PERRY METROPOLITAN HOUSING AUTHORITY

PERRY COUNTY

SINGLE AUDIT

JANUARY 1, 2016 – DECEMBER 31, 2016

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

Dave Yost • Auditor of State

Board of Directors
Perry Metropolitan Housing Authority
26 Brown Circle Dr.
Crooksville, OH 43731

We have reviewed the *Independent Auditor's Report* of the Perry Metropolitan Housing Authority, Perry County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

September 25, 2017

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PERRY METROPOLITAN HOUSING AUTHORITY
PERRY COUNTY

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WILSON, SHANNON & SNOW INC. CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Perry Metropolitan Housing Authority
Perry County
26 Brown Circle Drive
Crooksville, Ohio 43731

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the Perry Metropolitan Housing Authority, Perry County, Ohio (the Authority), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

10 West Locust Street | Newark, Ohio 43055 | Phone: 740-345-6611 | Fax: 740-345-5635 | wssinc.net

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Perry Metropolitan Housing Authority, Perry County as of December 31, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The Financial Data Schedules and Statement and Certification of Modernization Cost as required by the Department of Housing and Urban Development present additional analysis and are not a required part of the basic financial statements.

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

The schedules and statement are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules and statement directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules and statement 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 July 31, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
July 31, 2017

The Perry Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's position, and (d) identify individual fund issues of concerns.

Since the MD&A is designed to focus on the 2016 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The net position decreased by $146,887 (or 5.16%) during 2016, and was $2,698,626 and $2,845,513 for 2016 and 2015, respectively.

- The revenue decreased by $68,161 (or 3.90%) during 2016, and was $1,677,526 and $1,745,687 for 2016 and 2015, respectively.

- The total expenses decreased by $43,223 (or 2.31%). Total expenses were $1,824,413 and $1,867,636 for 2016 and 2015, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

MD&A ~ Management's Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (Pension Schedules) ~
Supplementary Information ~ Financial Data Schedules ~ ~ Schedule of Expenditures of Federal Awards ~ ~ Statement and Certification of Actual Modernization Cost ~

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

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

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

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets and deferred outflow of resources, net of liabilities and deferred inflows of resources, for the entire Authority. Net Position is reported in three broad categories:

Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, constructions, or improvement of those assets. The Authority does not have any debt related to capital assets.

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

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

The Authority's financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenue, such as government operating grants and tenant rent revenue, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue, such as capital grant revenue and investment income.

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

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

The Authority consists of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

AUTHORITY PROGRAMS

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

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

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

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

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

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

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

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

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

The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there are 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.

AUTHORITY STATEMENTS

Statement of Net Position

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

	2016	2015
Current assets	$ 571,450	$ 481,685
Capital assets, net	2,536,166	2,661,257
Mortgages receivable - non current	133,640	138,857
Deferred outflows of resources	155,296	50,592
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	3,396,552	3,332,391
Current liabilities	221,969	120,987
Non-current liabilities	468,128	360,880
Deferred inflows of resources	7,829	5,011
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	697,926	486,878
Net Position:		
Investment in capital assets	2,536,166	2,661,257
Restricted	4,492	-
Unrestricted	157,968	184,256
TOTAL NET POSITION	$ 2,698,626	$ 2,845,513

Major Factors Affecting the Statement of Net Position

During 2016, current assets increased by $89,765. The increase is mainly due to increasing utilization in HAP from the 2015 year as directed by HUD that resulted in an additional funding of $82,491. For Public Housing there was an increase in dwelling rents that totaled $7,576. Deferred outflows increased $104,704; this is due to net pension liability calculation changes.

The change in liabilities is mainly due to the HAP deferred credit of $75,760 and the Public Housing payment in lieu of taxes for 2016 of $12,732 was not paid until 2017. The non-current liability increase is mainly due to the increase in net pension liability of $112,279.

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

	Unrestricted	Restricted	Investment in Capital Assets
Beginning Balance – January 1, 2016	$ 184,256	$ -	$ 2,661,257
Results of Operation	(151,379)	4,492	-
Adjustments:			
Current Year Depreciation Expense (1)	195,884	-	(195,884)
Capital Expenditures (2)	(70,793)	-	70,793
Ending Balance – December 31, 2016	$ 157,968	$ 4,492	$ 2,536,166

CHANGE OF NET POSITION

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

(2) Capital expenditures represent an outflow of unrestricted net position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer presentation of financial position.

The following table compares the revenues and expenses for the current and previous year. The Authority is engaged in business-type activities.

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	2016	2015
Revenues		
Tenant revenue - rents and other	$ 296,239	$ 293,986
Operating subsidies and grants	1,299,662	1,186,253
Capital grants	70,793	241,860
Investment income	1,707	2,219
Other revenues	9,125	21,369
TOTAL REVENUES	1,677,526	1,745,687
Expenses		
Administration	320,948	339,183
Tenant services	2,282	2,751
Utilities	165,524	162,695
Maintenance	244,384	242,044
General and Insurance	92,129	99,226
Housing assistance payment	803,262	814,610
Depreciation	195,884	207,127
TOTAL EXPENSES	1,824,413	1,867,636
CHANGES IN NET POSITION	(146,887)	(121,949)
NET POSITION - BEGINNING OF YEAR	2,845,513	2,967,462
NET POSITION - END OF YEAR	$ 2,698,626	$ 2,845,513

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

Revenues:
The major change in operating subsidies and grants is the increase in HAP subsidies due to the increased utilization from 2015 to 2016 along with the increase in Public Housing subsidies for utility assistance.

The decrease in capital grants is due the changes in projects being conducted between years along with changes in funding. The decrease in other revenue is due to a reduction in the service contracts with the DD housing.

Expenses:
The major decrease in the expenses is the administration and the cause of the reduction is in January 2016 was due to two employees dropping the health benefit coverage that saved the Authority about $35,000.

CAPITAL ASSETS

As of year-end, the Authority had $2,536,166 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $125,091 or 4.7% from the end of 2015. This decrease was due to annual depreciation of capital assets.

CAPITAL ASSETS AT YEAR-END

	2016	2015
Land	$ 250,209	$ 250,209
Buildings	7,437,215	7,430,920
Equipment	469,807	412,998
Leasehold improvements	1,809,729	1,802,040
Accumulated depreciation	(7,430,794)	(7,234,910)
TOTAL	$ 2,536,166	$ 2,661,257

The following reconciliation identifies the change in Capital Assets, which is presented in detail in Note 4 of the notes to the basic financial statements:

CHANGE IN CAPITAL ASSETS

Beginning Balance	$ 2,661,257
Additions	70,793
Depreciation	(195,884)
Ending Balance	$ 2,536,166

DEBT OUTSTANDING

As of December 31, 2016 the Authority had debt in the amount of $65,468.

CONDENSED STATEMENT OF CHANGES IN DEBT OUTSTANDING

Beginning Balance - January 1, 2016	$ 70,473
Current Year Loan Retirements	(5,005)
Ending Balance - December 31, 2016	$ 65,468

For further information related to 2016 debt activity, see Note 5.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.
- Market rates for rental housing.
- Local rental market rates and housing supply and demand, which affects the Authority's ability to maintain leasing rates.

IN CONCLUSION

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

FINANCIAL CONTACT

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

PERRY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS	
Current assets	
Cash and cash equivalents	$ 395,219
Cash and cash equivalents - restricted	36,448
Investments	80,205
Receivables, net	6,997
Mortage receivable	5,500
Inventories, net	15,342
Prepaid items	31,739
TOTAL CURRENT ASSETS	571,450
Noncurrent assets	
Capital assets:	
Land	250,209
Building and equipment	9,716,751
Less: accumulated depreciation	(7,430,794)
Total capital assets, net	2,536,166
Mortgage receivable	133,640
TOTAL NONCURRENT ASSETS	2,669,806
TOTAL ASSETS	3,241,256
Deferred outflows of resources	155,296
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	3,396,552
LIABILITIES	
Current liabilities	
Accounts payable	5,605
Accrued payroll and payroll taxes	20,110
Accrued compensated absences payable	29,763
Other accrued liabilities	16,703
Intergovernmental payables	25,378
Tenant security deposits	29,446
Unearned revenue	89,404
Loans payable	5,560
TOTAL CURRENT LIABILITIES	221,969
Noncurrent liabilities	
Loans payable	59,908
Accrued compensated absences payable	8,186
Noncurrent liabilities - other	2,510
Net pension liability	397,524
TOTAL NONCURRENT LIABILITIES	468,128
TOTAL LIABILITIES	690,097
Deferred inflows of resources	7,829
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	697,926
NET POSITION	
Investment in capital assets	2,536,166
Restricted net position	4,492
Unrestricted net position	157,968
TOTAL NET POSITION	$ 2,698,626

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

PERRY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES	
Tenant revenues	$ 296,239
Government operating grants	1,299,662
Other revenues	9,125
TOTAL OPERATING REVENUES	1,605,026
OPERATING EXPENSES	
Administrative	320,948
Tenant services	2,282
Utilities	165,524
Maintenance	244,384
Insurance	23,378
General	68,751
Housing assistance payment	803,262
Depreciation	195,884
TOTAL OPERATING EXPENSES	1,824,413
OPERATING LOSS	(219,387)
NON-OPERATING REVENUES	
Investment income	1,707
Capital grants	70,793
TOTAL NON-OPERATING REVENUES	72,500
CHANGES IN NET POSITION	(146,887)
TOTAL NET POSITION - BEGINNING	2,845,513
TOTAL NET POSITION - ENDING	$ 2,698,626

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

PERRY METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$ 1,381,800
Tenant revenue received	295,977
Other revenue received	9,125
General and administrative expenses paid	(791,566)
Housing assistance payments	(803,262)
NET CASH PROVIDED BY OPERATING ACTIVITIES	92,074
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	2,630
Note receivable proceeds	5,006
Purchase of investments	(990)
NET CASH PROVIDED BY INVESTING ACTIVITIES	6,646
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grant funds received	70,793
Property and equipment purchased	(70,793)
Principal payment on debt	(5,005)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(5,005)
CHANGE IN CASH AND CASH EQUIVALENTS	93,715
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	337,952
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 431,667
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	$ (219,387)
Adjustment to reconcile operating loss to net cash provided by operating activities	
Depreciation	195,884
(Increases) decreases in:	
Accounts receivables, net of allowance	6,870
Inventory, net of allowance	(3,076)
Prepaid expenses and other assets	434
Deferred outflow of resources	(104,704)
Increases (decreases) in:	
Accounts payable	2,406
Accrued liabilities	12,348
Intergovernmental payables	12,738
Tenant security deposits	23
Unearned Revenue	73,196
Accrued compensated absence non-current	179
Noncurrent liabilities other	66
Net pension liability	112,279
Deferred inflow of resources	2,818
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 92,074

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Summary of Significant Accounting Policies
The basic financial statements of the Perry Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to 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 revenues, 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.

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 deferred outflows of resources, and all liabilities and deferred inflows of resources 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 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.

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) – Business Activities are the miscellaneous activities of the authority that currently include housing activities outside the scope of the conventional and housing choice voucher programs. The Business Activity Program represents MR/DD Supported Living Program activities. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting and Reporting for Non-Exchange Transactions

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

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).

- Imposed non-exchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).

- Government-mandated non-exchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).

- Voluntary non-exchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

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

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

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.

- Purpose restrictions specify the purpose for which resources are required to be used (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a non-exchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net position, equity, or fund balance as restricted.

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

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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Receivables – net of allowance

Total receivable as December 31, 2016 is $12,497. This amount is net from the allowance of doubtful accounts of $20,625. Bad debts are provided on the allowance method based on management's evaluation of the probability of collecting the outstanding tenant receivable balances at the end of the year.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

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 $2,500.

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 are stated at cost.

Net Position

Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets; the Authority does not have debt related to capital assets. Net positions are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Operating Revenues and Expenses

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

Capital Contributions

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Budgetary Accounting

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

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 $1,690 at December 31, 2016.

Compensated Absences

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

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

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

	Current Accrued Compensated Absences	Long - Term Accrued Compensated Absences	Total Accrued Compensated Absences
Public Housing	$ 20,927	$ 8,186	$ 29,113
Housing Choice Voucher	6,015	-	6,015
Central Office	2,821	-	2,821
TOTAL	$ 29,763	$ 8,186	$ 37,949

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

	Beginning Balance 12/31/15	Earned	Used	Ending Balance 12/31/16	Due in One Year
Compensated absences payable	$ 36,883	$ 40,625	$ (39,559)	$ 37,949	$ 29,763

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

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 positon 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. 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.

2. DEPOSITS AND INVESTMENTS - CONTINUED

The carrying amount of the Authority's deposits was $511,872 at December 31, 2016. The corresponding bank balances were $519,016. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," as of December 31, 2016, $250,000 was covered by federal depository insurance, while $269,016 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.

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, reported at cost, 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.

3. RESTRICTED CASH AND INVESTMENTS

Restricted cash balance as of December 31, 2016 of $36,448 represents cash on hand for the following:

Tenant Security Deposit	$ 29,446
HAP Equity	4,492
Cash held in FSS Escrow	2,510
	$ 36,448

4. CAPITAL ASSETS

A summary of capital assets at December 31, 2016, is as follows:

	Balance 12/31/15	Additions	Disposals	Balance 12/31/16
Capital Assets, Not Depreciated				
Land	$ 250,209	$ -	$ -	$ 250,209
Capital Assets, Depreciated				
Buildings and improvements	9,232,960	13,984	-	9,246,944
Furniture and equipment	412,998	56,809	-	469,807
Total Capital Assets, Depreciated	9,645,958	70,793	-	9,716,751
Accumulated Depreciation				
Buildings and improvements	(6,905,468)	(174,933)	-	(7,080,401)
Furniture and equipment	(329,442)	(20,951)	-	(350,393)
Total Accumulated Depreciation	(7,234,910)	(195,884)	-	(7,430,794)
Total Capital Assets, Depreciated, Net	2,411,048	(125,091)	-	2,285,957
Total Capital Assets, Net	$ 2,661,257	($ 125,091)	$ -	$ 2,536,166

5. 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 2016:

• Loan payment to North Valley Bank dated May 2002 in the amount of $84,311, due in August 2031; interest rate 4.99%. Proceeds of the loan were used to purchase a property on Somerset Road. Balance as of December 31, 2016.	$ 57,071
• Loan payment to North Valley Bank dated November 2009 in the amount of $24,500, due in November 2019; interest rate 5.00%. Proceeds of the loan were used to purchase a property on State Route 669 NE. Balance as of December 31, 2016.	8,397
Total Outstanding Debt	65,468
Less Current Portion	(5,560)
Total Long-Term Debt	$ 59,908

5. LONG-TERM DEBT - CONTINUED

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

Description	Balance 12/31/15	Addition	Retired	Balance 12/31/16	Due Within One Year
Loans Payable	$ 70,473	$ -	($ 5,005)	$ 65,468	$ 5,560
Net Pension Liability	285,245	112,279	-	397,524	-
Total	$ 355,718	$ 112,279	($ 5,005)	$ 462,992	$ 5,560

See Note_8 for information on the Authority's net pension liability.

Maturities of the debt are as follows:

Years	Principal	Interest	Total
2017	$ 5,560	$ 3,044	$ 8,604
2018	5,743	2,861	8,604
2019	5,758	2,568	8,326
2020	3,140	2,346	5,486
2021	3,300	2,186	5,486
2022 - 2026	19,205	8,222	27,427
2027 - 2031	22,762	2,804	25,566
Total	$ 65,468	$ 24,031	$ 89,499

6. NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2016 consists of Family Self-Sufficiency (FSS) escrow funds relating to the Housing Choice Voucher program $2,510.

7. MRDD PROJECT AGREEMENT

Perry Metropolitan Housing Authority and Perry County Board MRDD have a project agreement for a supported living program. The agreement outlines that any monies received by MRDD for supported living will be forwarded to the Authority to purchase real estate with homes previously constructed and title to the said real estate will be in the name of the Authority. MRDD clients will benefit from these real estate transactions. The real estate and monies will revert back to MRDD if the property is not being used by eligible persons. The notes payable and mortgage receivables (land contracts) on these acquisitions are in the name of the MHA. At the end of the year the Authority had $139,140 of mortgage receivable on the sale of land contract.

Description	Balance 12/31/15	Additions	Reductions	Balance 12/31/16	Due Within One Year
Mortgage Receivable	$ 144,146	$ -	($ 5,006)	$ 139,140	$ 5,500

8. 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.

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 *accrued payroll and payroll taxes*.

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

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

8. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

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

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 based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

8. DEFINED BENEFIT PENSION PLAN - CONTINUED

	State and Local
2016 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
2016 Actual Contribution Rates:	
Employer:	
Pension	12.0%
Post-employment Health Care Benefits	2.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $43,815 for 2016.

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

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share on contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Net Pension Liability	Traditional
Proportionate Share of the Net Pension Liability Prior Measurement Date	$ 285,245
Proportionate Share of the Net Pension Liability Current Measurement Date	397,524
Change in Proportionate Share	$ 112,279
Proportion of the Net Pension Liability	0.002295%
Pension Expense	$ 34,395

At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 116,847
Changes in proportion, amortization and prior year reversal	894
Authority contributions subsequent to the measurement date	37,555
Total deferred outflows of resources	$ 155,296

8. DEFINED BENEFIT PENSION PLAN – CONTINUED

	Total Deferred Inflows
Net difference between projected and actual earnings on pension plan investments	$ 7,829

The $37,555 reported as deferred outflow of resources resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Under the Traditional Pension Plan, the amortization period for the difference between expected and actual experience is 3.1673 years, and 5 years for the net difference between projected and actual investment earning on pension plan investments. Other amounts reported as deferred outflows of resources and deferred inflows of resources related will be recognized in pension expense as follows:

Year Ending December 31:		
2017	$	21,076
2018		21,076
2019		21,076
2020		23,135
2019		23,549
Total	$	109,912

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2015
Experience Study	5 Year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	8.00%
Wage Inflation	3.75%
Projected Salary Increases	4.25% - 10.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.80% Simple

8. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation for 2015	Weighted Average Long-Term Expected Real Rate of Return
Fixed income	23.00%	2.31%
Domestic equities	20.70%	5.84%
Real estate	10.00%	4.25%
Private equity	10.00%	9.25%
International equities	18.30%	7.40%
Other investments	18.00%	4.59%
TOTAL	100.00%	5.27%

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

8. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Authority's proportionate share of the net pension liability	$ 633,351	$ 397,524	$ 198,609

Changes Between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Authority's net pension liability is expected to be significant.

9. POST EMPLOYMENT BENEFITS

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have ten 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-Retirement Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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.

9. POST EMPLOYMENT BENEFITS - CONTINUED

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

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan and Combined Plan was 2% during calendar year 2016. Effective January 1, 2017, the portion of employer contributions allocated to healthcare will decrease to 1% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended December 31, 2016, 2015 and 2014, which were used to fund post-employment benefits, were $6,259, $6,067 and $5,796, respectively.

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

10. CONTINGENCIES

Grants
Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2016.

Litigations
In the normal course of operations, the Authority may be subject to litigations and claims. At December 31, 2016, the Authority was not aware of any such matters.

11. INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP.

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

PERRY METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABLILITY
LAST THREE YEARS

	2015	**2014**	**2013**
Authority's Proportion of the Net Pension Liability	0.002295%	0.002365%	0.002365%
Authority's Proportionate Share of the Net Pension Liability	$397,524	$285,245	$278,803
Authority's Covered Employee Payroll	$302,696	$290,129	$276,103
Authority's Proportionate Share of the Net Pension Liability As a Percentage of its Covered Employee Payroll	131.33%	98.32%	100.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2013 is not available
(2) The schedule is reported as of the measurement date of the Net Pension Liability.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Employer Contribution	$ 43,815	$ 42,377	$ 40,617	$ 38,578	$ 41,288	$ 41,665	$ 40,250	$ 40,955	$ 39,133	$ 35,840
Contributions in Relation to the Contractually Required Contribution	(43,815)	(42,377)	(40,617)	(38,578)	(41,288)	(41,665)	(40,250)	(40,955)	(39,133)	(35,840)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority Covered Employee Payroll	$ 312,961	$ 302,696	$ 290,129	$ 276,103	$ 294,909	$ 297,604	$ 287,498	$ 292,534	$ 279,518	$ 258,779
Contributions as a Percentage of Covered Employee Payroll	14.00%	14.00%	14.00%	13.97%	14.00%	14.00%	14.00%	14.00%	14.00%	13.85%

(1) Total contributions reported include any amounts contributed to other post employment benefits in addtion to the Traditional plan.

PERRY METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
DECEMBER 31, 2016

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$170,670	$161,540	$18,822	$44,187	$395,219		$395,219
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted		$7,002			$7,002		$7,002
114 Cash - Tenant Security Deposits	$29,446				$29,446		$29,446
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	$200,116	$168,542	$18,822	$44,187	$431,667	$0	$431,667
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects							
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous			$683		$683		$683
126 Accounts Receivable - Tenants	$4,614				$4,614		$4,614
126.1 Allowance for Doubtful Accounts -Tenants	-$2,159				-$2,159		-$2,159
126.2 Allowance for Doubtful Accounts - Other	$0		$0		$0		$0
127 Notes, Loans, & Mortgages Receivable - Current			$5,500		$5,500		$5,500
128 Fraud Recovery		$23,772			$23,772		$23,772
128.1 Allowance for Doubtful Accounts - Fraud		-$20,625			-$20,625		-$20,625
129 Accrued Interest Receivable	$407			$305	$712		$712
120 Total Receivables, Net of Allowances for Doubtful Accounts	$2,862	$3,147	$6,183	$305	$12,497	$0	$12,497
131 Investments - Unrestricted	$45,809			$34,396	$80,205		$80,205
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	$17,834	$1,235	$1,488	$11,182	$31,739		$31,739
143 Inventories	$16,316			$716	$17,032		$17,032
143.1 Allowance for Obsolete Inventories	-$1,620			-$70	-$1,690		-$1,690
144 Inter Program Due From	$1,733			$4,628	$6,361	-$6,361	$0
145 Assets Held for Sale							
150 Total Current Assets	$283,050	$172,924	$26,493	$95,344	$577,811	-$6,361	$571,450
161 Land	$233,579		$15,630	$1,000	$250,209		$250,209
162 Buildings	$7,356,854	$29,361	$34,500	$16,500	$7,437,215		$7,437,215
163 Furniture, Equipment & Machinery - Dwellings	$346,096			$76,977	$423,073		$423,073
164 Furniture, Equipment & Machinery - Administration	$32,681	$14,053			$46,734		$46,734
165 Leasehold Improvements	$1,809,729				$1,809,729		$1,809,729
166 Accumulated Depreciation	-$7,279,946	-$36,943	-$23,209	-$90,696	-$7,430,794		-$7,430,794
167 Construction in Progress							
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	$2,498,993	$6,471	$26,921	$3,781	$2,536,166	$0	$2,536,166
171 Notes, Loans and Mortgages Receivable - Non-Current			$133,640		$133,640		$133,640
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							
173 Grants Receivable - Non Current							
174 Other Assets							
176 Investments in Joint Ventures							
180 Total Non-Current Assets	$2,498,993	$6,471	$160,561	$3,781	$2,669,806	$0	$2,669,806
200 Deferred Outflow of Resources	$78,923	$30,582		$45,791	$155,296		$155,296
290 Total Assets and Deferred Outflow of Resources	$2,860,966	$209,977	$187,054	$144,916	$3,402,913	-$6,361	$3,396,552

PERRY METROPOLITAN HOUSING AUTHORITY

ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD

DECEMBER 31, 2016

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	$3,812	$628	$250	$915	$5,605		$5,605
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable	$3,268	$1,105		$15,737	$20,110		$20,110
322 Accrued Compensated Absences - Current Portion	$20,927	$6,015		$2,821	$29,763		$29,763
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government	$25,378				$25,378		$25,378
341 Tenant Security Deposits	$29,446				$29,446		$29,446
342 Unearned Revenue	$7,748	$75,760	$5,896		$89,404		$89,404
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue							
344 Current Portion of Long-term Debt - Operating Borrowings			$5,560		$5,560		$5,560
345 Other Current Liabilities							
346 Accrued Liabilities - Other	$16,657			$46	$16,703		$16,703
347 Inter Program - Due To			$6,361		$6,361	-$6,361	$0
348 Loan Liability - Current							
310 Total Current Liabilities	$107,236	$83,508	$18,067	$19,519	$228,330	-$6,361	$221,969
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue							
352 Long-term Debt, Net of Current - Operating Borrowings			$59,908		$59,908		$59,908
353 Non-current Liabilities - Other		$2,510			$2,510		$2,510
354 Accrued Compensated Absences - Non Current	$8,186				$8,186		$8,186
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	$202,026	$78,284		$117,214	$397,524		$397,524
350 Total Non-Current Liabilities	$210,212	$80,794	$59,908	$117,214	$468,128	$0	$468,128
300 Total Liabilities	$317,448	$164,302	$77,975	$136,733	$696,458	-$6,361	$690,097
400 Deferred Inflow of Resources	$3,981	$1,542		$2,306	$7,829		$7,829
508.4 Net Investment in Capital Assets	$2,498,993	$6,471	$26,921	$3,781	$2,536,166		$2,536,166
511.4 Restricted Net Position	$0	$4,492			$4,492		$4,492
512.4 Unrestricted Net Position	$40,544	$33,170	$82,158	$2,096	$157,968		$157,968
513 Total Equity - Net Assets / Position	$2,539,537	$44,133	$109,079	$5,877	$2,698,626	$0	$2,698,626
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$2,860,966	$209,977	$187,054	$144,916	$3,402,913	-$6,361	$3,396,552

PERRY METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2016

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$285,922		$8,767		$294,689		$294,689
70400 Tenant Revenue - Other	$1,550				$1,550		$1,550
70500 Total Tenant Revenue	$287,472	$0	$8,767	$0	$296,239	$0	$296,239
70600 HUD PHA Operating Grants	$375,128	$924,534			$1,299,662		$1,299,662
70610 Capital Grants	$70,793				$70,793		$70,793
70710 Management Fee				$103,511	$103,511	-$103,511	$0
70720 Asset Management Fee							
70730 Book Keeping Fee				$19,430	$19,430	-$19,430	$0
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue				$122,941	$122,941	-$122,941	$0
70800 Other Government Grants							
71100 Investment Income - Unrestricted	$973	$183	$9	$542	$1,707		$1,707
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery		$2,431			$2,431		$2,431
71500 Other Revenue	$8,534				$8,534	-$1,840	$6,694
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	$742,900	$927,148	$8,776	$123,483	$1,802,307	-$124,781	$1,677,526
91100 Administrative Salaries	$50,939	$50,757		$90,041	$191,737		$191,737
91200 Auditing Fees	$4,596	$2,298		$2,298	$9,192		$9,192
91300 Management Fee	$85,803	$17,708			$103,511	-$103,511	$0
91310 Book-keeping Fee	$10,576	$8,854			$19,430	-$19,430	$0
91400 Advertising and Marketing	$287			$61	$348		$348
91500 Employee Benefit contributions - Administrative	$15,525	$12,553		$20,592	$48,670		$48,670
91600 Office Expenses	$26,528	$9,784	$500	$12,125	$48,937		$48,937
91700 Legal Expense	$2,876				$2,876		$2,876
91800 Travel	$1,911	$68		$656	$2,635		$2,635
91810 Allocated Overhead							
91900 Other	$8,871	$4,732		$2,950	$16,553		$16,553
91000 Total Operating - Administrative	$207,912	$106,754	$500	$128,723	$443,889	-$122,941	$320,948
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other	$2,282				$2,282		$2,282
92500 Total Tenant Services	$2,282	$0	$0	$0	$2,282	$0	$2,282
93100 Water	$60,888		$984	$263	$62,135		$62,135
93200 Electricity	$49,849	$909	$1,590	$155	$52,503		$52,503
93300 Gas	$2,496		$1,057		$3,553		$3,553
93400 Fuel							
93500 Labor							
93600 Sewer	$46,858			$167	$47,025		$47,025
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense			$194	$114	$308		$308
93000 Total Utilities	$160,091	$909	$3,825	$699	$165,524	$0	$165,524
94100 Ordinary Maintenance and Operations - Labor	$106,763	$10,716			$117,479		$117,479
94200 Ordinary Maintenance and Operations - Materials and Other	$24,286	$715			$25,001		$25,001
94300 Ordinary Maintenance and Operations Contracts	$59,540	$4,908	$4,239		$68,687	-$1,840	$66,847
94500 Employee Benefit Contributions - Ordinary Maintenance	$32,463	$2,594			$35,057		$35,057
94000 Total Maintenance	$223,052	$18,933	$4,239	$0	$246,224	-$1,840	$244,384
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0

PERRY METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2016

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
96110 Property Insurance	$15,411		$775	$6,694	$22,880		$22,880
96120 Liability Insurance							
96130 Workmen's Compensation							
96140 All Other Insurance		$498			$498		$498
96100 Total insurance Premiums	$15,411	$498	$775	$6,694	$23,378	$0	$23,378
96200 Other General Expenses			$168		$168		$168
96210 Compensated Absences	$21,440	$7,944		$13,896	$43,280		$43,280
96300 Payments in Lieu of Taxes	$12,738				$12,738		$12,738
96400 Bad debt - Tenant Rents	$10,954	$1,611			$12,565		$12,565
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	$45,132	$9,555	$168	$13,896	$68,751	$0	$68,751
96710 Interest of Mortgage (or Bonds) Payable							
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$0	$0	$0
96900 Total Operating Expenses	$653,880	$136,649	$9,507	$150,012	$950,048	-$124,781	$825,267
97000 Excess of Operating Revenue over Operating Expenses	$89,020	$790,499	-$731	-$26,529	$852,259	$0	$852,259
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments		$803,262			$803,262		$803,262
97350 HAP Portability-In							
97400 Depreciation Expense	$192,269	$1,436	$1,255	$924	$195,884		$195,884
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	$846,149	$941,347	$10,762	$150,936	$1,949,194	-$124,781	$1,824,413
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$103,249	-$14,199	-$1,986	-$27,453	-$146,887	$0	-$146,887
11020 Required Annual Debt Principal Payments	$0	$0	$5,560	$0	$5,560		$5,560
11030 Beginning Equity	$2,642,786	$58,332	$111,065	$33,330	$2,845,513		$2,845,513
11170 Administrative Fee Equity		$39,641			$39,641		$39,641
11180 Housing Assistance Payments Equity		$4,492			$4,492		$4,492

PERRY METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor / Pass Through Grantor Program Title	Pass-Through Number	CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	$ 353,855
Section 8 Housing Choice Vouchers	N/A	14.871	924,534
Public Housing Capital Fund	N/A	14.872	92,066
Total Expenditures of Federal Awards			$ 1,370,455

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Perry Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

PERRY METROPOLITAN HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
FOR THE YEAR ENDED DECEMBER 31, 2016

Capital Fund Program Number 501-14

1. The Program Costs are as Follows:

Funds Approved	$	133,642
Funds Expended		133,642
Excess (Deficiency) of Funds Approved	$	-
Funds Advanced	$	133,642
Funds Expended		133,642
Excess (Deficiency) of Funds Advanced	$	-

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.

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Perry Metropolitan Housing Authority
Perry County
26 Brown Circle Drive
Crooksville, Ohio 43731

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards,* the financial statements of the Perry Metropolitan Housing Authority, Perry County, (the Authority) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 31, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

10 West Locust Street | Newark, Ohio 43055 | Phone: 740-345-6611 | Fax: 740-345-5635 | wssinc.net

Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
July 31, 2017

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Perry Metropolitan Housing Authority
Perry County
26 Brown Circle Drive
Crooksville, Ohio 43731

To the Board of Commissioners:

Report on Compliance for* the *Major Federal Program

We have audited the Perry Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Perry Metropolitan Housing Authority's major federal program for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

10 West Locust Street | Newark, Ohio 43055 | Phone: 740-345-6611 | Fax: 740-345-5635 | wssinc.net

Opinion on the Major Federal Program

In our opinion, the Perry Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
July 31, 2017

PERRY METROPOLITAN HOUSING AUTHROITY
PERRY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Housing Choice Vouchers/CFDA #14.871
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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PERRY COUNTY METROPOLITAN HOUSING AUTHORITY

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 5, 2017

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov