

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**

Pickaway County, Ohio

Financial Statements

For the Year Ended December 31, 2015





# Dave Yost • Auditor of State

Members of the Board of Commissioners  
Pickaway Metropolitan Housing Authority  
179 Rustic Dr.  
Circleville, OH 43113

We have reviewed the *Independent Auditor's Report* of the Pickaway Metropolitan Housing Authority, Pickaway County, prepared by Whited, Seigneur, Sams & Rahe CPAs, LLP, 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 Pickaway Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

July 21, 2016

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**PICKAWAY METROPOLITAN HOUSING AUTHORITY**

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## **Independent Auditor's Report**

June 13, 2016

Members of the Board of Commissioners  
Pickaway Metropolitan Housing Authority

### **Report on the Financial Statements**

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

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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

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

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

## **Opinion**

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

## **Emphasis of Matter**

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015, the Authority adopted Governmental Accounting Standard No. 68, *Accounting and Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board 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 that the Management's Discussion and Analysis on pages 4 through 10 and Schedules of the Authority's Proportionate Share of the Net Pension Liability and the Authority's Contributions on pages 30 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Financial Data Schedules (FDS) presented on pages 35 through 38 and the Statement and Certification of Actual Modernization Cost presented on page 34 are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, Office of the Inspector General and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards on page 33 provides additional information required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The FDS, Statement and Certification of Actual Modernization Cost, and Schedule of Expenditures of Federal Awards are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the FDS, Statement and Certification of Actual



Modernization Cost, and Schedule of Expenditures of Federal Awards are 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*, we have also issued our report dated June 13, 2016 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs, LLP

*Whited Seigneur Sams & Rahe*

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
Year Ended December 31, 2015  
(UNAUDITED)**

It is a privilege to present for you the financial picture of Pickaway Metropolitan Housing Authority. The Pickaway Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

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

**FINANCIAL HIGHLIGHTS**

- The net position decreased by \$283,356 (or 5.79%) during 2015, and was \$4,614,147 and \$4,897,503 for 2015 and 2014, respectively.
- The revenue increased by \$232,619 (or 5.37%) during 2015, and was \$4,570,253 and \$4,337,634 for 2015 and 2014, respectively.
- The total expenses increased by \$202,380 (or 4.36%). Total expenses were \$4,853,609 and \$4,651,229 for 2015 and 2014, respectively.

**FINANCIAL STATEMENTS**

The financial statements are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the Authority.

These statements include a Statement of Net Position (formerly known as Statement of Net Assets), which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position is reported in three broad categories (as applicable):

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

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

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

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
Year Ended December 31, 2015  
(UNAUDITED)**

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

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

The Authority's programs that are consolidated into a single enterprise fund are as follows:

Projects (PH & CF) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvement. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Rural Rental Housing Loans (WT) – This is a multiple family housing project funded by the United States Department of Agriculture. Each month a subsidy is paid to the Authority and the USDA deducts the mortgage payment from that subsidy. The rental assistance part of the subsidy is reflected as federal expenditures for this program.

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

Business Activities (OBA) – This is the miscellaneous activities of the Authority that currently include housing activities outside the scope of the conventional and housing choice voucher programs. Management contracts for non-profit elderly projects.

During 2015, the Authority adopted Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an Amendment of GASB Statement No. 68*, 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.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**Year Ended December 31, 2015**  
**(UNAUDITED)**

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 \$5,387,667 to \$4,897,503.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
Year Ended December 31, 2015  
(UNAUDITED)**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position compared to prior fiscal year:

**STATEMENTS OF NET POSITION**

	<b>2015</b>	<b>Restated 2014</b>
Current Assets and Other	\$ 1,385,479	\$ 1,453,355
Capital Assets, Net	4,648,740	4,895,475
Deferred Outflow of Resources	26,154	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>6,060,373</b>	<b>6,348,830</b>
Current Liabilities	111,664	119,754
Non-Current Liabilities	1,325,950	1,331,573
Deferred Inflow of Resources	8,611	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<b>1,446,225</b>	<b>1,451,327</b>
Net Position:		
Net Investment in Capital Assets	3,863,921	4,102,646
Restricted	393,337	379,349
Unrestricted	356,890	415,508
<b>TOTAL NET POSITION</b>	<b>\$ 4,614,148</b>	<b>\$ 4,897,503</b>

**Major factors affecting the Statement of Net Position:**

The change in Capital Assets, Net is detailed later in the MDA discussion and the additions and depreciation expense are the factors that represent the change during the fiscal year. Deferred outflow and inflow of \$26,154 and \$8,611, respectively, were not present in the prior fiscal year total based on GASB 68 being implemented for the fiscal year 2015 financial statements. The non-current liabilities include the new pension liability, but the prior fiscal year was restated so the fiscal year figures are comparable.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
Year Ended December 31, 2015  
(UNAUDITED)**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

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

	<u>2015</u>	<u>RESTATED 2014</u>
<b>Revenues</b>		
Tenant revenue - rents and other	\$ 348,002	\$ 343,980
Operating subsidies and grants	3,841,903	3,560,843
Capital grants	112,194	122,672
Investment income/other revenues	268,154	310,139
<b>TOTAL REVENUE</b>	<u>4,570,253</u>	<u>4,337,634</u>
<b>Expenses</b>		
Administration	833,866	606,126
Tenant services	823	784
Utilities	107,370	109,239
Maintenance	330,514	346,431
General/PILOT/Insurance	126,375	112,154
Housing assistance payment	3,063,765	3,073,113
Depreciation	358,927	360,895
Interest expense	13,645	14,422
Bad debt/fraud losses	18,323	28,065
<b>TOTAL EXPENSES</b>	<u>4,853,608</u>	<u>4,651,229</u>
Operating transfer in	49,451	20,000
Operating transfer out	(49,451)	(20,000)
<b>CHANGES IN NET POSITION</b>	<u>(283,355)</u>	<u>(313,595)</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	4,897,503	5,701,262
<b>PRIOR PERIOD ADJUSTMENT (GASB 68)</b>	-	(490,164)
<b>NET POSITION - BEGINNING OF YEAR, RESTATED</b>	<u>4,897,503</u>	<u>5,211,098</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 4,614,148</u>	<u>\$ 4,897,503</u>

**Major factors affecting the Statement of Revenue, Expenses, and Changes in Net Position include:**

The operating grants account for the main increase during the fiscal year in revenue, this will fluctuate from year to year. Administration is up due to retirement payouts and replacement staff that trains for 9 full months of the year. Everyone in transition was to train under the person they were replacing. Also, the development manager position was created in 2015 for the purpose of seeking other housing opportunities.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
Year Ended December 31, 2015  
(UNAUDITED)**

**CAPITAL ASSETS**

As of the current fiscal year-end, the Authority had \$4,648,740 invested in net capital assets as reflected in the following schedule which represents a net decrease (additions less depreciation) of \$246,735 from the end of last fiscal year.

**CAPITAL ASSETS AT FISCAL YEAR-END  
(NET OF ACCUMULATED DEPRECIATION)**

	<b>2015</b>	<b>2014</b>
Land and land rights	\$ 684,414	\$ 684,414
Buildings	11,522,777	11,410,583
Equipment - administrative	211,289	211,289
Equipment - dwellings	149,466	149,466
Leasehold improvements	67,120	67,120
Accumulated depreciation	(7,986,326)	(7,627,397)
<b>TOTAL</b>	<b>\$ 4,648,740</b>	<b>\$ 4,895,475</b>

The following reconciliation summarizes the change in Capital Assets. Capital fund projects were the main factors affecting a change in capital assets. See notes to the financial statements for more detail of the Capital Assets.

**CHANGE IN CAPITAL ASSETS**

Beginning Balance	\$ 4,895,475
Additions	112,194
Depreciation	(358,929)
<b>ENDING BALANCE</b>	<b>\$ 4,648,740</b>

**DEBT OUTSTANDING**

The Authority's debt is listed as current and long-term debt on the statement of net position and is a loan in the Williamsport Terrace project, an FHA project. Total outstanding debt was \$784,819 and \$792,829 for 2015 and 2014, respectively.

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- \* Federal funding of the Department of Housing and Urban Development.
- \* Local labor supply and demand, which can affect salary and wage rates.
- \* Local inflationary, recession and employment trends, which can affect resident incomes and therefore the demand for housing assistance.
- \* Inflationary pressure on utility rates, supplies and other costs.
- \* Market rates for rental housing

**IN CONCLUSION**

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
Year Ended December 31, 2015  
(UNAUDITED)**

**FINANCIAL CONTACT**

If you have any questions regarding this report, you may contact Kim Hartinger, Executive Director of the Pickaway Metropolitan Housing Authority at (740) 477-2514.

Respectfully submitted,

Kim Hartinger  
Executive Director



**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**Year Ended December 31, 2015**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$	658,746
Cash and cash equivalents - restricted		501,280
Investments		63,289
Receivables, net		108,826
Inventories, net		13,473
Prepaid expenses and other assets		39,865
<b>TOTAL CURRENT ASSETS</b>		<b>1,385,479</b>

**Noncurrent assets**

Capital assets:

Land		684,414
Building and equipment		11,950,652
Less accumulated depreciation		7,986,326
<b>TOTAL NONCURRENT ASSETS</b>		<b>4,648,740</b>

Deferred outflow of resources		26,154
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<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$</b>	<b>6,060,373</b>
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See the accompanying notes to the basic financial statements.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION - CONTINUED**  
Year Ended December 31, 2015

**LIABILITIES**

**Current liabilities**

Accounts payable	\$	4,175
Accrued liabilities		54,650
Accrued interest		1,105
Intergovernmental payables		19,392
Tenant security deposits		23,472
Bonds, notes, and loans payable		8,870

		111,664
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**Noncurrent liabilities**

Bonds, notes and loans payable		775,949
Accrued compensated absences non-current		28,118
Noncurrent liabilities - other		22,962
Accrued pension and OPEB liabilities		498,921

		1,325,950
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Deferred inflow of resources		8,611
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		1,446,225
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**NET POSITION**

Invested in capital assets, net of related debt		3,863,921
Restricted net position		393,337
Unrestricted net position		356,890

		\$ 4,614,148
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See the accompanying notes to the basic financial statements.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Year Ended December 31, 2015**

**OPERATING REVENUES**

Tenant revenue	\$ 348,002
Government operating grants	3,841,903
Other revenue	266,847
<b>TOTAL OPERATING REVENUES</b>	<b>4,456,752</b>

**OPERATING EXPENSES**

Administrative	833,866
Tenant services	823
Utilities	107,370
Maintenance	330,514
Insurance	46,538
PILOT	19,392
General	60,445
Housing assistance payment	3,063,765
Bad debts	18,323
Depreciation	358,927
<b>TOTAL OPERATING EXPENSES</b>	<b>4,839,963</b>

**OPERATING (LOSS)** (383,211)

**NON-OPERATING REVENUES (EXPENSES)**

Interest and investment revenue	1,307
Interest expense	(13,645)
<b>TOTAL NON-OPERATING REVENUE (EXPENSE)</b>	<b>(12,338)</b>

**(LOSS) BEFORE GRANTS** (395,549)

**CAPITAL GRANTS - HUD**

112,194

**CHANGES IN NET POSITION** (283,355)

**TOTAL NET POSITION - BEGINNING (RESTATED)**

4,897,503

**TOTAL NET POSITION - ENDING** \$ 4,614,148

See the accompanying notes to the basic financial statements.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$3,841,903
Tenant revenue received	334,483
Other revenue received	266,847
General and administrative expenses paid	(1,444,931)
Housing assistance payments	(3,063,765)

**NET CASH (USED) BY OPERATING ACTIVITIES** (65,463)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earned received	1,307
Transfer to investment account	65,115

**NET CASH PROVIDED BY INVESTING ACTIVITIES** 66,422

**CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES**

Capital grant funds received	112,194
Property and equipment purchased	(112,194)
Principal payment on debt	(8,010)
Interest payment	(13,645)

**NET CASH (USED) BY CAPITAL AND RELATED ACTIVITIES** (21,655)

**CHANGE IN CASH AND CASH EQUIVALENTS** (20,696)

**CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** 1,180,722

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$1,160,026

See the accompanying notes to the basic financial statements.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS - CONTINUED**  
Year Ended December 31, 2015

**RECONCILIATION OF OPERATING LOSS TO NET CASH (USED) BY OPERATING ACTIVITIES**

Net operating (loss)	(\$383,211)
<b>Adjustment to reconcile operating loss to net cash (used) by operating activities</b>	
Depreciation	358,927
<b>(Increases) decreases in:</b>	
Accounts receivables, net of allowance	(13,519)
Inventory, net of allowance	(4,788)
Prepaid expenses and other assets	374
Deferred outflow of resources	(26,154)
<b>Increases (decreases) in:</b>	
Accounts payable	(20,324)
Accrued liabilities	7,858
Accrued interest	(68)
Intergovernmental payables	3,092
Tenant security deposits	492
Accrued compensated absence non-current	(6,994)
Noncurrent liabilities other (FSS escrow payable)	1,485
Accrued pension and OPEB liabilities	8,757
Deferred inflow of resources	8,611
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<b>(\$65,462)</b>

See the accompanying notes to the basic financial statements.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

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

Basis of Presentation

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

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

Measurement Focus

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

Fund Accounting

The Authority uses the enterprise fund to report on its financial position and results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The enterprise fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise Fund

The Authority uses the proprietary 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.

The Authority's programs that are consolidated into a single enterprise fund are as follows:

Projects (PH & CF) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvement. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Rural Rental Housing Loans (WT) – This is a multiple family housing project funded by the United States Department of Agriculture. Each month a subsidy is paid to the authority and the USDA deducts the mortgage payment from that subsidy. The rental assistance part of the subsidy is reflected as federal expenditures for this program.

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

Business Activities (OBA) – This is the miscellaneous activities of the authority that currently include housing activities outside the scope of the conventional and housing choice voucher programs. Management contracts for non-profit elderly projects.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Tenant Receivables – Recognition of Bad Debts

Bad debts are provided on the allowance method based on management’s evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for bad debts for tenant-related receivables was \$40,582 at December 31, 2015.

Property and Equipment

Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The capitalization policy amount is \$5,000.

Useful Lives:	Buildings	27.5 – 40 years
	Buildings and Leasehold Improvements	15
	Furniture and Equipment	7
	Autos	5
	Computers	3

Depreciation is recorded on the straight-line method.

Investments

Investments are stated at fair value. Non-negotiable certificates of deposit and money market investments are stated at cost. Cost-based measurers of fair value were applied to non-negotiable certificates of deposit and money market investments.

Restricted Cash and Investments

Restricted cash and investments represents amounts received for the home ownership program, restricted HAP monies, 5H funds, and tenant security deposits.

Certain assets may be classified as restricted assets on the Statement of Net Position, because their use is restricted by contracts or agreements with outside third parties and lending institutions, or laws and regulations of other governments. It is the Authority’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board of Commissioners or through external restrictions imposed by creditors, grantors, or laws, or regulations of other governments. Restricted net position is VASH HAP (NRA) \$38,350 and 5-H funds \$354,987 for a total of \$393,337.



**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Inventories

The Authority's inventory is comprised of maintenance materials and supplies. Inventories are stated at cost. The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expense when used. The allowance for obsolete inventory was \$1,470 at December 31, 2015.

Compensated Absences

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws. All permanent employees will earn 4.0 hours sick leave per 80 hours of service. Unused sick leave may be accumulated without limit. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

Classifications

Some items in the financial statements have been classified differently than the FDS Schedules in the supplementary financial data.

Pensions – Deferred inflow/outflow of Resources

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

**2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For fiscal year 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*.

The objective of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, is to improve accounting and financial reporting by state and local governments for pensions. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by the Authority.

The objective of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement should be applied simultaneously with the provision of Statement No. 68, and have been implemented by the Authority.

A net position restatement is required in order to implement GASB Statement No. 68 and 71 as follows:

Net position December 31, 2014	\$	5,387,667
Adjustments:		
Less: Net Pension Liability		(490,164)
Restated Net Position December 31, 2014	\$	4,897,503

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION-CONTINUED**

Other than employer contributions subsequent to the measurement date, the Authority made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**3. DEPOSITS AND INVESTMENTS**

Deposits

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

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

The carrying amount of the Authority's deposits was \$1,223,315, including \$225 petty cash, at December 31, 2015. The corresponding bank balances were \$1,243,214. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," as of December 31, 2015, \$1,244,326 was covered by federal depository insurance, while \$258,919 was exposed to custodial risk.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository banks and pledged as a pool of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**3. DEPOSITS AND INVESTMENTS - CONTINUED**

Book balances at December 31, 2015 were as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Public housing	\$ 640,441	\$ 63,289	\$ 703,730
Section 8	411,633	-	411,633
Rural rental housing	70,640	-	70,640
Business activities	37,312	-	37,312
	<hr/>	<hr/>	<hr/>
<b>TOTAL</b>	<b>\$ 1,160,026</b>	<b>\$ 63,289</b>	<b>\$ 1,223,315</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Restricted cash and cash equivalents:</b>			
Tenant security deposits - PH	\$ 15,799		
Tenant security deposits - WT	4,798		
Tenant security deposits - OBA	2,875		
Rural rental housing	61,510		
5-H funds	354,987		
FSS funds	22,961		
VASH HAP reserve	38,350		
	<hr/>		
<b>TOTAL RESTRICTED CASH AND CASH EQUIVALENTS</b>	<b>\$ 501,280</b>		
	<hr/> <hr/>		

Investments

In accordance with the Ohio Revised Code and HUD regulations, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

*Interest Rate Risk* – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk* – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority’s depository agreement and investment policy specifically requires compliance with HUD requirements.

*Concentration of Credit Risk* – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority’s practice to do business with more than one depository.

The Authority’s non-negotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB Statement No. 3 purposes. Therefore, the categories described above do not apply.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**4. CAPITAL ASSETS**

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

	<u>Balance 12/31/14</u>	<u>Additions</u>	<u>Disposals/ Reclassificatio</u>	<u>Balance 12/31/15</u>
<b>CAPITAL ASSETS, NOT BEING DEPRECIATED</b>				
Land	\$ 684,414	\$ -	\$ -	\$ 684,414
<b>CAPITAL ASSETS, BEING DEPRECIATED</b>				
Buildings and improvements	11,410,583	112,194	-	11,522,777
Furniture and equipment - dwelling	149,466	-	-	149,466
Furniture and equipment - administrative	211,289	-	-	211,289
Leasehold improvements	67,120	-	-	67,120
<b>Total</b>	<u>11,838,458</u>	<u>112,194</u>	<u>-</u>	<u>11,950,652</u>
<b>ACCUMULATED DEPRECIATION</b>				
Buildings and improvements	(7,249,994)	(344,329)	-	(7,594,323)
Furniture and equipment - dwelling	(128,464)	(4,519)	-	(132,983)
Furniture and equipment - administrative	(200,508)	(6,263)	-	(206,771)
Land improvements	(3,213)	(98)	-	(3,311)
Leasehold improvements	(45,218)	(3,720)	-	(48,938)
<b>Total</b>	<u>(7,627,397)</u>	<u>(358,929)</u>	<u>-</u>	<u>(7,986,326)</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>\$ 4,895,475</u>	<u>\$ (246,735)</u>	<u>\$ -</u>	<u>\$ 4,648,740</u>

**5. ADMINISTRATIVE FEE**

The Authority receives an “administrative fee” as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts.

**6. DEFINED BENEFIT PENSION PLAN**

*Net Pension Liability*

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

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

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**6. DEFINED BENEFIT PENSION PLAN - CONTINUED**

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

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

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

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

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

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

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**6. DEFINED BENEFIT PENSION PLAN - CONTINUED**

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

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

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

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions. Plan members were required to contribute 10 percent of their annual covered salary. The Authority was required to contribute 14 percent, a portion of which is set aside for funding post-retirement health care coverage. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$94,759 for 2015. The full amount was contributed during the fiscal year.

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

At December 31, 2015, the Authority reported a liability of \$498,921 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

For the year ended December 31, 2015, the Authority recognized pension expense of \$72,656. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total Deferred Outflows
Differences between expected and actual results	\$ 26,154
Net difference between projected and actual earnings on pension plan investments	\$ 8,611

Other amounts reported as deferred outflows of resources and deferred inflows of resources related will be recognized in pension expense as follows:

Fiscal Year Ending December 31:	
2016	\$ (5,848)
2017	(5,848)
2018	(5,847)
Total	\$ (17,543)

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**6. DEFINED BENEFIT PENSION PLAN - CONTINUED**

*Actuarial Assumptions*

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. It is noted that the December 31, 2015 actuarial valuation was not available at the time of this report so 2014 was used. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, and this was applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Price Inflation	3.00 percent
Investment Rate of Return	8.00 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

The long-term return expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) 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 and by adding expected inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**6. DEFINED BENEFIT PENSION PLAN - CONTINUED**

The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation for 2014</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
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%
<b>TOTAL</b>	<b>100.00%</b>	<b>5.28%</b>

**Discount Rate** The total pension liability was calculated using the discount rate of 8 percent. The projection of cash flows used to determine the discount rate assumed the employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	<u>1% Decrease (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase (9%)</u>
Authority's proportionate share of the net pension liability	\$ 901,761	\$ 498,921	\$ 143,500

**7. POST EMPLOYMENT BENEFITS**

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying 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.



**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**7. POST EMPLOYMENT BENEFITS- CONTINUED**

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 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 2013 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 visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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 2015, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 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 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care 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 provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0% of the employer contributions toward the health care fund after the end of the transition period.

**8. COMPENSATED ABSENCES**

At December 31, 2015, based on the vesting method, \$58,119 was accrued by the Authority for unused vacation and sick time. This balance is the combined total of long-term compensated absences of \$28,118 and short-term which is included in accrued liabilities of \$30,001.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**8. COMPENSATED ABSENCES- CONTINUED**

	<u>Beginning Balance 12/31/14</u>	<u>Earned</u>	<u>Used</u>	<u>Ending Balance 12/31/15</u>	<u>Due in One Year</u>
Compensated absences payable	\$ 60,373	\$ 50,504	\$ (52,758)	\$ 58,119	\$ 30,001

**9. FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended December 31, 2015, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis.

**10. ECONOMIC DEPENDENCY**

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

**11. RISK MANAGEMENT**

The Authority is covered for property damage, general liability, automobile liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association (SHARP). SHARP is an insurance risk pool comprised of 39 Ohio housing authorities, of which the Authority is a member. SHARP is a member of the Public Entity Risk Consortium (PERC), a self-insurance pool owned by its members. PERC provides SHARP specific excess coverage above its net retained limits. Deductible and coverage limits are summarized below:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
Property	\$ 1,500	\$ 250,000,000
Automobile Physical Damage	500	(per occurrence)
Boiler and Machinery	1,000	500,000
Liability:		
General	0	2,000,000
Automobile	0	included
Public Officials	0	included
Law Enforcement	0	included
Professional Liability	5,000	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, dental, vision, and life insurance is offered to Authority employees through a commercial insurance company. Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**12. LONG-TERM DEBT**

The Authority manages a multiple family housing project funded by the Department of Agriculture under its rural housing service. The following is a summary of activity occurring during 2015:

	<u>Beginning Balance 12/31/14</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance 12/31/15</u>	<u>Due in One Year</u>
Mortgage					
Issued May 10, 1985					
Interest Rate 11.875%	\$ 498,399	\$ -	\$ 6,153	\$ 492,246	6,925
Rehab loan					
The Savings Bank					
Construction	294,430	-	1,857	292,573	1,945
	<u>\$ 792,829</u>	<u>\$ -</u>	<u>\$ 8,010</u>	<u>\$ 784,819</u>	<u>\$ 8,870</u>

Long-term debt maturities for the years ending December 31 are as follows:

2016	\$ 8,870
2017	9,830
2018	10,904
2019	12,105
2020	13,448
2021 & Thereafter	729,662
<b>LONG-TERM DEBT</b>	<u><u>\$ 784,819</u></u>

Mortgage – Annual payments required vary: based on a calculation performed on a monthly basis; using the standard loan payment amount, overages on tenant accounts and the rental assistance requested.

Rehab loan – The maximum construction loan was \$300,000. The current interest rate is 4.625%, the loan was finalized April 19, 2011. Monthly payments are \$637.30.

**13. ACCRUED LIABILITIES**

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

Accrued payroll and payroll taxes	\$ 24,649
Accrued compensated absences - current	<u>30,001</u>
<b>TOTAL ACCRUED LIABILITIES</b>	<u><u>\$ 54,650</u></u>

**14. OPERATING LEASES**

In March 2011, the Authority entered into a lease agreement for a postage machine. Terms of the lease call for 60 monthly payments of \$261.

Future minimum payments for lease obligations are \$783 for the year ending December 31, 2016.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
Year Ended December 31, 2015**

	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.002032%	0.002032%
Authority's Proportionate Share of the Net Pension Liability	\$498,921	\$490,164
Authority's Covered Employee Payroll	\$662,687	\$506,794
Authority's Proportionate Share of the Net Pension Liability As a Percentage of its Covered Employee Payroll	75.29%	96.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Estimate for 2015)	86.45%	89.19%

(1) Information prior to 2014 is not available

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Contractually Required Employer Contribution	\$ 94,759	\$ 70,951	\$ 78,210	\$ 80,177	\$ 76,078	\$ 70,612	\$ 62,501	\$ 61,243	\$ 57,364	\$ 60,615
Contributions in Relation to the Contractually Required Contribution	(94,759)	(70,951)	(78,210)	(80,177)	(76,078)	(70,612)	(62,501)	(61,243)	(57,364)	(60,615)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority Covered-Employee Payroll	\$662,687	\$506,794	\$558,648	\$572,689	\$543,410	\$504,375	\$446,440	\$437,450	\$393,483	\$425,015
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended December 31, 2015**

***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 2015 and 2014.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014. For fiscal year 2015, estimates were used since the actuarial report was not available. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2015**

<u>Federal Grantor / Pass Through Grantor Program Title</u>	<u>Pass- Through Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Rural Rental Housing Loans	N/A	10.415	\$ 60,600
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	340,185
Section 8 Housing Choice Vouchers	N/A	14.871	3,381,460
Public Housing Capital Fund	N/A	14.872	171,852
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,954,097</b>

**NOTE TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE**

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST  
Year Ended December 31, 2015**

**Capital Fund Program Number 501-13**

1. The Program Costs are as Follows:

Funds Approved	\$	144,727
Funds Expended		<u>144,727</u>
Excess (Deficiency) of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	144,727
Funds Expended		<u>144,727</u>
Excess (Deficiency) of Funds Advanced	\$	<u><u>-</u></u>

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

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

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



**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**Financial Data Schedule**  
**Entity Wide Balance Sheet Summary**  
**Year Ended December 31, 2015**

	Project Total	10,415 Rural Rental Housing Loans	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$269,655	\$4,332	\$350,322	\$34,437	\$658,746		\$658,746
113 Cash - Other Restricted	\$354,987	\$61,510	\$61,311		\$477,808		\$477,808
114 Cash - Tenant Security Deposits	\$15,799	\$4,798		\$2,875	\$23,472		\$23,472
100 Total Cash	\$640,441	\$70,640	\$411,633	\$37,312	\$1,160,026		\$1,160,026
125 Accounts Receivable - Miscellaneous				\$91,222	\$91,222		\$91,222
126 Accounts Receivable - Tenants	\$3,700	\$144	\$3,666		\$7,510		\$7,510
126.1 Allowance for Doubtful Accounts -Tenants	-\$1,700	\$0	-\$700		-\$2,400		-\$2,400
128 Fraud Recovery	\$2,648	\$105	\$47,565		\$50,318		\$50,318
128.1 Allowance for Doubtful Accounts - Fraud	-\$500	\$0	-\$37,682		-\$38,182		-\$38,182
129 Accrued Interest Receivable			\$358		\$358		\$358
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,148	\$249	\$13,207	\$91,222	\$108,826		\$108,826
131 Investments - Unrestricted	\$63,289				\$63,289		\$63,289
142 Prepaid Expenses and Other Assets	\$31,026	\$2,434	\$5,034	\$1,371	\$39,865		\$39,865
143 Inventories	\$12,949		\$1,586	\$408	\$14,943		\$14,943
143.1 Allowance for Obsolete Inventories	-\$1,270		-\$160	-\$40	-\$1,470		-\$1,470
150 Total Current Assets	\$750,583	\$73,323	\$431,300	\$130,273	\$1,385,479		\$1,385,479
161 Land	\$560,154	\$18,940		\$105,320	\$684,414		\$684,414
162 Buildings	\$9,880,713	\$1,350,677		\$291,387	\$11,522,777		\$11,522,777
163 Furniture, Equipment & Machinery - Dwellings	\$130,869	\$4,652		\$13,944	\$149,465		\$149,465
164 Furniture, Equipment & Machinery - Administration	\$122,751		\$88,538		\$211,289		\$211,289
165 Leasehold Improvements	\$63,715		\$3,406		\$67,121		\$67,121
166 Accumulated Depreciation	-\$7,203,880	-\$572,077	-\$85,343	-\$125,026	-\$7,986,326		-\$7,986,326
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,554,322	\$802,192	\$6,601	\$285,625	\$4,648,740		\$4,648,740
180 Total Non-Current Assets	\$3,554,322	\$802,192	\$6,601	\$285,625	\$4,648,740		\$4,648,740
200 Deferred Outflow of Resources	\$10,462		\$7,846	\$7,846	\$26,154		\$26,154
290 Total Assets and Deferred Outflow of Resources	\$4,315,367	\$875,515	\$445,747	\$423,744	\$6,060,373		\$6,060,373

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**Financial Data Schedule**  
**Entity Wide Balance Sheet Summary**  
**Year Ended December 31, 2015**

312	Accounts Payable <= 90 Days	\$2,073		\$2,102		\$4,175	\$4,175
321	Accrued Wage/Payroll Taxes Payable	\$5,036		\$15,948	\$3,665	\$24,649	\$24,649
322	Accrued Compensated Absences - Current Portion	\$8,219		\$9,538	\$12,244	\$30,001	\$30,001
325	Accrued Interest Payable		\$1,105			\$1,105	\$1,105
333	Accounts Payable - Other Government	\$19,392				\$19,392	\$19,392
341	Tenant Security Deposits	\$15,799	\$4,798		\$2,875	\$23,472	\$23,472
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$8,870			\$8,870	\$8,870
310	Total Current Liabilities	\$50,519	\$14,773	\$27,588	\$18,784	\$111,664	\$111,664
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$775,949			\$775,949	\$775,949
353	Non-current Liabilities - Other			\$22,962		\$22,962	\$22,962
354	Accrued Compensated Absences - Non Current	\$18,087		\$5,208	\$4,823	\$28,118	\$28,118
357	Accrued Pension and OPEB Liabilities	\$199,569		\$149,676	\$149,676	\$498,921	\$498,921
350	Total Non-Current Liabilities	\$217,656	\$775,949	\$177,846	\$154,499	\$1,325,950	\$1,325,950
300	Total Liabilities	\$268,175	\$790,722	\$205,434	\$173,283	\$1,437,614	\$1,437,614
400	Deferred Inflow of Resources	\$3,445		\$2,583	\$2,583	\$8,611	\$8,611
508.4	Net Investment in Capital Assets	\$3,554,322	\$17,373	\$6,601	\$285,625	\$3,863,921	\$3,863,921
511.4	Restricted Net Position	\$354,987		\$38,350		\$393,337	\$393,337
512.4	Unrestricted Net Position	\$134,438	\$67,420	\$192,779	-\$37,747	\$356,890	\$356,890
513	Total Equity - Net Assets / Position	\$4,043,747	\$84,793	\$237,730	\$247,878	\$4,614,148	\$4,614,148
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,315,367	\$875,515	\$445,747	\$423,744	\$6,060,373	\$6,060,373

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**Financial Data Schedule**  
**Entity Wide Revenue and Expense Summary**  
**Year Ended December 31, 2015**

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$269,065	\$30,006		\$28,277	\$327,348		\$327,348
70400 Tenant Revenue - Other	\$17,653	\$3,001			\$20,654		\$20,654
70500 Total Tenant Revenue	\$286,718	\$33,007		\$28,277	\$348,002		\$348,002
70600 HUD PHA Operating Grants	\$399,843	\$60,600	\$3,381,460		\$3,841,903		\$3,841,903
70610 Capital Grants	\$112,194				\$112,194		\$112,194
70800 Other Government Grants							
71100 Investment Income - Unrestricted	\$725	\$18	\$436	\$128	\$1,307		\$1,307
71400 Fraud Recovery			\$9,287		\$9,287		\$9,287
71500 Other Revenue	\$1,200		\$61,245	\$195,115	\$257,560		\$257,560
70000 Total Revenue	\$800,680	\$93,625	\$3,452,428	\$223,520	\$4,570,253		\$4,570,253
91100 Administrative Salaries	\$200,953	\$6,215	\$185,465	\$146,485	\$539,118		\$539,118
91200 Auditing Fees	\$2,451	\$272	\$2,451	\$272	\$5,446		\$5,446
91400 Advertising and Marketing			\$1,773	\$392	\$2,165		\$2,165
91500 Employee Benefit contributions - Administrative	\$51,358	\$2,298	\$45,030	\$40,954	\$139,640		\$139,640
91600 Office Expenses	\$13,294	\$905	\$49,182	\$6,789	\$70,170		\$70,170
91700 Legal Expense	\$12,881	\$72	\$9,850	\$9,110	\$31,913		\$31,913
91800 Travel	\$5,442		\$1,215	\$2,346	\$9,003		\$9,003
91900 Other	\$11,135	\$11,117	\$12,922	\$1,237	\$36,411		\$36,411
91000 Total Operating - Administrative	\$297,514	\$20,879	\$307,888	\$207,585	\$833,866		\$833,866
92400 Tenant Services - Other	\$823				\$823		\$823
92500 Total Tenant Services	\$823				\$823		\$823
93100 Water	\$73,099	\$10,785		\$99	\$83,983		\$83,983
93200 Electricity	\$10,265	\$1,669		\$215	\$12,149		\$12,149
93300 Gas	\$8,389	\$1,264		\$217	\$9,870		\$9,870
93800 Other Utilities Expense	\$385	\$983			\$1,368		\$1,368
93000 Total Utilities	\$92,138	\$14,701		\$531	\$107,370		\$107,370
94100 Ordinary Maintenance and Operations - Labor	\$78,355				\$78,355		\$78,355
94200 Ordinary Maintenance and Operations - Materials and Other	\$59,098	\$2,410			\$61,508		\$61,508
94300 Ordinary Maintenance and Operations Contracts	\$82,654	\$15,181	\$24,631	\$38,747	\$161,213		\$161,213
94500 Employee Benefit Contributions - Ordinary Maintenance	\$27,932	\$1,506			\$29,438		\$29,438
94000 Total Maintenance	\$248,039	\$19,097	\$24,631	\$38,747	\$330,514		\$330,514

**PICKAWAY METROPOLITAN HOUSING AUTHORITY**  
**Financial Data Schedule**  
**Entity Wide Revenue and Expense Summary**  
**Year Ended December 31, 2015**

96110 Property Insurance	\$26,933	\$2,672		\$1,362	\$30,967	\$30,967
96120 Liability Insurance	\$4,025		\$1,290		\$5,315	\$5,315
96130 Workmen's Compensation			\$3,855		\$3,855	\$3,855
96140 All Other Insurance	\$3,654		\$2,747		\$6,401	\$6,401
96100 Total insurance Premiums	\$34,612	\$2,672	\$7,892	\$1,362	\$46,538	\$46,538
96200 Other General Expenses	\$7,687				\$7,687	\$7,687
96210 Compensated Absences	\$24,451		\$11,426	\$16,881	\$52,758	\$52,758
96300 Payments in Lieu of Taxes	\$19,392				\$19,392	\$19,392
96400 Bad debt - Tenant Rents	\$18,017	\$306			\$18,323	\$18,323
96000 Total Other General Expenses	\$69,547	\$306	\$11,426	\$16,881	\$98,160	\$98,160
96710 Interest of Mortgage (or Bonds) Payable		\$13,645			\$13,645	\$13,645
96700 Total Interest Expense and Amortization Cost		\$13,645			\$13,645	\$13,645
96900 Total Operating Expenses	\$742,673	\$71,300	\$351,837	\$265,106	\$1,430,916	\$1,430,916
97000 Excess of Operating Revenue over Operating Expenses	\$58,007	\$22,325	\$3,100,591	-\$41,586	\$3,139,337	\$3,139,337
97300 Housing Assistance Payments			\$3,006,979		\$3,006,979	\$3,006,979
97350 HAP Portability-In			\$56,786		\$56,786	\$56,786
97400 Depreciation Expense	\$295,346	\$45,875	\$5,009	\$12,697	\$358,927	\$358,927
90000 Total Expenses	\$1,038,019	\$117,175	\$3,420,611	\$277,803	\$4,853,608	\$4,853,608
10010 Operating Transfer In	\$49,451				\$49,451	\$49,451
10020 Operating transfer Out	-\$49,451				-\$49,451	-\$49,451
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$237,339	-\$23,550	\$31,817	-\$54,283	-\$283,355	-\$283,355
11020 Required Annual Debt Principal Payments				\$8,870	\$8,870	\$8,870
11030 Beginning Equity	\$4,477,152	\$108,343	\$352,962	\$449,210	\$5,387,667	\$5,387,667
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$196,066		-\$147,049	-\$147,049	-\$490,164	-\$490,164
11170 Administrative Fee Equity			\$199,380		\$199,380	\$199,380
11180 Housing Assistance Payments Equity			\$38,350		\$38,350	\$38,350
11190 Unit Months Available	1296	192	7620	48	9156	9156
11210 Number of Unit Months Leased	0	192	0	0	192	192
11270 Excess Cash	\$241,334				\$241,334	\$241,334
11620 Building Purchases	\$224,388				\$224,388	\$224,388



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Kathy J. Lambert, CPA  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 13, 2016

Members of the Board of Commissioners  
Pickaway Metropolitan Housing Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, of Pickaway Metropolitan Housing Authority, Pickaway County, Ohio, (the Authority), which comprise the statement of net position as of December 31, 2015, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon date June 13, 2016.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

*Whited Seigneur Sams & Rahe*



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Jerry B. Whited, CPA  
Donald R. Seigneur, CPA  
John R. Sams, CPA

Barry L. Rahe, CPA  
Kathleen M. Alderman, CPA  
Nathan C. Baldwin, CPA

Jay D. Seigneur, CPA  
Kathy J. Lambert, CPA  
Katie E. Guba, CPA

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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**

June 13, 2016

Members of the Board of Commissioners  
Pickaway Metropolitan Housing Authority

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

We have audited Pickaway Metropolitan Housing Authority's, (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2015. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

## **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 our 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, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

*Whited Seigneur Sams & Rahe*



**PICKAWAY METROPOLITAN HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2015**

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

<b><i>Financial Statements</i></b>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No
<b><i>Federal Awards</i></b>	
Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Major Program(s):	CFDA #14.871 Section 8 Housing Choice Vouchers
Dollar Threshold: Type A/B Programs	\$750,000
Low Risk Auditee?	Yes

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

None.

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

None.

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# Dave Yost • Auditor of State

**PICKAWAY COUNTY METROPOLITAN HOUSING AUTHORITY**

**PICKAWAY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 2, 2016**