,527

The following reconciliation identifies the change in Capital Assets:

TABLE 5

CHANGE IN CAPITAL ASSETS

Beginning Balance - January 1, 2015	$ 2,626,527
Current Year Additions	241,859
Current Year Depreciation Expense	(207,127)
Rounding Adjustment	(2)
Ending Balance - December 31, 2015	$ 2,661,257

Unaudited

DEBT OUTSTANDING

As of December 31, 2015 the Authority was in debt in the amount of $70,473.

Table 6

Condensed Statement of Changes in Debt Outstanding

Beginning Balance - January 1, 2015	$	75,243
Current Year Loan Retirements		(4,770)
Ending Balance - December 31, 2015	$	70,473

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
- Market rates for rental housing
- Local rental market rates and housing supply and demand, which affects the Authority's ability to maintain leasing rates

IN CONCLUSION

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

Unaudited

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Michael Hankinson, Executive Director of the Perry Metropolitan Housing Authority at (740) 982-5991.

Perry Metropolitan Housing Authority
Statement of Net Position
Proprietary Funds
December 31, 2015

ASSETS	
Current assets	
Cash and cash equivalents	$306,085
Restricted cash and cash equivalents	31,867
Investments - Unrestricted	79,215
Receivables, net	20,079
Inventories, net	12,266
Prepaid and other assets	32,173
Total current assets	**481,685**
Noncurrent assets	
Capital assets:	
Land	250,209
Building and equipment	9,645,958
Less accumulated depreciation	(7,234,910)
Capital assets, net	2,661,257
Other noncurrent assets	138,857
Total noncurrent assets	***2,800,114***
Deferred Outflows of Resources - Pension	***50,592***
Total assets	**$3,332,391**
Current liabilities	
Accounts payable	$3,199
Accrued liabilities	54,228
Intergovernmental payables	12,640
Tenant security deposits	29,423
Unearned revenue	16,208
Bonds, notes, and loans payable	5,289
Total current liabilities	***$120,987***

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

Perry Metropolitan Housing Authority
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2015

Noncurrent liabilities	
Bonds, notes, and loans payable	$65,184
Accrued compensated absences non-current	8,007
Noncurrent liabilities - other	2,444
Net Pension Liability	285,245
Total noncurrent liabilities	***360,880***
Deferred Inflows of Resources - Pension	***5,011***
Total liabilities and Deferred Inflows of Resources	**$486,878**
NET POSITION	
Net investments in capital assets	$2,661,257
Restricted	0
Unrestricted	184,256
Total net position	**$2,845,513**

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

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

OPERATING REVENUES	
Tenant Revenue	$293,986
Government operating grants	1,186,253
Other revenue	21,369
Total operating revenues	**1,501,608**
OPERATING EXPENSES	
Administrative	339,183
Tenant services	2,751
Utilities	162,695
Maintenance	242,044
Insurance	31,531
General	67,695
Housing assistance payment	814,610
Depreciation	207,127
Total operating expenses	***1,867,636***
Operating income (loss)	**(366,028)**
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	2,219
Total nonoperating revenues (expenses)	***2,219***
Income (loss) before contributions and transfers	(363,809)
Capital grants	241,860
Change in net position	(121,949)
Total net position - beginning - restated	2,967,462
Total net position - ending	**$2,845,513**

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

Perry Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$1,185,704
Tenant revenue received	293,130
Other revenue received	21,369
General and administrative expenses paid	(860,281)
Housing assistance payments	(814,610)
Net cash provided (used) by operating activities	**(174,688)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	2,219
Proceeds from note receivable	4,770
Transfer to Investment Account	(974)
Net cash provided (used) by investing activities	**6,015**
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	241,860
Debt principal payment	(4,770)
Property and equipmewnt purchased	(241,859)
Net cash provided (used) by capital and related activities	**(4,769)**
Net increase (decrease) in cash	(173,442)
Cash and cash equivalents - Beginning of year	511,394
Cash and cash equivalents - End of year	***$337,952***

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

Perry Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2015

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	($366,028)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	207,127
- (Increases) Decreases in Accounts Receivable	(7,644)
- (Increases) Decreases in Inventory	(470)
- (Increases) Decreases in Prepaid Assets	729
- (Increases) Decreases in Deferred Outflows of Resources	(15,683)
- Increases (Decreases) in Accounts Payable	(1,788)
- Increases (Decreases) in Accrued Expenses Payable	(9,413)
- Increases (Decreases) in Compensated Absence Payable	2,265
- Increases (Decreases) in Intergovernmental Payable	337
- Increases (Decreases) in Unearned Revenue	5,828
- Increases (Decreases) in Tenant Security Deposits	260
- Increases (Decreases) in Non-Current Liabilities Other	(1,661)
- Increases (Decreases) in Pension Liability	6,442
- Increases (Decreases) in Deferred Inflows of Resources	5,011
Net cash provided by operating activities	***($174,688)***

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government **a)** is entitled to the organization's resources; **b)** is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or **c)** is obligated in some manner for the debt of the organization.

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

Basis of Presentation

The Authority's financial statements consist of a statement of net position, a statement of revenue, expenses and changes net positions, 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 enterprise fund is accounted for on a flow of economic resources measurement focus. 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 net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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 Perry 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.

D. **Business Activity**
The Business Activity Program represents MR/DD Supported Living Program activities. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

Accounting and Reporting for Non-exchange Transactions

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

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

PHA grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions. GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

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

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

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

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

Unearned Revenue

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2014 totaled $2,219.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization policy of the agency is $2,500. The following are the useful lives used for depreciation purposes:

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

Net Positions

Net positions represent the difference between assets and liabilities. Net investments in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net positions are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

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. Operating expenses are those expenses that are generated from the primary activity of the proprietary fund.

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

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

Compensated Absences

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

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

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

	Current Accrued Compensated Absence	Long-Term Accrued Compensated Absence	Total Accrued Compensated Absence
Public Housing	$22,106	$6,842	$28,948
Housing Choice Voucher	3,798	1,165	4,963
Central Office	2,972	0	2,972
Total	$28,876	$8,007	$36,883

The following is a summary of changes in compensated absence liability:

	Balance 12/31/14	Increase	Decrease	Balance 12/31/15	Due Within One Year
Total Compensated Absence Liability	$34,618	$41,720	$39,455	$36,883	$28,876

Inventories

The Authority's inventory is comprised of maintenance materials and supplies. Inventories are stated at cost. The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expense when used. The allowance for obsolete inventory was $1,370 at December 31, 2015.

Receivables – net of allowance

Total receivable as December 31, 2015 is $20,079. This amount is net from the allowance of doubtful account of $21,173. Bad debts are provided on the allowance method based on management's evaluation of the probability of collecting the outstanding tenant receivable balances at the end of the year.

Budgetary Accounting

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

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 inflow/outflow of Resources

In addition to assets, the statements of net 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 9.

In addition to liabilities, the statements of net 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.

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	$3,211,356
Adjustments:	
Net Pension Liability	(278,803)
Deferred Outflows	34,909
Restated Net Position - December 31, 2014	$2,967,462

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.

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 year-end December 31, 2015, the carrying amount of the Authority's deposits totaled $417,168 and its bank balance was $464,026. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2015, $214,026 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.

NOTE 4: RESTRICTED CASH AND INVESTMENT

Restricted cash balance as of December 31, 2015 of $31,867 represents cash on hand for the following:

Tenant Security Deposit	$29,423
Cash held in FSS Escrow	$2,444

NOTE 5: CAPITAL ASSETS

The following is a summary of changes:

	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Capital Assets Not Depreciated:				
Land	$ 250,209	$ -	$ -	$ 250,209
Capital Assets Being Depreciated:				
Buildings and Improvements	8,993,698	239,262	-	9,232,960
Furniture and Equipment	410,401	2,597		412,998
Total Capital Assets Being Depreciated	**9,404,099**	**241,859**	**-**	**9,645,958**
Accumulated Depreciation:				
Buildings and Improvements	(6,718,273)	(187,195)	-	(6,905,468)
Furniture and Equipment	(309,508)	(19,934)		(329,442)
Total Accumulated Depreciation	**(7,027,781)**	**(207,129)**	**-**	**(7,234,910)**
Total Capital Assets Being Depreciation,net	**2,376,318**	**34,730**	**-**	**2,411,048**
Total Capital Assets, Net	**$ 2,626,527**	**$ 34,730**	**$ -**	**$ 2,661,257**

NOTE 6: LONG-TERM DEBT

Long-term debt for the Perry Metropolitan Housing Authority's state/local activities consists of the following:

• Loan payment to North Valley Bank dated May 2002 in the amount of $84,311, due in August 2031; interest rate 4.99%. Proceeds of the loan were used to purchase a property on Somerset Road. Balance as of December 31, 2015.	59,448
• Loan payment to North Valley Bank dated November 2009 in the amount of $24,500, due in November 2019; interest rate 5.00%. Proceeds of the loan were used to purchase a property on State Route 669 NE. Balance as of December 31, 2015.	11,025
Total Outstanding Debt	70,473
Less Current Portion	(5,289)
Total Long-Term Debt	$65,184

The following is a summary of changes in long-term debt for the year ended December 31, 2015:

Description	Balance 12/31/14	Addition	Retired	Balance 12/31/15	Due Within One Year
Loan Payable	$ 75,243	$ -	$ 4,770	$ 70,473	$ 5,289
Pension Liability	$ 278,803	$ 6,442	$ -	$ 285,245	

Maturities of the debt are as follows:

Years	Principle	Interest	Total
2016	$ 5,289	$ 3,322	$ 8,611
2017	5,560	3,051	8,611
2018	5,843	2,768	8,611
2019	5,774	2,468	8,242
2020	3,234	2,247	5,481
2021-2025	18,824	8,584	27,408
2026-2030	24,146	3,261	27,407
2031	1,803	1	1,804
Total	$ 70,473	$ 25,702	$ 96,175

NOTE 7: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2015 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program $2,444.

NOTE 8: MRDD PROJECT AGREEMENT

Perry Metropolitan Housing Authority and Perry County Board MRDD have a project agreement for a supported living program. The agreement outlines that any monies received by MRDD for supported living will be forwarded to the MHA to purchase real estate with homes previously constructed and title to the said real estate will be in the name of the MHA. MRDD clients will benefit from these real estate transactions. The real estate and monies will revert back to MRDD if the property is not being used by eligible persons. The notes payable and mortgage receivables (land contracts) on these acquisitions are in the name of the MHA. At the end of the fiscal year the Authority had $144,146 of mortgage receivable on the sale of land contract.

	Balance 12/31/14	Increase	Decrease	Balance 12/31/15	Due Within One Year
Mortgage Receivable	$148,916	$0	$4,770	$144,146	$5,289

NOTE 9: 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.

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:

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 $35,372.

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	$285,245
Proportion of the Net Pension Liability	0.002365%
Pension Expense	$31,143

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

	Traditional
Deferred Outflows of Resources	
Differences between expected and actual experience	$15,220
Authority contributions subsequent to the measurement date	35,372
Total Deferred Outflows of Resouces	$50,592
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$5,011

$35,372 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, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:	
2016	$1,493
2017	1,493
2018	3,418
2019	3,805
Total	$10,209

Actuarial Assumptions – PERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of 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%

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	$524,770	$285,245	$83,508

NOTE 10: 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-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 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-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2014, the employer contribution allocated to the health care plan was 2.00 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended December 31, 2015, 2014 and 2013, which were used to fund post-employment benefits, were $6,067, $5,796 and $2,761, respectively.

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 charges, 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 11: INSURANCE AND 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. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP.

The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the accrual basis of accounting prescribed by the U.S. Department of Housing and Urban Development.

NOTE 13: CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments 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

In the normal course of operations, the Authority may be subject to litigations and claims. At December 31, 2015, the Authority was not aware of any such matters.

NOTE 14: ECONOMIC DEPENDENCY

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

NOTE 15: ACCRUED LIABILITIES

The following is the detail of accrued liabilities at December 31, 2015:

Accrued payroll and payroll taxes	$17,906
Accrued compensated absences - current	28,876
Total Accrued Liability	$46,782

NOTE 16: SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through June 23, 2016, the date on which the financial statements were available to be issued.

Perry Metropolitan Housing Authority
Required Supplementary Information
Schedule of Perry' Metropolitan Housing Authority
Proportionate Share of the Net Pension Liability
For the Fiscal Years Ended December 31, 2014 and 2013

Traditional Plan	**2014**	**2013**
Authority's Proportion of the Net Pension Liability / Asset	0.002365%	0.002365%
Authority's Proportionate Share of the Net Pension Liability	$278,803	$285,245
Authority's Covered-Employee Payroll	$289,935	$275,560
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	96.16%	103.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

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

	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Contractually Required Contribution	$36,400	$34,795	$35,817	$28,789	$25,297	$24,438	$23,776	$19,845	$25,614	$23,594
Contributions in Relation to the Contractually Required Contribution	$36,400	$34,795	$35,817	$28,789	$25,297	$24,438	$23,776	$19,845	$25,614	$23,594
Authority's Covered-Employee Payroll	$303,337	$289,935	$275,560	$294,910	$297,604	$287,498	$292,534	$279,518	$258,779	$264,056
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%	9.76%	8.50%	8.50%	8.13%	7.10%	9.90%	8.94%

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$145,961	$90,076	$10,986	$59,062	$306,085	$0	$306,085
113 Cash - Other Restricted	$0	$2,444	$0	$0	$2,444	$0	$2,444
114 Cash - Tenant Security Deposits	$29,423	$0	$0	$0	$29,423	$0	$29,423
100 Total Cash	$175,384	$92,520	$10,986	$59,062	$337,952	$0	$337,952
122 Accounts Receivable - HUD Other Projects	$0	$6,377	$0	$0	$6,377	$0	$6,377
125 Accounts Receivable - Miscellaneous	$0	$0	$1,110	$0	$1,110	$0	$1,110
126 Accounts Receivable - Tenants	$4,876	$0	$0	$0	$4,876	$0	$4,876
126.1 Allowance for Doubtful Accounts -Tenants	($2,159)	$0	$0	$0	($2,159)	$0	($2,159)
127 Notes, Loans, & Mortgages Receivable - Current	$0	$0	$5,289	$0	$5,289	$0	$5,289
128 Fraud Recovery	$63	$22,849	$0	$0	$22,912	$0	$22,912
128.1 Allowance for Doubtful Accounts - Fraud	$0	($19,014)	$0	$0	($19,014)	$0	($19,014)
129 Accrued Interest Receivable	$393	$0	$0	$295	$688	$0	$688
120 Total Receivables, Net of Allowances for Doubtful Accounts	$3,173	$10,212	$6,399	$295	$20,079	$0	$20,079
131 Investments - Unrestricted	$45,244	$0	$0	$33,971	$79,215	$0	$79,215
142 Prepaid Expenses and Other Assets	$16,593	$1,007	$1,429	$13,144	$32,173	$0	$32,173
143 Inventories	$12,697	$0	$0	$939	$13,636	$0	$13,636
143.1 Allowance for Obsolete Inventories	($1,270)	$0	$0	($100)	($1,370)	$0	($1,370)
150 Total Current Assets	$251,821	$103,739	$18,814	$107,311	$481,685	$0	$481,685
161 Land	$233,579	$0	$15,630	$1,000	$250,209	$0	$250,209

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
162 Buildings	$7,350,559	$29,361	$34,500	$16,500	$7,430,920	$0	$7,430,920
163 Furniture, Equipment & Machinery - Dwellings	$289,287	$0	$0	$76,977	$366,264	$0	$366,264
164 Furniture, Equipment & Machinery - Administration	$32,681	$14,053	$0	$0	$46,734	$0	$46,734
165 Leasehold Improvements	$1,802,040	$0	$0	$0	$1,802,040	$0	$1,802,040
166 Accumulated Depreciation	($7,087,676)	($35,507)	($21,955)	($89,772)	($7,234,910)	$0	($7,234,910)
160 Total Capital Assets, Net of Accumulated Depreciation	$2,620,470	$7,907	$28,175	$4,705	$2,661,257	$0	$2,661,257
171 Notes, Loans and Mortgages Receivable - Non-Current	$0	$0	$138,857	$0	$138,857	$0	$138,857
180 Total Non-Current Assets	$2,620,470	$7,907	$167,032	$4,705	$2,800,114	$0	$2,800,114
200 Deferred Outflow of Resources	$26,582	$9,273	$0	$14,737	$50,592	$0	$50,592
290 Total Assets and Deferred Outflow of Resources	$2,898,873	$120,919	$185,846	$126,753	$3,332,391	$0	$3,332,391
312 Accounts Payable <= 90 Days	$2,187	$745	$267	$0	$3,199	$0	$3,199
321 Accrued Wage/Payroll Taxes Payable	$3,182	$1,058	$0	$13,666	$17,906	$0	$17,906
322 Accrued Compensated Absences - Current Portion	$22,106	$3,798	$0	$2,972	$28,876	$0	$28,876
333 Accounts Payable - Other Government	$12,640	$0	$0	$0	$12,640	$0	$12,640
341 Tenant Security Deposits	$29,423	$0	$0	$0	$29,423	$0	$29,423
342 Unearned Revenue	$12,167	$0	$4,041	$0	$16,208	$0	$16,208
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$0	$0	$0	$0	$0	$0	$0

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
344 Current Portion of Long-term Debt - Operating Borrowings	$0	$0	$5,289	$0	$5,289	$0	$5,289
346 Accrued Liabilities - Other	$7,411	$0	$0	$35	$7,446	$0	$7,446
310 Total Current Liabilities	$89,116	$5,601	$9,597	$16,673	$120,987	$0	$120,987
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$0	$0	$0	$0	$0	$0	$0
352 Long-term Debt, Net of Current - Operating Borrowings	$0	$0	$65,184	$0	$65,184	$0	$65,184
353 Non-current Liabilities - Other	$0	$2,444	$0	$0	$2,444	$0	$2,444
354 Accrued Compensated Absences - Non Current	$6,842	$1,165	$0	$0	$8,007	$0	$8,007
357 Accrued Pension and OPEB Liabilities	$157,423	$52,475	$0	$75,347	$285,245	$0	$285,245
350 Total Non-Current Liabilities	$164,265	$56,084	$65,184	$75,347	$360,880	$0	$360,880
300 Total Liabilities	$253,381	$61,685	$74,781	$92,020	$481,867	$0	$481,867
400 Deferred Inflow of Resources	$2,706	$902	$0	$1,403	$5,011	$0	$5,011
508.4 Net Investment in Capital Assets	$2,620,470	$7,907	$28,175	$4,705	$2,661,257	$0	$2,661,257
511.4 Restricted Net Position	$0	$0	$0	$0	$0	$0	$0
512.4 Unrestricted Net Position	$22,316	$50,425	$82,890	$28,625	$184,256	$0	$184,256
513 Total Equity - Net Assets / Position	$2,642,786	$58,332	$111,065	$33,330	$2,845,513	$0	$2,845,513
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$2,898,873	$120,919	$185,846	$126,753	$3,332,391	$0	$3,332,391

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$279,896	$0	$10,519	$0	$290,415	$0	$290,415
70400 Tenant Revenue - Other	$3,571	$0	$0	$0	$3,571	$0	$3,571
70500 Total Tenant Revenue	$283,467	$0	$10,519	$0	$293,986	$0	$293,986
70600 HUD PHA Operating Grants	$344,210	$842,043	$0	$0	$1,186,253	$0	$1,186,253
70610 Capital Grants	$241,860	$0	$0	$0	$241,860	$0	$241,860
70710 Management Fee	$0	$0	$0	$110,662	$110,662	($110,662)	$0
70730 Book Keeping Fee	$0	$0	$0	$20,854	$20,854	($20,854)	$0
71100 Investment Income - Unrestricted	$1,247	$296	$8	$668	$2,219	$0	$2,219
71400 Fraud Recovery	$0	$2,626	$0	$0	$2,626	$0	$2,626
71500 Other Revenue	$16,083	$2,644	$0	$16	$18,743	$0	$18,743
70000 Total Revenue	$886,867	$847,609	$10,527	$132,200	$1,877,203	($131,516)	$1,745,687
91100 Administrative Salaries	$56,074	$53,719	$0	$85,366	$195,159	$0	$195,159
91200 Auditing Fees	$4,818	$2,273	$0	$2,231	$9,322	$0	$9,322
91300 Management Fee	$90,164	$20,498	$0	$0	$110,662	($110,662)	$0
91310 Book-keeping Fee	$10,605	$10,249	$0	$0	$20,854	($20,854)	$0
91500 Employee Benefit contributions - Administrative	$37,806	$15,175	$0	$6,049	$59,030	$0	$59,030
91600 Office Expenses	$25,607	$11,215	$1,000	$8,547	$46,369	$0	$46,369
91700 Legal Expense	$3,871	$0	$0	$0	$3,871	$0	$3,871
91800 Travel	$2,081	$32	$0	$185	$2,298	$0	$2,298
91900 Other	$10,788	$10,674	$177	$1,495	$23,134	$0	$23,134

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
91000 Total Operating - Administrative	$241,814	$123,835	$1,177	$103,873	$470,699	($131,516)	$339,183
92400 Tenant Services - Other	$2,751	$0	$0	$0	$2,751	$0	$2,751
92500 Total Tenant Services	$2,751	$0	$0	$0	$2,751	$0	$2,751
93100 Water	$60,532	$0	$1,140	$255	$61,927	$0	$61,927
93200 Electricity	$48,613	$901	$1,670	$148	$51,332	$0	$51,332
93300 Gas	$2,588	$0	$1,089	$0	$3,677	$0	$3,677
93600 Sewer	$45,333	$0	$0	$148	$45,481	$0	$45,481
93800 Other Utilities Expense	$0	$0	$164	$114	$278	$0	$278
93000 Total Utilities	$157,066	$901	$4,063	$665	$162,695	$0	$162,695
94100 Ordinary Maintenance and Operations - Labor	$97,907	$0	$0	$0	$97,907	$0	$97,907
94200 Ordinary Maintenance and Operations - Materials and Other	$45,995	$4,967	$0	$0	$50,962	$0	$50,962
94300 Ordinary Maintenance and Operations Contracts	$40,880	$0	$5,360	$0	$46,240	$0	$46,240
94500 Employee Benefit Contributions - Ordinary Maintenance	$46,935	$0	$0	$0	$46,935	$0	$46,935
94000 Total Maintenance	$231,717	$4,967	$5,360	$0	$242,044	$0	$242,044
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance	$24,371	$0	$2,524	$4,247	$31,142	$0	$31,142
96140 All Other Insurance	$0	$389	$0	$0	$389	$0	$389

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
96100 Total insurance Premiums	$24,371	$389	$2,524	$4,247	$31,531	$0	$31,531
96200 Other General Expenses	$0	$0	$160	$0	$160	$0	$160
96210 Compensated Absences	$21,371	$6,886	$0	$11,199	$39,456	$0	$39,456
96300 Payments in Lieu of Taxes	$12,640	$0	$0	$0	$12,640	$0	$12,640
96400 Bad debt - Tenant Rents	$15,439	$0	$0	$0	$15,439	$0	$15,439
96000 Total Other General Expenses	$49,450	$6,886	$160	$11,199	$67,695	$0	$67,695
96900 Total Operating Expenses	$707,169	$136,978	$13,284	$119,984	$977,415	($131,516)	$845,899
97000 Excess of Operating Revenue over Operating Expenses	$179,698	$710,631	($2,757)	$12,216	$899,788	$0	$899,788
97300 Housing Assistance Payments	$0	$814,610	$0	$0	$814,610	$0	$814,610
97400 Depreciation Expense	$203,512	$1,436	$1,255	$924	$207,127	$0	$207,127
90000 Total Expenses	$910,681	$953,024	$14,539	$120,908	$1,999,152	($131,516)	$1,867,636
10093 Transfers between Program and Project - In	$0	$0	$0	$0	$0	$0	$0
10094 Transfers between Project and Program - Out	$0	$0	$0	$0	$0	$0	$0
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	($23,814)	($105,415)	($4,012)	$11,292	($121,949)	$0	($121,949)

Perry Metropolitan Housing Authority

FDS Schedule Submitted to REAC

Proprietary Fund Type - Enterprise Fund

December 31, 2015

	Project Total	14.871 Housing Choice Vouchers	Business Activities	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	$0	$0	$5,289	$0	$5,289	$0	$5,289
11030 Beginning Equity	$2,794,745	$208,453	$115,077	$93,081	$3,211,356	$0	$3,211,356
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	($128,145)	($44,706)	$0	($71,043)	($243,894)	$0	($243,894)
11050 Changes in Compensated Absence Balance	$0	$0	$0	$0	$0	$0	$0
11060 Changes in Contingent Liability Balance	$0	$0	$0	$0	$0	$0	$0
11070 Changes in Unrecognized Pension Transition Liability	$0	$0	$0	$0	$0	$0	$0
11080 Changes in Special Term/Severance Benefits Liability	$0	$0	$0	$0	$0	$0	$0
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	$0	$0	$0	$0	$0	$0	$0
11100 Changes in Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	$0	$0
11170 Administrative Fee Equity	$0	$58,332	$0	$0	$58,332	$0	$58,332
11180 Housing Assistance Payments Equity	$0	$0	$0	$0	$0	$0	$0
11190 Unit Months Available	1,416	2,616	60	0	4,092	0	4,092
11210 Number of Unit Months Leased	1,416	2,526	60	0	4,002	0	4,002

Perry Metropolitan Housing Authority
Schedule of Expenditure 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	$318,894
Housing Choice Voucher Program	14.871	842,043
Capital Fund Program	14.872	267,176
Total Expenditure of Federal Award		**$1,428,113**

This schedule is prepared on the accrual basis of accounting.

Perry Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Cost
December 31, 2015

Capital Fund Program Number (OH16S03450110)

1. The Program Costs are as follows:

Funds Approved	$183,405
Funds Expended	183,405
Excess (Deficiency) of Funds Approved	$0
Funds Approved	$183,405
Funds Expended	183,405
Excess (Deficiency) of Funds Advanced	$0

2. All Costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed.

4. The final costs on the certification agree with the Authority's records.

Perry Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Cost
December 31, 2015

Capital Fund Program Number (OH16S03450111)

1. The Program Costs are as follows:

Funds Approved	$152,387
Funds Expended	152,387
Excess (Deficiency) of Funds Approved	$0
Funds Approved	$152,387
Funds Expended	152,387
Excess (Deficiency) of Funds Advanced	$0

2. All Costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed.

4. The final costs on the certification agree with the Authority's records.

Perry Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Cost
December 31, 2015

Capital Fund Program Number (OH16S03450112)

1. The Program Costs are as follows:

Funds Approved	$140,389
Funds Expended	140,389
Excess (Deficiency) of Funds Approved	$0
Funds Approved	$140,389
Funds Expended	140,389
Excess (Deficiency) of Funds Advanced	$0

2. All Costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed.

4. The final costs on the certification agree with the Authority's records.

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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

Board of Commissioners
Perry Metropolitan Housing Authority

I 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 Perry Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Perry Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated June 23, 2016, wherein I noted that the Housing Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and restated its net position at December 31, 2014 for business-type activities.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Perry Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
June 23, 2016

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

Board of Commissioners
Perry Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

I have audited Perry Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Perry Metropolitan Housing Authority's major federal programs for the year ended December 31, 2015. The Authority's major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Perry Metropolitan Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, Perry Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the Perry 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 my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
June 23, 2016

Perry Metropolitan Housing Authority
Schedule of Findings
2 CFR Section 200.515
December 31, 2015

1. SUMMARY OF AUDITOR'S RESULTS	
Type of Financial Statement Opinion	Unmodified
Were there any material weakness reported at the financial statement level (GAGAS)?	No
Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
Was there any reported non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness reported for any major federal programs?	No
Were there any other significant internal control deficiency reported for the major federal programs?	No
Type of report issued on compliance for major programs	Unmodified
Are there any reportable findings under 2 CFR § 200.516(a)?	No
Major Programs (list):	• CFDA # 14.850 Low Rent Public Housing
Dollar Threshold: Type A/B Programs	Type A: > $750,000 Type B: All Others
Low Risk Auditee under 2 CFR § 200.520?	Yes

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

There are no Findings or questioned costs for the year ended December 31, 2015.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no Findings or questioned costs for the year ended December 31, 2015.

Perry Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2015

The audit report for the fiscal year ending December 31, 2014 contained no audit findings.

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PERRY COUNTY METROPOLITAN HOUSING AUTHORITY

PERRY 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
AUGUST 11, 2016