PORTAGE METROPOLITAN HOUSING AUTHORITY

Financial Condition

As of

December 31, 2015

Together with Auditors' Report

Dave Yost • Auditor of State

Board of Trustees
Portage Metropolitan Housing Authority
2832 State Route 59
Ravenna, Ohio 44266

We have reviewed the *Independent Auditors' Report* of the Portage Metropolitan Housing Authority, Portage County, prepared by Kevin L. Penn, 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 Portage Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

November 1, 2016

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PORTAGE METROPOLITAN HOUSING AUTHORITY
PORTAGE, OHIO

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Portage Metropolitan Housing Authority
Ravenna, Ohio 44266

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe the audit evidence I obtained is sufficient and appropriate to support my audit opinions.

Opinion

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 Portage Metropolitan Housing Authority, Portage County, Ohio as of December 31, 2015, and the respective changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, during the year ended December 31, 2015, the Government adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary

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

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

The Supplemental Financial Data Schedules and Schedule of Federal Award Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. I subjected these schedules to the auditing procedures I applied to the basic financial statements. I also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 16, 2016 on my consideration of the Portage Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Portage Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.

August 16, 2016

PORTAGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)

This Management's Discussion and Analysis (MD&A) for the Portage Metropolitan Housing Authority (the Authority) is intended to assist the reader identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify changes in the Authority's financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2015, resulting changes, and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

FINANCIAL HIGHLIGHTS

- During FY 2015, the Authority's net position decreased by $1,591,000 (or 15%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type Net Position. Net Position was $10,033,000 and $8,442,000 for FY 2014 and FY 2015 respectively.

- The revenue decreased by $254,000 (or 1.8%) during FY 2015, and was $13,996,000 and $13,742,000 for FY 2014 and FY 2015 respectively.

- The total expenses of the Authority increased by $140,000 (or .9%). Total expenses were $14,060,000 and $14,200,000 for FY 2014 and FY 2015 respectively.

Overview in the Financial Statements

The basic financial statements included elsewhere in this report are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position is very similar to what most people would think of as a Balance Sheet. In the first half it reports the value of assets the Authority holds at December 31, 2015; that is, the cash the Authority has, the amounts that are owed the Authority from others, and the value of the equipment the Authority owns. The other half reports the Authority's liabilities; that is, what the Authority owes others at December 31, 2015, and what Net Position (equity) the Authority has at December 31, 2015. The two parts of the report are in balance and is why many might refer to this type of report as a balance sheet, in that the total of the assets part equals the total of the liabilities plus Net Position (or equity) part. In the statement, the Net Position are broken out into three broad categories:

Net Investment Capital Assets
Restricted Net Position
Unrestricted Net Position

The balance in Net Investment in Capital Assets, reflects the value of capital assets (assets such as land, buildings, and equipment) reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owed on those assets.

The balance in Restricted Net Position reflects the value of assets reported in the top part of the statement that are restricted for use by law or regulation, or when the use of those assets is restricted by constraints placed on the assets by creditors.

The balance in Unrestricted Net Position is the remainder of Net Position after what is classified in the two previously mentioned components of Net Position. It reflects the value of assets available to the Authority for its use in furthering its purposes.

The Statement of Revenues, Expenses, and Changes in Fund Balance (or Net Position or equity) is very similar to, and may commonly be referred to, an Income Statement. It is a report showing what the Authority earned, that is what its revenues or incomes were, versus what expenses the Authority had over the same period. It also shows how the fund balance (or Net Position or equity) changed because of how the income exceeded or were less than the expenses. It helps the reader to determine if the Authority had more in revenues than in expenses, or vice-versa, and then how that net gain or net loss affected the fund balance (or Net Position or equity). The ending total Net Position is what is referred to in the above discussion of the Statement of Net Position that, when added to the liabilities the Authority has, equals the total assets of the Authority.

The Statement of Cash Flows shows how the amount of cash the Authority had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in and going out. It helps the reader to understand the sources and uses of cash by the Authority during the year, to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets and by activities related to investing activities.

The Authority's Business Type Fund

The financial statements included elsewhere in this report are presented using the Authority-wide perspective, meaning the activity reported reflects the summed results of all the programs, or business type funds, of the Authority. The Authority consists exclusively of an enterprise fund. The full accrual basis of accounting is used for the Authority's enterprise fund. The accrual method of accounting is very similar to accounting used in the private sector.

The Authority's business type fund includes the following programs:

<u>Moving to Work Programs</u> – These programs are demonstration programs that allow participating housing authorities to design and test ways to promote self-sufficiency among assisted households, reduce costs through improved efficiency, and increase housing choice for low-income families. The programs provides no additional funding to the housing authority, but permits waivers of laws included within the Housing Act of 1937. The Conventional Public Housing Programs and the Section 8 Housing Choice Voucher Program are the Moving to Work Programs of the Portage Metropolitan Housing Authority.

<u>Conventional Public Housing Program</u> **-** Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy to enable the Authority to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Section 8 Housing Choice Voucher Program - Under the Housing Choice Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the participant's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contribution Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

Shelter Plus Care Program - This program links rental assistance to supportive services for hard-to-reach homeless persons with disabilities, primarily those who are seriously mentally ill, have chronic substance abuse problems, or have AIDS and related diseases.

Section 8 Mod Rehab Program and Mainstream Voucher Program - These programs provide rental assistance to clients in a manner that is very similar to how rental assistance is provided under the Housing Choice Voucher Program but serves target populations.

Other Non-major Programs - In addition to the major programs described above, the Authority also administers the following programs. These programs that have assets, liabilities, and revenues or expenses of less than 6 percent of the Authority's total assets, liabilities, revenues or expenses.

Resident Opportunities and Self-Sufficiency (ROSS) - This grant program is funded by HUD to assist residents in the process of moving from welfare to work.

Business Activities - This program represents non-HUD resources developed from a variety of activities.

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 implementation also had the effect of restating net position at December 31, 2014, from $10,033,000 to $8,900,000.

Condensed Financial Statements

The following represents a condensed Statement of Net Position compared to prior year. The Authority is engaged only in business type activities.

Table 1 - Condensed Statement of Net Position Compared to Prior Year
(Values rounded to nearest Thousand)

	2014	2015
Assets		
Current and Other Assets	$ 4,013,000	$ 3,975,000
Capital Assets	6,610,000	6,152,000
Deferred Outflow of Resources	0	61,000
Total Assets and Deferred Outflow of Resources	$10,623,000	$10,188,000
Liabilities		
Current Liabilities	$ 547,000	$ 525,000
Long-Term Liabilities	43,000	1,201,000
Deferred Inflow of Resources	0	20,000
Total Liabilities and Deferred Inflow of Resources	$ 590,000	$ 1,746,000
Net Position		
Net Investment in Capital Assets	$ 6,610,000	$ 6,152,000
Restricted Net Position	0	0
Unrestricted Net Position	3,423,000	2,290,000
Total Net Position	10,033,000	8,442,000
Total Liabilities and Net Position	$10,623,000	$10,188,000

For more detailed information, see the Statement of Net Position presented on page 9 of this report.

Major Factors Affecting the Statement of Net Position

The total net position decreased 15% from year-end 2014 to year-end 2015. See the discussion in the next section of factors contributing to this change. During 2015, current and other assets increased by $38,000 while current liabilities decreased by $22,000, Capital assets decreased $458,000 reflecting that additions in capital assets were less than disposals and depreciation on assets held by the Authority.

The following is a condensed Statement of Revenues, Expenses, and Changes in Fund Net Position. The Authority is engaged only in business type activities.

Table 2 - Statement of Revenues, Expenses, and Changes in Fund Net Position
(Values rounded to nearest Thousand)

	2014	2015
Revenues		
Tenant Revenues - Rents and Other	$ 860,000	$ 935,000
Operating Subsidies and Grants	12,236,000	12,311,000
Capital Grants	383,000	142,000
Investment Income	5,000	8,000
Other Revenues	512,000	346,000
Total Revenues	$ 13,996,000	$ 13,742,000
Expenses		
Administrative	$ 1,767,000	$ 1,960,000
Tenant Services	54,000	58,000
Utilities	342,000	322,000
Ordinary Maintenance and Operations	821,000	988,000
General and Insurance Expenses	212,000	214,000
Housing Assistance Payments	10,224,000	10,059,000
Loss on sale of assets	0	11,000
Depreciation	640,000	588,000
Total Expenses	14,060,000	$ 14,200,000
Net Increases (Decreases) in Net Position	$ (64,000)	$ (458,000)

For 2015, the Authority revenues decreased 1.3% while expenses increased 1.4%. The Authority increased Tenant Revenues, Operating Subsidies & Grants, and Investment Income, but experienced declines in Capital Grants and Other Revenues. The response to decreased revenue was to utilize reserves.

Table 3 – Change in Unrealized Net Position
(Values rounded to nearest Thousand)

Unrestricted Net Position 12/31/2014		$ 3,423,000
Results from Operation	(458,000)	
Adjustments:		
Depreciation (1)	588,000	
Prior Period Adjustment (2)	(1,133,000)	
Adjusted Results from Operations		(1,003,000)
Capital Expenditures		(130,000)
Unrestricted Net Position 12/31/2015		$ 2,290,000

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
(2) From GASB 68 - Pension Net Liability beginning balance

The following is a condensed Statement of Changes in Capital Assets comparing balances in capital assets for 2014 and 2015.

Table 4 - Condensed Statement of Changes in Capital Assets
(Values rounded to nearest Thousand)

	2014	2015
Land and Land Rights	$ 1,623,000	$ 1,623,000
Building and Improvements	21,283,000	21,283,000
Equipment	488,000	396,000
Construction in Progress	113,000	172,000
Accumulated Depreciation	(16,897,000)	(17,322,000)
Total	$ 6,610,000	$ 6,152,000

Debt

The Authority has no debt outstanding at year-end 2015.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development has decreased.
- The Federal sequestration of the budget further cut program and administrative funding.
- The Federal Government shut-down in 2015
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Federal Reserve Bank interest rates on investments
- Local labor supply and demand, which can affect salary and wage rates.

Contact the Authority

Questions concerning this report or requests for additional information should be directed to Pamela Nation Calhoun, Acting Executive Director of the Portage Metropolitan Housing Authority, 2832 State Route 59, Ravenna, Ohio 44266.

PORTAGE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2015

ASSETS		
Current Assets		
Cash and Cash Equivalents - Unrestricted (Note 2)	$	2,966,495
Cash and Cash Equivalents - Restricted (Note 3)		292,834
Accounts Receivable, (Net of Allowance for Doubtful Accounts - $120,320)		461,699
Inventory (Net of Allowance for obsolete)		58,521
Prepaid Expenses and Other Assets		184,496
Total Current Assets		3,964,045
Non-Current Assets		
Notes Receivable		7,469
Interest Receivable		2,763
Capital Assets: (Note 4)		
Non-Depreciable Capital Assets		1,795,058
Depreciation Capital Assets		4,356,892
Total Non-Current Assets		6,162,182
Deferred Outflow of Resources		61,857
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$	10,188,084
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts Payable	$	220,385
Accrued Wages/Payroll		80,776
Tenant Security Deposits		74,187
Accrued Compensated Absences - Current Portion		99,521
Deferred Outflows and Other Liabilities		49,906
Total Current Liabilities		524,775
Non-Current Liabilities		
Noncurrent Liabilities - Other		19,054
Accrued Pension and OPEB		1,159,314
Accrued Compensated Absences, Net of Current Portion		22,551
Total Non-Current Liabilities		1,200,919
Total Liabilities	$	1,725,694
Deferred Inflow of Resources	$	20,367
Net Position		
Investment in Capital Assets, Net of Related Debt	$	6,151,950
Restricted		-
Unrestricted		2,290,073
Total Net Position	$	8,442,023

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

PORTAGE METROPOLITAN HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2015

Operating Revenue:	
HUD Operating Subsidies and Grants	$ 12,311,866
Tenant Revenue	935,828
Other Revenue	344,474
Total Operating Revenue	13,592,168
Operating Expenses:	
Administrative Expense	1,959,628
Tenant Services	58,050
Utilities	321,997
Maintenance and Operations	987,634
General Expenses	214,194
Housing Assistance Payments	10,059,587
Depreciation Expense	588,676
Total Operating Expenses	14,189,766
Net Operating Income (Loss)	(597,598)
Non-Operating Revenues (Expenses)	
Interest Income	8,110
Gain(Loss) on Sale of Capital Assets	(10,612)
Total Non-Operating Revenues (Expenses)	(2,502)
Excess of Revenue Over(Under) Expenses before Capital Grants	(600,100)
Capital Grants	141,740
Change in Net Position	(458,360)
Net Position - Beginning of Year as previously stated	10,033,513
Prior Period Adjustment (Note 15)	(1,133,130)
Net Position - Beginning of Year as restated	8,900,383
Net Position - End of Year	$ 8,442,023

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

PORTAGE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows From Operating Activities:	
Cash Received from HUD	$ 12,311,866
Cash Received from Tenant	935,828
Cash Received from Other Income	202,734
Cash Payments for Housing assistance payments	(10,059,587)
Cash Payments for Administrative	(1,959,628)
Cash Payments for Other Operating Expenses	(1,622,480)
Net Cash Provided (Used) by Operating Activities	(191,267)
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(130,493)
Gain(Loss) on Sale of Capital Assets	(10,612)
Capital Grant Funds Received	141,740
Net Cash Provided (Used) by Capital and Related Financing Activities	635
Cash Flows From Investing Activities:	
Interest Income	8,110
Net Cash Provided (Used) by Investing Activities	8,110
Increase (Decrease) in Cash and Cash Equivalents	(182,522)
Cash and Cash Equivalents - Beginning of Year	3,441,851
Cash and Cash Equivalents - End of Year	$ 3,259,329
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:	
Operating Income (Loss)	$ (597,598)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation	588,676
(Increase) decrease in:	
Accounts Receivable	(81,712)
Notes Receivable	(5,983)
Interest Receivable	22
Inventory	602
Deferred Outflow of Resources	(61,857)
Prepaid Expenses	(56,461)
Increase (decrease) in:	
Accounts Payable	13,141
Accrued Wages/Payroll	15,665
Compensated Absences	351
Deferred Credits and Other Liabilities	(60,226)
Accrued Pension and OPEB	26,185
Deferred Inflow of Resources	20,367
Tenant Security Deposits	(1,832)
Noncurrent Liabilities - Other	9,393
Net Cash Provided (Used) by Operating Activities	$ (191,267)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Portage 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 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*, 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.

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

Reporting Entity (Continued)
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. Based on the above criteria, the Authority has no component units.

Fund Accounting
The Authority uses an enterprise fund to report on its financial position and the results of its operations for the Section 8 and Public Housing 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 Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments. In accordance with GABS Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis. GASB Statement No. 34 (as amended by GASB Statement No. 63) requires the following, which collectively make up the Authority’s basic financial statements:

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

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

Accounting and Reporting for Nonexchange Transactions

Nonexchange 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 nonexchange 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.

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

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount reported as restricted net position at fiscal year end represents the amounts restricted by HUD for future Housing Assistance Payments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. There were no net Position restricted by HUD.

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 2015 totaled $8,110.

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.

Cash and Cash Equivalents

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

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.

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

Compensated Absences (Continued)
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 balance reported as a fund liability.

Inventories
Inventories are stated at cost. The allowance for obsolete inventory was $2,000 at December 31, 2015.

Budgetary Accounting
The Authority annually prepares its budget as prescribed by the U.S. Department of Housing and Urban Development. This budget is approved by the Board of the Housing Authority.

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.

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NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

At fiscal year end, the carrying amount of the Authority's deposits were $3,259,329 and the bank balance was $3,521,226. Included in the carrying amount of deposits at December 31, 2015 is $75 in petty cash. Based on criteria described in GASB Statement No. 40, Deposits and Investments Risk Disclosures, as of December 31, 2015, $1,000,000 of the Authority's bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority.

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Authority's Board. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank, and pledged as a pool of collateral against the public deposits it holds, or as specific collateral held at the Federal Reserve bank in the name of the Authority.

Investments

The Authority has a formal investment policy; however the Authority's investments at December 31, 2015, were limited to certificates of deposit.

Interest Rate Risk

The Authority's investment policy limits investments to 1 year but does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Authority staggers maturity dates of investments to avoid losses from rising interest rates.

Credit Risk

Any deposits of the Authority exceeding the FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority.

Concentration of Credit Risk

The Authority does not limit the amount of funds that may be on deposit with any one financial institution; however, as was mentioned in the preceding paragraph, all deposits exceeding the FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority.

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

Concentration of Credit Risk (Continued)

Cash and investments included in the Authority's cash position at December 31, 2015, are as follows:

Cash and Investment Type	Fair Value	Investment Maturities (in Years) <1
Carrying Amount of Deposits – Unrestricted	$3,166,088	$3,166,088
Carrying Amount of Deposits – Restricted	93,241	93,241
Totals	$3,259,329	$3,259,329

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of $292,834 on the financial statements represents the following:

FSS Escrow Funds	$ 19,054
Sale of HUD Property	199,593
Tenant Security Deposits	74,187
Total Restricted Cash	$ 292,834

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2015, by class is as follows:

	12/31/2014	Reclasses	Additions	Disposals	12/31/2015
Capital Assets Not Being Depreciated					
Land	$1,623,261	$ 0	$ 0	$ 0	$ 1,623,261
Construction in Progress	113,362	( )	58,435	0	171,797
Total Capital Assets Not Being Depreciated	1,736,623	( )	58,435	0	1,795,058
Capital Assets Being Depreciated					
Buildings and Improvements	21,282,788				21,282,788
Furniture, Equipment, and Machinery-Administrative	487,788	0	82,670	(174,713)	395,745
Subtotal Capital Assets Being Depreciated	21,770,576	0	82,670	(174,713)	21,678,533
Accumulated Depreciation:					
Buildings and Improvements	(16,652,429)	0	(545,484)	0	(17,197,913)
Furniture, Equipment and Machinery-Administrative	(244,637)	0	(43,192)	164,101	(123,728)
Total Accumulated Depreciation	(16,897,066)	0	(588,676)	164,101	(17,321,641)
Depreciable Assets, Net	4,873,510		(506,006)	(10,612)	4,356,892
Total Capital Assets, Net	$ 6,610,133	$ 0	$(447,571)	$(10,612)	$ 6,151,950

Depreciation is calculated using the straight line method with lives varying between 3 and 30 years. The depreciation expense for the year ended December 31, 2015 was $588,676. There was a loss on the sale of assets of $10,612.

NOTE 5**:** <u>DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM</u>

For fiscal year 2015, 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” were effective. These GASB pronouncements had a significant impact on beginning net position as reported December 31, 2014 (see Note 15).

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 net pension liability represents the Authority’s proportionate share of the Ohio Public Employee Retirement System (OPERS) Pension Plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of its 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 OPERS to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the OPERS Board of Trustees 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.

Plan Description

Organization **-** OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: The Traditional Plan, a defined benefit plan; the Combined Plan, a combination defined benefit/contribution plan; and the Member-Directed Plan, a defined contribution plan. All public employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. New public employees (those who establish membership in OPERS on or after January 1, 2003) have 180 days from the commencement of employment to select membership in one of the three pension plans. Contributions to OPERS are effective with the first day of the employee’s employment. Contributions made prior to the employee’s plan selection are maintained in the Traditional Pension Plan and later transferred to the plan elected by the member, as appropriate.

NOTE 5: **DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM** (continued)

All public employees, except those covered by another state retirement system in Ohio or the Cincinnati Retirement System, are required to become contributing members of OPERS when they begin public employment unless they are exempted or excluded as defined by the Ohio Revised Code. For actuarial purposes, employees who have earned sufficient service credit (60 contributing months) are entitled to a future benefit from OPERS. Employer, employee and retiree data as of December 31, 2015 can be found in the OPERS 2015 Comprehensive Annual Financial Report.

Pension Benefits – All benefits of the OPERS, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 35 or more years of service credit. Group C is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Refer to the age-and-service tables located in the OPERS 2015 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Prior to 2000, payments to OPERS benefit recipients were limited under Section 415(b) of the Internal Revenue Code (IRC). OPERS entered into a Qualified Excess Benefit Arrangement (QEBA) with the Internal Revenue Service (IRS) to all OPERS benefit recipients to receive their full statutory benefit even when the benefit exceeds IRC 415(b) limitations. Monthly QEBA payments start when the total amount of benefits received by the recipients exceeds the IRC limit each year. The portion of the benefit in excess of the IRC 415(b) limit is paid out of the QEBA and taxed as employee payroll in accordance with IRS regulations.

NOTE 5: **DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM** (continued)

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the members' FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits – Defined contribution plan benefits are established in the plan documents, which may be amended by the Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits.

The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employee contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vest account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Disability Benefits – OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members in the plan as of July 29, 1992, could elect, by April 7, 1993, coverage under either the original plan or the revised plan. All members who entered OPERS after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. After the disability benefit ends, the member may apply for a service retirement benefit or a refund of contributions, which are not reduced by the amount of disability benefits received. Members participating in the Member-Directed Plan are not eligible for disability benefits.

NOTE 5: **DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM** (continued)

Survivor Benefits – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may quality for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. Ohio Revised Code Chapter 145 specifies the dependents and the conditions under which they quality for survivor benefits. Other Benefits – Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit. A death benefit of $500-$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combed Plan. Death benefits are not available to beneficiaries of Member-Direct Plan participants.

Money Purchase Annuity - Age-and-service retirees who become re-employed in an OPERS-covered position must contribute the regular contribution rates, which are applied towards a money purchase annuity. The money purchase annuity calculation is based on the accumulated contributions of the retiree for the period of re-employment, and an amount of the employer contributions determined by the Board of Trustees. Upon termination of service, members over the age of 65 can elect to receive a lump-sum payout or a monthly annuity. Members under age 65 may leave the funds on deposit with OPERS to receive an annuity benefit at age 65, or may elect to receive a refund of their employee contributions made during the period of reemployment, plus interest.

Refunds – Members who have terminated service in OPERS-covered employment may file an application for refund of their account. The Ohio Revised Code requires a three-month waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's rights and benefits in OPERS.

Refunds processed for the Traditional Pension Plan members include the member's accumulated contributions, interest and any qualifying employer funds. A Combined Plan member's refund may consist of member contributions for the purchase of service plus interest, qualifying employer funds, and the value of their account in the defined contribution plan consisting of member contributions adjusted by the gains or losses incurred based on their investment selections. Refunds paid to members in the Member-Direct Plan include member contributions and vested employer contributions adjusted by the gains or losses incurred based on their investment selections.

Contributions – The OPERS funding policy provides for periodic employee and employer contributions to all three plans (Traditional Pension, Combined and Member-Directed) at rates established by the Board of Trustees, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the OPERS external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code. Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2015.

NOTE 5: **DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM** (continued)

Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

The employee and employer contribution rates are currently set at the maximums authorized by Ohio Revised Code of 10% and 14%, respectively. Based upon the recommendation of the OPERS external actuary, a portion of each employer's contributions to OPERS is set aside for the funding of post-employment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 2.0% for fiscal year 2015. The employer contribution as a percent of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for fiscal year 2015 was 4.5%. The amount of contributions recognized by the OPERS from the Authority during calendar year 2015 was $19,777, which represented 100% of the Authority's required contribution, and the Authority's proportionate share of pension expense during the same period was $14,126. The Authority did not make any contributions to the Combined Plan during calendar year 2015.

Ohio Revised Code Chapter 145 assigned authority to the Board of Trustees to amend the funding policy. As of December 31, 2015, the Board of Trustees adopted the contribution rates that were recommended by the external actuary. The contribution rates were included in a new funding policy adopted by the Board of Trustees in October 2013, and are certified biennially by the Board of Trustees as required by the Ohio Revised Code.

As of December 31, 2015, the date of the last actuarial study, the funding period for all defined benefits of the OPERS was 21 years.

Net Pension Liability

The net pension liability was measured as of December 31, 2015, and the total pension liabilities were determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on both member and employer contributions to OPERS relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

NOTE 5: **DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM** (continued)

Net Pension Liability (continued)

Proportionate Share of the Net Pension Liability	$ 1,122,638
Proportion of the Net Pension Liability	0.009308%

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requires of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

Actuarial Information	Traditional Pension Plan	Combined Plan
Valuation Date	December 31, 2014	December 31, 2014
Experience Study	5 Year Period Ending December 31, 2010	5 Year Period Ending December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
Projected Salary Increases	4.25-10.05% (includes wage inflation at 3.75%)	4.25–8.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	3.00% Simple	3.00% Simple

NOTE 5: **DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM** (continued)

Actuarial Methods and Assumptions (continued)

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

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

Sensitivity of Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability calculated using the discount rate of 8.0% and the expected net pension liability if it were calculated using a discount rate that is 1.0% lower or higher than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Authority's proportionate share of the net pension liability/(assets)			
Traditional Plan	$ 2,065,352	$ 1,122,638	$ 328,665
Contribution Plan	$ 15	$ (116)	$ (222)

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board of Trustees approved asset allocation policy for 2014 and the long-term expected real rates of return.

Asset Class	Allocation	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%	5.28%

NOTE 5: **DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM** (continued)

Actuarial Methods and Assumptions (continued)

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

OPERS manages investments in four investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan, and the VEBA Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expense, for the Defined Benefit portfolio was 6.95% for 2015.

Average Remaining Service Life

GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2015, the average of the expected remaining service lives of all employees calculated by our external actuaries for the Traditional Pension Plan was 3.1673 years and for the Combined Plan was 9.4080 years.

Deferred Inflows and Deferred Outflows

The deferred inflows and outflows reported in the Statement of Net Position do not include the layer of amortization that is recognized in current year pension expense and represents the balances of deferred amounts as of December 31, 2015. The table below discloses the original amounts of the deferred inflows and outflows, calculated by OPERS external actuaries, and the current year amortization on those amounts included in pension expense as of and for the year ended December 31, 2015.

NOTE 5: **DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM** (continued)

Deferred Inflows and Deferred Outflows (continued)

Deferred Inflows/(Outflows)	Total Deferred Inflows/(Outflows) Arising in Current Reporting Period	2014 Amortization Period	First Year of Amortization Recognized in Pension Expense	Balance of Deferred Inflows/(Outflows) in Current Reporting Period
Traditional Pension Plan				
Difference between Expected and Actual Experience	$ 28,823	3.1673 years	$ 9,100	$ 19,723
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	$ (74,876)	5 years	$ (14,975)	$ (59,901)
Combined Plan				
Difference between Expected and Actual Experience	$ 40	9.4080 years	$ 4	$ 36
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	$ (9)	5 years	$ (2)	$ (7)

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date is recognized as a reduction of the net pension liability in the Authority's financial statements. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as disclosed in the table below:

Calendar Year Ending December 31	Traditional Pension Plan Net Deferred Outflows of Resources	Combined Plan Net Deferred Inflows of Resources
2015	$ (5,875)	$ 2
2016	(5,875)	2
2017	(13,453)	2
2018	(14,975)	2
2019	-	4
Thereafter	-	14
Total	$ (40,178)	$ 26

NOTE 6: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health are plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including 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. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage 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, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-PERS(7377).

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2015, the Authority contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund the OPEB Plan.

NOTE 6: **OTHER POST-EMPLOYMENT BENEFITS** (continued)

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

In fiscal year 2015, the Authority's contributions to OPERS totaled $19,777. Of this amount, $7,063 was allocated to the health care plan. The portion of the Authority's fiscal year 2015 and 2014 contributions that were allocated to the health care plan were $7,063 and $6,825, 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, 2015. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 7: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of Directors based on local and state laws.

All full-time employees earn 5.0 hours sick leave per pay period. Unused sick leave may be accumulated up to a total of 130 hours per year. There is no maximum on the total accumulation of sick time hours; however, only employees with 10 years or more of service will be paid for accumulated sick leave upon voluntary separation, up to a maximum of 25 percent of accumulated sick leave hours, not to exceed payment for 240 hours.

All full-time non contract employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

At December 31, 2015, based on the vesting method, $122,072 was accrued by the Authority for unused vacation and sick time.

NOTE 8: **INSURANCE**

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Portage is one. Deductibles and coverage limits are summarized below:

Type of Coverage	Deductible	Coverage Limits
Property	$ 1,500	$ 53,778,200 (per occurrence)
Boiler and Machinery	1,000	50,000,000
General Liability	0	6,000,000
Automobile Physical Damage/Liability	500/0	ACV/6,000,000
Public Officials	0	6,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan with SummaCare for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 9: **CONTINGENCIES AND OTHER COMMITMENTS**

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2015, the Authority was involved in no matters which management believes would have a material effect on the financial statements. In addition, the Authority had no material operating lease commitments or construction commitments at December 31, 2015.

NOTE 10: **RESTRICTED NET POSITION**

No restriction has been reported for the Housing Choice Voucher program because it has been concluded that as a Moving to Work (MTW) agency none of the funding the agency receives from HUD is designated as Housing Choice Voucher program HAP revenue. HUD grants Portage Metropolitan Housing Authority as a MTW agency the flexibility to determine how to use MTW funds provided to the agency. None of the MTW funding provided the agency is designated as revenues to be restricted for use to make housing assistance payments under the Section 8 Housing Choice Voucher Program.

NOTE 11 **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 August 16, 2016, the date on which the financial statements were available to be issued.

NOTE 12 INTERPROGRAM RECEIVABLES/PAYABLES

Interprogram balance at December 31, 2015, consists of the following receivables and payables:

	Due From	Due to
Supportive Housing for Persons with Disabilities		$ 118,832
Moving to Work Demonstration	$ 136,057	
Public Housing	$ 32,194	
COCC		$ 31,886
ROSS		$ 3,078
Shelter Care		$ 14,455

These interprogram Due From/Due To arise from housing assistance payments and the repayment of funds from the non-federal program to the proper federal program. These balances are eliminated for the Statement of Net Position on page 11.

NOTE 13 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Portage Metropolitan Housing Authority and is presented on the accrued basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

NOTE 14 CHANGE IN ACCOUNTING PRINCIPLES

For calendar year 2015, the Authority has implemented the following:

GASB Statement No. 68 “Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27” improves the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and enhances its value for assessing accountability and interperiod equity by requiring recognition of the entire pension liability and a more comprehensive measure of pension expense. This statement also replaces GASB Statement No. 27 as it relates to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The implementation of this statement had a significant effect on the financial statements of the Authority.

GASB Statement No. 69 “Government Combinations and Disposals of Government Operations” provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of this statement did not have an effect on the financial statements of the Authority.

GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68” eliminates the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The implementation of this statement had a significant effect on the financial statements of the Authority.

NOTE 15. RESTATEMENT OF BEGINNING NET POSITION

For the fiscal year ended December 31, 2015, the Authority implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27" and GASB Statement No. 71"Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68". The implementation of these standards had the following impact on beginning Net Position:

Net Position, December 31, 2014	$ 10,033,513
Net Pension Liability	(1,133,130)
Net Position, January 1, 2015, Restated	$ 8,900,383

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

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Public Housing	Resident Opportunity & Supportive Services	Housing Choice Voucher	Supportive Housing for Persons with Disabilities
111	Cash - Unrestricted	$ 748,053		123,243	
112	Cash - Restricted	199,593			
114	Cash - Tenant Security Deposits	71,886			
115	Cash - Restricted for Payment of Current Liabilities			8	
100	Total Cash	1,019,532	-	123,251	-
122	Acct. Rec. - HUD		3,078		13,857
125	Acct. Rec. - Misc.				869
126	Acct. Rec. - Tenants	27,046			2,795
126.1	Allowance Doubtful Accts. - Tenants	(12,626)			(296)
126.2	Allowance Doubtful Accts. – Other				(502)
127	Notes, Loans, & Mortgages Rec. - Current	6,606			
128	Fraud Recovery	3,811		425	4,616
128.1	Allowance Doubtful Accts.	(3,811)		(425)	(4,616)
129	Accrued Interest Receivable	1,420			
120	Net Total Receivables	22,446	3,078	-	16,723
142	Prepaid Expenses	59,435		806	1,786
143	Inventories	60,521			
143.1	Allowance for Obsolete Inventories	(2,000)			
144	Inter Program Due From	32,194			
150	**Total Current Assets**	1,192,128	3,078	124,057	18,509
161	Land	1,413,461			
162	Buildings	19,360,795			
164	Furniture, Equip. & Mach. - Admin.	198,269			
166	Accumulated Depreciation	(15,881,747)			
167	Construction in Progress	171,797			
160	Net Fixed Assets	5,262,575	-	-	-
200	Deferred Outflow of Resources	19,510		260	835
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 6,474,213**	**$ 3,078**	**$ 124,317**	**$ 19,344**

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

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Public Housing	Resident Opportunity & Supportive Services	Housing Choice Voucher	Supportive Housing for Persons with Disabilities
312	A/P <= 90 days	$ 18,767		$ 1,213	$ 988
313	A/P <= 90 days Past Due				
321	Accrued Wage/Taxes Payable	15,543		615	881
322	Accrued Compensated Absences - Current Portion	29,907		685	1,903
331	Accounts Payable - HUD PHA			60,972	
332	Accounts Payable - PHA Projects	897			
333	Accounts Payable - Other Government	38,858			
341	Tenant Security Deposits	71,886			
342	Unearned Revenue	9,653			1
345	Other Current Liabilities	17,740		8	16
346	Accrued Liabilities - Other	19,290			
347	Inter Program - Due To		3,078		118,832
357	Accrued Pension and OPEB Liabilities	365,648		4,869	15,651
310	Total Current Liabilities	588,189	3,078	68,362	138,272
353	Non-current Liabilities - Other				
354	Accrued Comp. Abs. - Noncurrent	9,733		101	301
	TOTAL Liabilities	597,922	3,078	68,463	138,573
400	Deferred Inflow of Resources	6,423		86	275
508.1	Invested in Capital Assets Net	5,262,575			
511.1	Restricted Net Position	-		55,768	
512.1	Unrestricted Net Position	607,293			(119,504)
513	TOTAL Equity/Net Position	5,869,868	-	55,768	(119,504)
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 6,474,213**	**$ 3,078**	**$ 124,317**	**$ 19,344**

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

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
111	Cash - Unrestricted	482,919		476,159	621,496
112	Cash - Restricted	19,054			
114	Cash - Tenant Security Deposits				2,301
115	Cash - Restricted for Payment of Current Liabilities				
100	Total Cash	501,973	-	476,159	623,797
122	Acct. Rec. - HUD	350,495			
125	Acct. Rec. - Misc.	63,391	5,509	2,874	
126	Acct. Rec. - Tenants	37,446	213	26,022	21,746
126.1	Allowance Doubtful Accts. - Tenants	(31,576)	(4,051)		(11,658)
126.2	Allowance Doubtful Accts. - Other	(53,177)			
127	Notes, Loans, & Mortgages Rec. - Current	-			863
128	Fraud Recovery	27,660	300		
128.1	Allowance Doubtful Accts.	(27,660)	(300)		
129	Accrued Interest Receivable	583		393	367
120	Net Total Receivables	367,162	1,671	29,289	11,318
142	Prepaid Expenses	87,157	1,626	3,146	7,047
143	Inventories				
143.1	Allowance for Obsolete Inventories				
144	Inter Program Due From	136,057			
150	**Total Current Assets**	1,092,349	3,297	508,594	642,162
161	Land			100,713	19,187
162	Buildings	250,058		198,477	1,067,030
164	Furniture, Equip. & Mach. - Admin.	108,362			4,204
166	Accumulated Depreciation	(125,082)		(157,638)	(875,423)
167	Construction in Progress				
160	Net Fixed Assets	233,338	-	141,552	214,998
200	Deferred Outflow of Resources	25,275	532	1,948	
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 1,350,962**	**$ 3,829**	**$ 652,094**	**$ 857,160**

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

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
312	A/P <= 90 days	$ 24,410	$ 2,158	$ 3,962	$ 765
313	A/P <= 90 days Past Due				
321	Accrued Wage/Taxes Payable	52,539	946	1,364	1,287
322	Accrued Compensated Absences - Current Portion	44,479	1,203	2,728	2,034
331	Accounts Payable - HUD PHA				
332	Accounts Payable - PHA Projects				
	Accounts Payable - Other Government				
341	Tenant Security Deposits				2,301
342	Unearned Revenue	377			415
345	Other Current Liabilities	495	16	16	1,665
346	Accrued Liabilities - Other				
347	Inter Program - Due To		14,455		
357	Accrued Pension and OPEB Liabilities	473,696	9,970	36,518	
310	Total Current Liabilities	595,996	28,748	44,588	8,467
353	Non-current Liabilities - Other	19,054			
354	Accrued Comp. Abs. - Noncurrent	8,777	201	306	833
	TOTAL Liabilities	623,827	28,949	44,894	9,300
400	Deferred Inflow of Resources	8,322	175	642	
508.1	Invested in Capital Assets Net	233,338		141,552	214,998
511.1	Restricted Net Position				
512.1	Unrestricted Net Position	485,475	(25,295)	465,006	632,862
513	TOTAL Equity/Net Position	718,813	(25,295)	606,558	847,860
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 1,350,962**	**$ 3,829**	**$ 652,094**	**$ 857,160**

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

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Section 8 Moderate	COCC	Subtotal
111	Cash - Unrestricted	$ 514,617		$ 2,966,487
112	Cash - Restricted			218,647
114	Cash - Tenant Security Deposits			74,187
115	Cash - Restricted for Payment of Current Liabilities			8
100	Total Cash	514,617	-	3,259,329
122	Acct. Rec. - HUD	19,893		387,323
125	Acct. Rec. - Misc.	6,503		79,146
126	Acct. Rec. - Tenants	282		115,550
126.1	Allowance Doubtful Accts. - Tenants			(56,156)
126.2	Allowance Doubtful Accts. - Other	(6,434)		(64,164)
127	Notes, Loans, & Mortgages Rec. - Current			7,469
128	Fraud Recovery	2,725		39,537
128.1	Allowance Doubtful Accts.	(2,725)		(39,537)
129	Accrued Interest Receivable			2,763
120	Net Total Receivables	20,244	-	471,931
142	Prepaid Expenses	6,728	16,765	184,496
143	Inventories			60,521
143.1	Allowance for Obsolete Inventories			(2,000)
144	Inter Program Due From			168,251
150	**Total Current Assets**	541,589	16,765	4,142,528
161	Land		89,900	1,623,261
162	Buildings		406,428	21,282,788
164	Furniture, Equip. & Mach. - Admin.	42,021	42,886	395,742
166	Accumulated Depreciation	(216)	(281,532)	(17,321,638)
167	Construction in Progress			171,797
160	Net Fixed Assets	41,805	257,682	6,151,950
200	Deferred Outflow of Resources	2,827	10,670	61,857
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 586,221**	**$ 285,117**	**$ 10,356,335**

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

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Section 8 Moderate	COCC	Subtotal
312	A/P <= 90 days	$ 2,243	$ 3,519	$ 58,025
313	A/P <= 90 days Past Due			
321	Accrued Wage/Taxes Payable	2,276	5,325	80,776
322	Accrued Compensated Absences - Current Portion	5,265	11,317	99,521
331	Accounts Payable - HUD PHA	61,633		122,605
332	Accounts Payable - PHA Projects			897
333	Accounts Payable - Other Government			38,858
341	Tenant Security Deposits			74,187
342	Unearned Revenue	3		10,449
345	Other Current Liabilities	62	149	20,167
346	Accrued Liabilities - Other			19,290
347	Inter Program - Due To		31,886	168,251
357	Accrued Pension and OPEB Liabilities	52,980	199,982	1,159,314
310	Total Current Liabilities	124,462	252,178	1,852,340
353	Non-current Liabilities - Other			19,054
354	Accrued Comp. Abs. - Noncurrent	810	1,489	22,551
	TOTAL Liabilities	125,272	253,667	1,893,945
400	Deferred Inflow of Resources	931	3,513	20,367
508.1	Invested in Capital Assets Net	41,805	257,682	6,151,950
511.1	Restricted Net Position			60,463
512.1	Unrestricted Net Position	418,213	(229,745)	2,229,610
513	TOTAL Equity/Net Position	460,018	27,937	8,442,023
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 586,221**	**$ 285,117**	**$ 10,356,335**

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

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Elimination	Total
111	Cash - Unrestricted	$ -	$ 2,966,487
112	Cash - Restricted		218,647
114	Cash - Tenant Security Deposits		74,187
115	Cash - Restricted for Payment of Current Liabilities		8
100	Total Cash	-	3,259,329
122	Acct. Rec. - HUD		387,323
125	Acct. Rec. - Misc.		79,146
126	Acct. Rec. - Tenants		115,550
126.1	Allowance Doubtful Accts. - Tenants		(56,156)
126.2	Allowance Doubtful Accts. - Other		(64,164)
127	Notes, Loans, & Mortgages Rec. - Current		7,469
128	Fraud Recovery		39,537
128.1	Allowance Doubtful Accts.		(39,537)
129	Accrued Interest Receivable		2,763
120	Net Total Receivables		471,931
142	Prepaid Expenses		184,496
143	Inventories		60,521
143.1	Allowance for Obsolete Inventories		(2,000)
144	Inter Program Due From	(168,251)	-
150	**Total Current Assets**	(168,251)	3,974,277
161	Land		1,623,261
162	Buildings		21,282,788
164	Furniture, Equip. & Mach. - Admin.		395,742
166	Accumulated Depreciation		(17,321,638)
167	Construction in Progress		171,797
160	Net Fixed Assets	-	6,151,950
200	Deferred Outflow of Resources		61,857
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ (168,251)**	**$ 10,188,084**

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

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Elimination	Total
312	A/P <= 90 days	$ -	$ 58,025
313	A/P <= 90 days Past Due		-
321	Accrued Wage/Taxes Payable		80,776
322	Accrued Compensated Absences - Current Portion		99,521
331	Accounts Payable - HUD PHA		122,605
332	Accounts Payable - PHA Projects		897
333	Accounts Payable - Other Government		38,858
341	Tenant Security Deposits		74,187
342	Unearned Revenue		10,449
345	Other Current Liabilities		20,167
346	Accrued Liabilities - Other		19,290
347	Inter Program - Due To	(168,251)	-
357	Accrued Pension and OPEB Liabilities		1,159,314
310	Total Current Liabilities	(168,251)	1,684,089
353	Non-current Liabilities - Other		19,054
354	Accrued Comp. Abs. - Noncurrent		22,551
	TOTAL Liabilities	(168,251)	1,725,694
400	Deferred Inflow of Resources		20,367
508.1	Invested in Capital Assets Net		6,151,950
511.1	Restricted Net Position		60,463
512.1	Unrestricted Net Position		2,229,610
513	TOTAL Equity/Net Position	-	8,442,023
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ (168,251)**	**$ 10,188,084**

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2015

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Public Housing	Resident Opportunity & Supportive Services	Housing Choice Voucher	Supportive Housing for Persons with Disabilities
703	Net Tenant Rental Revenue	$ 704,220			
704	Tenant Revenue - Other	46,938			
705	Total Tenant Revenue	751,158	-	-	-
706	HUD PHA Operating Grants		111,009	136,042	381,585
706.1	Capital Grants				
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
708	Other Government Grants				
711	Investment Income - Unrestricted	3,291			
714	Fraud Recovery			263	8,848
715	Other Revenue	23,851			1
716	Gain or Loss on Sale of Capital Assets	(1,911)			
700	TOTAL REVENUE	776,389	111,009	136,305	390,434
911	Admin Salaries	251,191	56,804	9,724	20,476
912	Audit	4,188		61	194
913	Management Fee	184,976			
913.1	Bookkeeping Fee	26,385			
914	Advertising and Marketing	220		7	17
915	Employee Benefits	110,402	8,032	3,075	8,853
916	Office Expenses	27,198		1,464	3,751
917	Legal Expense	11,634		431	1,106
918	Travel	1,950		207	535
919	Other	2,419		2,901	4,523
	Total Operating - Admin.	620,563	64,836	17,870	39,455
920	Asset Management Fee	36,360			
921	Tenant Services - Salaries		26,398		
922	Relocation Costs	678			
923	Employee Benefit Contributions - Tenant Services		11,681		
924	Tenant Services - Other	10,709	8,032		
925	Total Tenant Services	11,387	46,111	-	-
931	Water	75,108			
932	Electricity	91,861		108	243
933	Gas	15,577		38	110
936	Sewer	97,777			
930	Total Utilities	280,323	-	146	353

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2015

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Public Housing	Resident Opportunity & Supportive Services	Housing Choice Voucher	Supportive Housing for Persons with Disabilities
941	Ordinary Maint. & Operations - Labor	$ 165,822			
942	Ordinary Maint. & Operations - Materials & Other	146,983		41	101
943	Ordinary Maint. & Operations - Contracts	250,386		1,336	3,441
945	Employee Benefits Contributions - Ordinary Maint.	113,560			
940	Total Maintenance	676,751	-	1,377	3,542
961.1	Property Insurance	51,924		137	403
961.2	Liability Insurance				
961.3	Workmen's Compensation	3,860	62	73	231
961.4	All Other Insurance	1,355		2	4
961	Total Insurance	57,139	62	212	638
962	Other General Expenses				
962.1	Compensated Absences	1,810		111	135
963	Payments in Lieu of Taxes	38,858			
964	Bad Debt - Tenant Rents	19,237			3,355
966	Bad Debt - Other	-		-	296
960	Total Other General Expenses	59,905	-	111	3,786
	TOTAL OPERATING EXPENSES	1,742,428	111,009	19,716	47,774
970	Excess Operating Revenue over Expenses	(966,039)	-	116,589	342,660
971	Extraordinary Maintenance				
972	Casualty Losses - Non Capital	(60)			
973	Housing Assistance Payments			119,673	345,083
973.5	HAP Portability-In				
974	Depreciation Expense	501,872			
900	TOTAL EXPENSES	2,244,240	111,009	139,389	392,857
1001	Operating Transfer In	75,144			
1002	Operating Transfer Out	(75,144)			
10093	Transfers between Program and Project-In	1,021,553			
10094	Transfers between Program and Project-Out				
1010	Total Other Financing Sources (Uses)	1,021,553	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ (446,298)	$ -	$ (3,084)	$ (2,423)

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2015

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
703	Net Tenant Rental Revenue				178,075
704	Tenant Revenue - Other	10			6,585
705	Total Tenant Revenue	10	-	-	184,660
706	HUD PHA Operating Grants		336,213		
706.1	Capital Grants				
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
708	Other Government Grants			900	
711	Investment Income - Unrestricted	2,350		1,242	1,227
714	Fraud Recovery	54,652	1,569		
715	Other Revenue	3,211		193,724	56,632
716	Gain or Loss on Sale of Capital Assets	(2,245)			
700	TOTAL REVENUE	57,978	337,782	195,866	242,519
911	Admin Salaries	519,222	15,225	32,186	24,219
912	Audit	5,882	125	441	349
913	Management Fee				
913.1	Bookkeeping Fee				
914	Advertising and Marketing	772	13	6	10
915	Employee Benefits	235,841	5,496	13,811	9,432
916	Office Expenses	94,888	2,962	1,791	3,091
917	Legal Expense	27,322	862	26,966	1,360
918	Travel	17,007	582	4,538	282
919	Other	3,966	5,409	2,750	7
	Total Operating - Admin.	904,900	30,674	82,489	38,750
920	Asset Management Fee				
921	Tenant Services - Salaries				
922	Relocation Costs				547
923	Employee Benefit Contributions - Tenant Services				
924	Tenant Services - Other				
925	Total Tenant Services	-	-	-	547
931	Water				4,763
932	Electricity	6,950	217	190	6,686
933	Gas	2,582	77	43	8,144
936	Sewer				7,803
930	Total Utilities	9,532	294	233	27,396

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2015

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
941	Ordinary Maint. & Operations - Labor	$ 1,322		$ 13,570	$ 8,736
942	Ordinary Maint. & Operations - Materials & Other	5,876	83	20,556	9,618
943	Ordinary Maint. & Operations - Contracts	86,334	2,683	51,054	39,164
945	Employee Benefits Contributions - Ordinary Maint.	889		11,371	5,931
940	Total Maintenance	94,421	2,766	96,551	63,449
961.1	Property Insurance	9,117	275	1,119	4,767
961.2	Liability Insurance				
961.3	Workmen's Compensation	6,555	149	343	456
961.4	All Other Insurance	103	3	2	2,387
961	Total Insurance	15,775	427	1,464	7,610
962	Other General Expenses			1,190	
962.1	Compensated Absences		56	444	14
963	Payments in Lieu of Taxes				
964	Bad Debt - Tenant Rents	27,247	354		10,322
966	Bad Debt - Other	8,143	3,161		
960	Total Other General Expenses	35,390	3,571	1,634	10,336
	TOTAL OPERATING EXPENSES	1,060,018	37,732	182,178	148,088
970	Excess Operating Revenue over Expenses	(1,002,040)	300,050	13,688	94,431
971	Extraordinary Maintenance				
972	Casualty Losses - Non Capital				215
973	Housing Assistance Payments	8,282,948	315,381		
973.5	HAP Portability-In				
974	Depreciation Expense	16,210		2,192	44,474
900	TOTAL EXPENSES	9,359,176	353,113	184,370	192,777
1001	Operating Transfer In				
1002	Operating Transfer Out				
10093	Transfers between Program and Project-In	10,361,064			
10094	Transfers between Program and Project-Out	(1,021,553)			
1010	Total Other Financing Sources (Uses)	9,339,511	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ 38,313	$ (15,331)	$ 11,496	$ 49,742

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2015

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Section 8 Moderate	COCC	CFP Moving to Work Demonstration Program
703	Net Tenant Rental Revenue			
704	Tenant Revenue - Other			
705	Total Tenant Revenue	-	-	-
706	HUD PHA Operating Grants	1,127,693		
706.1	Capital Grants			141,740
707.1	Management Fee		184,976	
707.2	Asset Management Fee		36,360	
707.3	Bookkeeping Fee		26,385	
708	Other Government Grants			
711	Investment Income - Unrestricted			
714	Fraud Recovery	818		
715	Other Revenue	2	3	
716	Gain or Loss on Sale of Capital Assets		(6,456)	
700	TOTAL REVENUE	1,128,513	241,268	141,740
911	Admin Salaries	50,873	154,019	
912	Audit	656		
913	Management Fee			
913.1	Bookkeeping Fee			
914	Advertising and Marketing	47	486	
915	Employee Benefits	24,519	79,937	
916	Office Expenses	31,432	18,143	
917	Legal Expense	3,120	4,715	
918	Travel	1,449	7,273	
919	Other	393	72	
	Total Operating - Admin.	112,489	264,645	-
920	Asset Management Fee			
921	Tenant Services - Salaries			
922	Relocation Costs		.	
923	Employee Benefit Contributions - Tenant Services			
924	Tenant Services - Other		5	
925	Total Tenant Services	-	5	-
931	Water			
932	Electricity	814	2,005	
933	Gas	240	661	
936	Sewer			
930	Total Utilities	1,054	2,666	-

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2014

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Section 8 Moderate	COCC	CFP Moving to Work Demonstration Program
941	Ordinary Maint. & Operations - Labor		$ 576	
942	Ordinary Maint. & Operations - Materials & Other	308	7,975	
943	Ordinary Maint. & Operations - Contracts	9,734	24,422	
945	Employee Benefits Contributions - Ordinary Maint.		273	
940	Total Maintenance	10,042	33,246	-
961.1	Property Insurance			
961.2	Liability Insurance	867	5,386	
961.3	Workmen's Compensation	713	2,597	
961.4	All Other Insurance	10	28	
961	Total Insurance	1,590	8,011	-
962	Other General Expenses			
962.1	Compensated Absences	1,302		
963	Payments in Lieu of Taxes			
964	Bad Debt - Tenant Rents	776		
966	Bad Debt - Other	4,300		
960	Total Other General Expenses	6,378	-	-
	TOTAL OPERATING EXPENSES	131,553	308,573	-
970	Excess Operating Revenue over Expenses	996,960	(67,305)	141,740
971	Extraordinary Maintenance			
972	Casualty Losses - Non Capital			
973	Housing Assistance Payments	996,502		
973.5	HAP Portability-In			
974	Depreciation Expense	216	23,712	
900	TOTAL EXPENSES	1,128,271	332,285	-
1001	Operating Transfer In			
1002	Operating Transfer Out			
10093	Transfers between Program and Project-In			
10094	Transfers between Program and Project-Out			(141,740)
1010	Total Other Financing Sources (Uses)	-	-	(141,740)
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ 242	$ (91,017)	$ -

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2015

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	HVC Moving to Work Demonstration Program	Low Rent Moving to Work Demonstration Program	Subtotal	Elimination	Total
703	Net Tenant Rental Revenue			$ 882,295	$` -	$ 882,295
704	Tenant Revenue - Other			53,533		53,533
705	Total Tenant Revenue	-	-	935,828	-	935,828
706	HUD PHA Operating Grants	9,339,511	879,813	12,311,866		12,311,866
706.1	Capital Grants			141,740		141,740
707.1	Management Fee			184,976	(184,976)	-
707.2	Asset Management Fee			36,360	(36,360)	-
707.3	Bookkeeping Fee			26,385	(26,385)	-
708	Other Government Grants			900		900
711	Investment Income - Unrestricted			8,110		8,110
714	Fraud Recovery			66,150		66,150
715	Other Revenue			277,424		277,424
716	Gain or Loss on Sale of Capital Assets			(10,612)		(10,612)
700	TOTAL REVENUE	9,339,511	879,813	13,979,127	(247,721)	13,731,406
911	Admin Salaries			1,133,939		1,133,939
912	Audit			11,896		11,896
913	Management Fee			184,976	(184,976)	-
913.1	Bookkeeping Fee			26,385	(26,385)	-
914	Advertising and Marketing			1,578		1,578
915	Employee Benefits			499,398		499,398
916	Office Expenses			184,720		184,720
917	Legal Expense			77,516		77,516
918	Travel			33,823		33,823
919	Other			22,440		22,440
	Total Operating - Admin.	-	-	2,176,671	(211,361)	1,965,310
920	Asset Management Fee			36,360	(36,360)	-
921	Tenant Services - Salaries			26,398		26,398
922	Relocation Costs			1,225		1,225
923	Employee Benefit Contributions - Tenant Services			11,681		11,681
924	Tenant Services - Other			18,746		18,746
925	Total Tenant Services	-	-	58,050		58,050
931	Water			79,871		79,871
932	Electricity			109,074		109,074
933	Gas			27,472		27,472
936	Sewer			105,580		105,580
930	Total Utilities	-	-	321,997	-	321,997

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2015

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	HVC Moving to Work Demonstration Program	Low Rent Moving to Work Demonstration Program	Subtotal	Elimination	Total
941	Ordinary Maint. & Operations - Labor			$ 189,833		$ 189,833
942	Ordinary Maint. & Operations - Materials & Other			191,541		191,541
943	Ordinary Maint. & Operations - Contracts			468,554		468,554
945	Employee Benefits Contributions - Ordinary Maint.			132,024		132,024
940	Total Maintenance	-	-	981,952	-	981,952
961.1	Property Insurance			73,995		73,995
961.2	Liability Insurance					-
961.3	Workmen's Compensation			15,039		15,039
961.4	All Other Insurance			3,894		3,894
961	Total Insurance	-	-	92,928	-	92,928
962	Other General Expenses			1,190		1,190
962.1	Compensated Absences			3,872		3,872
963	Payments in Lieu of Taxes			38,858		38,858
964	Bad Debt - Tenant Rents			61,291		61,291
966	Bad Debt - Other			15,900		15,900
960	Total Other General Expenses	-	-	121,111	-	121,111
	TOTAL OPERATING EXPENSES	-	-	3,789,069	(247,721)	3,541,348
970	Excess Operating Revenue over Expenses	9,339,511	879,813	10,190,058	-	10,190,058
971	Extraordinary Maintenance					-
972	Casualty Losses - Non Capital			155		155
973	Housing Assistance Payments			10,059,587		10,059,587
973.5	HAP Portability-In					-
974	Depreciation Expense			588,676		588,676
900	TOTAL EXPENSES	-	-	14,437,487	(247,721)	14,189,766
1001	Operating Transfer In			75,144		75,144
1002	Operating Transfer Out			(75,144)		(75,144)
10093	Transfers between Program and Project-In			11,382,617		11,382,617
10094	Transfers between Program and Project-Out	(9,339,511)	(879,813)	(11,382,617)		(11,382,617)
1010	Total Other Financing Sources (Uses)	(9,339,511)	(879,813)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ -	$ -	$ (458,360)	$ -	$ (458,360)

Portage Metropolitan Housing Authority
Additional Information Required by HUD
For the Year Ended December 31, 2015

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Public Housing	Section 8 Moderate	Moving to Work Demonstration Program	Supportive Housing for Persons with Disabilities
11190	Unit Months Available	3,636	1,992	18,504	900
11210	Number of Unit Month Leased	3,506	1,689	17,554	896

Portage Metropolitan Housing Authority
Additional Information Required by HUD
For the Year Ended December 31, 2015

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Business Activities	Housing Choice Vouchers	Shelter Plus Care
11190	Unit Months Available	324	480	600
11210	Number of Unit Month Leased	315	346	600

PORTAGE METROPOLITAN HOUSING AUTHORITY
PORTAGE, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014 AND 2015
(UNAUDITED)

	2015	2014
Authority's Proportion of the Net Pension Liability	0.0093080%	0.0093080%
Authority's Proportionate Share of the Net Pension Liability	$ 1,159,315	$ 1,133,130
Authority's Covered Employee Payroll	$ 1,337,850	$ 1,199,886
Authority's Proportionate Share of the Net Pension Liability as a percentage of its covered employee payroll	86.66%	94.44%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	86.45%	89.19%

PORTAGE METROPOLITAN HOUSING AUTHORITY
PORTAGE, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
LAST TEN YEARS
(UNAUDITED)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required employer contribution	$ 187,299	$ 167,984	$ 162,896	$ 167,569	$ 163,108	$ 165,020	$ 165,512	$ 154,963	$ 143,254	$ 146,607
Contributions in relation to the contractually required contribution	$ (187,299)	$ (167,984)	$ (162,896)	$ (167,569)	$(163,108)	$ (165,020)	$ (165,512)	$ (154,963)	$ (143,254)	$(146,607)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority covered-employee payroll	$ 1,337,850	$ 1,199,886	$ 1,163,543	$1,196,921	$1,165,057	$1,178,714	$ 1,182,229	$1,113,240	$1,029,124	$1,053,211
Contribution as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.92%	13.92%	13.92%

Ohio Public Employees' Retirement System

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

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

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

PORTAGE METROPOLITAN HOUSING AUTHORITY
HEDULLE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Fund Expended
U.S. Department of Housing and Urban Development		
Direct Programs:		
Section 8 Programs:		
Section 8 Project Based Cluster:		
Moving to Work Demonstration Program	14.881	$10,219,324
Annual Contribution – Mod. Rehab.	14.856	1,127,693
Supportive Housing for Persons with Disabilities	14.181	381,585
Annual Contribution – Housing Choice Voucher	14.871	136,042
Total Section 8 Program		11,864,644
Resident Opportunity and Supportive Services	14.870	111,009
Shelter Plus Care	14.238	336,213
Total U.S. Department of Housing and Urban Development		12,311,866
TOTAL ALL PROGRAMS		$12,311,866

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

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

Board of Trustees
Portage Metropolitan Housing Authority
Ravenna, Ohio 44266

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Portage Metropolitan Housing Authority, Portage County, 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 and have issued my report thereon dated August 16, 2016.

Internal Control Over Financial Reporting

As part of my financial statement audit, I considered the Portage Metropolitan Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support my opinion**(s)** on the financial statements, but not to the extent necessary to opine on the effectiveness of the Portage Metropolitan Housing Authority's internal control. Accordingly, I have not opined on it.

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

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, I did not identify any deficiencies in internal control that I consider material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that I consider a significant deficiency in internal control. I consider finding 2015-001 and 2015-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Portage Metropolitan Housing Authority'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2015-003.

I noted certain matters that I reported to management of Portage Metropolitan Housing Authority's in a separate letter dated August 16, 2016.

Entity's Response to Findings

The Portage Metropolitan Housing Authority's response to the finding identified in my audit is described in the accompanying Schedule of Findings and Questioned Costs. I did not audit the Portage Metropolitan Housing Authority's response and, accordingly, I express no opinion on it.

Purpose of this Report

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

Kevin L. Penn, Inc.

August 16, 2016

Kevin L.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Portage Metropolitan Housing Authority
Ravenna, Ohio 44266

Report on Compliance for Each Major Federal Program

I have audited Portage 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 Portage Metropolitan Housing Authority's major federal programs for the year ended December 31, 2015. Portage Metropolitan Housing 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Portage 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Portage Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as we 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 Portage Metropolitan Housing Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, Portage 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.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2015-003. My opinion on each major federal program is not modified with respect to this matter.

Portage Metropolitan Housing Authority's response to the noncompliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Portage Metropolitan Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control over Compliance

Management of Portage 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 Portage Metropolitan Housing 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 the 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 Portage Metropolitan Housing Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Kevin L. Penn, Inc.

August 16, 2016

Portage Metropolitan Housing Authority
Schedule of Findings and Questioned Costs
December 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major program:	Unmodified
Are there any reportable findings under 2 CFR Section 200.516(a)?	Yes
Identification of major programs:	
14.881	Move-To-Work
14.238	Shelter Plus Care
14.856	Moderate Rehab.
Dollar threshold used to distinguish between Type A and Type B programs:	Type A: > $750,000 Type B: all others
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

2015-001

Preparation of Financial Statements

Condition:

The year-end financial statements that management prepared and presented for the audit contained a number of errors and inconsistencies, resulting in adjusting journal entries.

Criteria:

The internal controls established by management, pertaining to the year-end financial statements should operate in a matter which should prevent or detect errors and inconsistencies.

Effect:

The summary schedules provided for accounts receivable; prepaid expenses; fixed assets; accounts payable; accrued expenses and security deposit, did not agree to the general ledger.

Cause:

Lack of internal controls over financial statement preparation.

Recommendation:

I recommend that management should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to rectify inadequacies. Furthermore, management should consider where errors or inconsistencies could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error or inconsistencies on a timely basis.

Views of Responsible Officials:

Management agrees with the finding and the auditor's recommendation will be implemented.

Auditee's Response:

With the completion of the 2015 audit, it was evident PMHA needed to and has been authorized by the board of trustees to employ, a Chief Financial Officer (CFO) to complete the following scope of work by the end of 2016:

1. Review all trial balance processes.

2. Establish a routine of self-audit to prepare all needed audit schedules. Each schedule will be reviewed internally and appropriate action will be taken throughout the year.

3. Ensure there are adequate internal controls in place which will prevent or detect errors and inconsistencies.

4. Assist in the preparation of all final schedules for the yearly audit process.

5. Provide needed training for the Finance Office personnel to ensure all information meets the standards for GAAP.

Section II - Financial Statement Findings

2015-001

Preparation of Financial Statements (continued)

Auditee's Response: (continued)

The CFO will be responsible for the review or monitoring of the overall accounting and reporting functions. The CFO will possess skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions and in preparing financial statements.

The CFO will assume responsibility for the agency's finance office and will start to review, reconcile and maintain the management and direction of the agency's budget.

2015-002

Indirect Cost Allocation Plan

Condition:

During the testing of payroll and non-payroll transactions, the percentages used to allocate payroll and non-payroll transactions to the various federal programs were based on the percentages used in the prior fiscal year, which was not documented by financial data.

Criteria:

Percentages used to allocate indirect costs should be established for the current or multiple future period(s) based on current data (usually data from the most recently ended fiscal year, known as the base period).

Effect:

Indirect costs percentage was not documented.

Cause:

Lack of internal controls over financial statement preparation.

Recommendation:

The Authority needs to document the percentages used to allocate indirect cost, based on current data (usually data from the most recently ended fiscal year, known as the base period), or the Authority should prepare a narrative cost allocation methodology should be developed, documented, maintained for audit, or submitted, as appropriate, to the cognizant agency for review, negotiation, and approval.

Views of Responsible Officials:

Management agrees with the finding and the auditor's recommendation will be implemented.

2015-002

<u>Indirect Cost Allocation Plan</u> (continued)

Auditee's Response:

Indirect cost allocations for 2016 and future year ends will be documented and, when necessary, utilize current year data to calculate those percentages. The CFO will be responsible for ensuring this practice.

Section III - Federal Award Findings

2015-003 (Move-To-Work, CFDA Number 14.881 and Mod. Rehab., CFDA Number 14.856 and Shelter Plus Care, CFDA Number 14.328)

<u>Compensation – Fringe Benefits</u>

Condition:

During the 2015 calendar year, there was compensation for fringe benefits, relating to automobile costs furnished by the Authority that relates to personal use by employees.

Criteria:

Per OMB guidance section 200.431, "That portion of automobile costs furnished by the Authority that relates to personal use by employees (including transportation to and from work) is unallowable as fringe benefit or indirect costs regardless of whether the cost is reported as taxable income to the employees".

Effect:

There are potential questioned costs of $2,138.97.

Context:

A sample of fringe benefits was selected for audit of activities allowed or unallowed. The test found fringe benefits that were not in compliance, resulting in potential questioned costs totaling $2,138.97.

The details and results of the sample are as follows:

	Number	Dollars	
Population	10	$3,972.01	
Sample	10	$3,972.01	
Not in Compliance	10	$2,138.97	
Questioned Cost			$2,138.97

Cause:

Lack of administrative and internal controls by management.

Recommendation:

I recommend that the Authority eliminate the use of fringe benefits of automobile costs relating to personal use by the employees.

Section III - Federal Award Findings

2015-003 (Move-To-Work, CFDA Number 14.881 and Mod. Rehab., CFDA Number 14.856 and Shelter Plus Care, CFDA Number 14.238)

<u>Compensation – Fringe Benefits</u> (continued)

Views of Responsible Officials:

Management agrees with the finding and the auditor’s recommendation will be implemented.

Auditee’s Response:

For 2016 and future years, the compensation expense relating to personal use of the automobiles will be excluded from the federal grants. These costs will be allocated to the local housing authority.

Portage Metropolitan Housing Authority
Status of Prior Year Findings
December 31, 2015

2014-001

Preparation of Financial Statements

Condition:

The year-end financial statements that management prepared and presented for the audit contained a number of errors and inconsistencies, resulting in adjusting journal entries.

Recommendation:

I recommend that management should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to rectify inadequacies. Furthermore, management should consider where errors or inconsistencies could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error or inconsistencies on a timely basis.

Auditee's Response:

"PMHA is reviewing established policies and procedures in light of this finding, determining their adequacy and assessing staff compliance with those policies and procedures where established."

Current Status:

This finding will be repeated in the 2015 audit.

Portage Metropolitan Housing Authority

CORRECTIVE ACTION PLAN

December 31, 2015

Oversight Agency for Audit: Department of Housing and Urban Development.

Portage Metropolitan Housing Authority respectively submit the following corrective action plan for the year ended December 31, 2015.

Name and address of the independent public accounting firm: Kevin L. Penn, Inc., 11811 Shaker Blvd., Suite 421, Cleveland, Ohio 44120.

Audit Period: December 31, 2015

The findings from December 31, 2015 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Significant Deficiency

2015-001

Preparation of Financial Statements

Recommendation:

I recommend that management should assess the adequacy of the design of its policies and procedures related to preparation of financial statements and the design appropriate controls as necessary to rectify inadequacies. Furthermore, management should consider where errors or inconsistencies could occur that would cause a material misstatement in the financial statements and which policies or procedures would prevent or detect the error or inconsistencies on a timely basis.

Action Taken:

With the completion of the 2015 audit, it was evident PMHA needed to and has been authorized by the board of trustees to employ, a Chief Financial Officer (CFO) to complete the following scope of work by the end of 2016:

1. Review all trial balance processes.
2. Establish a routine of self-audit to prepare all needed audit schedules. Each schedule will be reviewed internally and appropriate action will be taken throughout the year.
3. Ensure there are adequate internal controls in place which will prevent or detect errors and inconsistencies.
4. Assist in the preparation of all final schedules for the yearly audit process.

2832 State Route 59, Ravenna, Ohio 44266 Phone: 330-297-1489 Fax: 330-297-6295

5. Provide needed training for the Finance Office personnel to ensure all information meets the standards for GAAP.

The CFO will be responsible for the review or monitoring of the overall accounting and reporting functions. The CFO will possess skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions and in preparing financial statements.

The CFO will assume responsibility for the agency's finance office and will start to review, reconcile and maintain the management and direction of the agency's budget.

Contact Person:

Pamela Nation Calhoun, Acting Executive Director

Anticipated Date of Finding Resolution:

December 31, 2016

Significant Deficiency

2015-002

Indirect Cost Allocation Plan

Recommendation:

The Authority needs to document the percentages used to allocate indirect cost, based on current data (usually data from the most recently ended fiscal year, known as the base period), or the Authority should prepare a narrative cost allocation methodology should be developed, documented, maintained for audit, or submitted, as appropriate, to the cognizant agency for review, negotiation, and approval.

Action Taken:

Indirect cost allocations for 2016 and future year ends will be documented and, when necessary, utilize current year data to calculate those percentages. The CFO will be responsible for ensuring this practice.

Contact Person:

Pamela Nation Calhoun, Acting Executive Director

Anticipated Date of Finding Resolution:

December 31, 2016

Noncompliance

2015-003 (Move-To-Work, CFDA Number 14.881 and Mod. Rehab., CFDA Number 14.856 and Shelter Plus Care, CFDA Number 14.328)

Compensation – Fringe Benefits

Recommendation:

I recommend that the Authority eliminate the use of fringe benefits of automobile costs relating to personal use by the employees.

Action Taken:

For 2016 and future years, the compensation expense relating to personal use of the automobiles will be excluded from the federal grants. These costs will be allocated to the local housing authority.

Contact Person:

Pamela Nation Calhoun, Acting Executive Director

Anticipated Date of Finding Resolution:

December 31, 2016

If the Department of Housing and Urban Development has any questions, regarding this plan please call Pamela Nation Calhoun, Acting Executive Director at (330) 297-1489.

Sincerely,

PORTAGE METROPOLITAN HOUSING AUTHORITY

Pamela Nation Calhoun

Pamela Nation Calhoun
Acting Executive Director

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Dave Yost • Auditor of State

PORTAGE COUNTY METROPOLITAN HOUSING AUTHORITY

PORTAGE 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
NOVEMBER 15, 2016

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