PORTAGE METROPOLITAN HOUSING AUTHORITY

Financial Condition

As of

December 31, 2016

Together with Auditors' Report

Dave Yost · Auditor of State

Board of Directors
Portage County Metropolitan Housing Authority
2832 State Rte 59
Ravenna, OH 44266

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

Dave Yost
Auditor of State

September 12, 2017

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PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO

Table of Content

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Statement of Net Position	12
Statement of Revenues and Expenses and Changes in Net Position	13
Statement of Cash Flows	14
Notes to Financial Statements	15
Financial Data Schedule – Statement of Net Position	35
Financial Data Schedule – Statement of Revenue and Expenses	43
Financial Data Schedule – Additional Information Required by HUD	51
Schedule of Authority's Proportionate Share of the Net Pension Liability	53
Schedule of Authority's Contributions	54
Notes to the Required Supplementary Information	55
Schedule of Expenditures of Federal Awards	56
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	57
Independent Auditors' Report on Compliance for each Major Program and Internal Control over Compliance Required by the Uniform Guidance	59
Schedule of Findings	61
Summary Schedule of Prior Audit Findings	63
Corrective Action Plan	65

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Portage Metropolitan Housing Authority
Ravenna, Ohio 44266

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Portage Metropolitan Housing Authority, Portage County as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Portage Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Portage Metropolitan Housing Authority, Portage County, Ohio as of December 31, 2016, and the respective changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 4, 2017 on my consideration of the Portage Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Portage Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.

May 4, 2017

PORTAGE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)

This Management's Discussion and Analysis (MD&A) for the Portage Metropolitan Housing Authority (the Authority) is intended to assist the reader to identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify changes in the Authority's financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2016, resulting changes, and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

FINANCIAL HIGHLIGHTS

- During FY 2016, the Authority's net position decreased by $513,000 (or 6%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type Net Position. Net Position was $8,442,000 and $7,929,000 for FY 2015 and FY 2016 respectively.

- The revenue decreased by $129,000 (or .6%) during FY 2016, and was $13,731,000 and $13,602,000 for FY 2015 and FY 2016 respectively.

- The total expenses of the Authority decreased by $75,000 (or .5%). Total expenses were $14,190,000 and $14,115,000 for FY 2015 and FY 2016 respectively.

Overview in the Financial Statements

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

The Statement of Net Position is very similar to what most people would think of as a Balance Sheet. In the first half it reports the value of assets the Authority holds at December 31, 2016; that is, the cash the Authority has, the amounts that are owed the Authority from others, and the value of the equipment the Authority owns. The other half reports the Authority's liabilities; that is, what the Authority owes others at December 31, 2016, and what Net Position (equity) the Authority has at December 31, 2016. The two parts of the report are in balance and is why many might refer to this type of report as a balance sheet, in that the total of the assets part equals the total of the liabilities plus Net Position (or equity) part. In the statement, the Net Position is broken out into three broad categories:

Net Investment in Capital Assets, Net of Related Debt
Net Position Restricted
Net Position Unrestricted

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

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

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

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

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

The Authority's Business Type Fund

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

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

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

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

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

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

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

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

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

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

GASB 68

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

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

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

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

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

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

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

The following represents a condensed Statement of Net Position compared to prior year. The Authority is engaged only in business type activities. For more detailed information, see the Statement of Net Position.

Table 1 - Condensed Statement of Net Position Compared to Prior Year

	2015	2016
Assets		
Current and Other Assets	$4,036,000	$4,877,000
Capital Assets	6,152,000	6,153,000
Total Assets	$10,188,000	11,030,000
Liabilities		
Current Liabilities	$525,000	$1,267,000
Long-Term Liabilities	1,221,000	1,834,000
Total Liabilities	$1,746,000	$3,101,000
Net Position		
Net Investment in Capital Assets	$6,152,000	$6,153,000
Restricted Net Position		256,000
Unrestricted Net Position	2,290,000	1,520,000
Total Net Position	8,442,000	7,929,000
Total Liabilities and Net Position	$10,188,000	11,030,000

Major Factors Affecting the Statement of Net Position

The total net position decreased 6% from year-end 2015 to year-end 2016. See the discussion in the next section of factors contributing to this change. During 2016, current and other assets increased by $842,000 while current liabilities increased by $742,000, Capital assets increased $1,000 reflecting additions in capital assets which were more than disposals and depreciation on assets held by the Authority.

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

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

	2015	2016
Revenues		
Tenant Revenues	$ 936,000	$ 914,000
HUD Operating Subsidies and Grants	12,312,000	11,639,000
Capital Grants	142,000	515,000
Non-Operating Revenue	(3,000)	19,000
Other Revenues	344,000	515,000
Total Revenues	$13,731,000	$13,602,000
Expenses		
Administrative	$ 1,959,000	$ 2,131,000
Tenant Services	58,000	60,000
Utilities	322,000	339,000
Maintenance and Operations	988,000	1,024,000
General	214,000	259,000
Housing Assistance Payments	10,060,000	9,766,000
Depreciation	589,000	536,000
Total Expenses	$ 14,190,000	$ 14,115,000
Net Increases (Decreases) in Net Position	$ (459,000)	$ (513,000)

For 2016, the Authority revenues decreased .9% and expenses decreased .5%. The Authority experienced decreases in Tenant Revenues and Operating Subsidies & Grants but experienced increases in Capital Grants, Investment Income and Other Revenues. The response to decreased revenue was to utilize reserves.

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

Unrestricted Net Position12/31/2015		$ 2,290,000
Results from Operations	(513,000)	
Adjustments:		
Depreciation(1)	536,000	
Adjusted Results from Operations		23,000
Restricted Net Position		(256,000)
Capital Expenditures		(537,000)
Unrestricted Net Position 12/31/2016		$ 1,520,000
Restricted Net Position 12/31/2015		$ 0
Proceeds from the sale of Public Housing Property – Willow Street		200,000
Housing Choice Vouchers (2)		56,000
Restricted Net Position 12/31/2016		$ 256,000

(1) Depreciation is treated as an expenses and reduces the results of operations but does not have an impact on Unrestricted Net Position.
(2) The Housing Choice Voucher Program and Moderate Rehabilitation Program require the equity portion attributable to the excess housing assistance payments be reflected as restricted net position. The corresponding funds are reflected in the cash accounts.

The following is a condensed Statement of Changes in Capital Assets comparing balances in capital assets for 2015 and 2016.

Table 4 - Condensed Statement of Changes in Capital Assets

	2015	2016
Land and Land Rights	$ 1,623,000	$ 1,623,000
Building and Improvements	21,283,000	21,834,000
Equipment	396,000	450,000
Construction in Progress	172,000	0
Accumulated Depreciation	(17,322,000)	(17,754,000)
Total	$ 6,152,000	$ 6,153,000

Debt

The Authority has no debt outstanding at year-end 2016.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development has decreased.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Federal Reserve Bank interest rates on investments
- Local labor supply and demand, which can affect salary and wage rates.

Contact the Authority

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

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

ASSETS		
Current Assets		
Cash and Cash Equivalents - Unrestricted (Note 1)	$	3,605,834
Cash and Cash Equivalents - Restricted (Note 3)		345,127
Accounts Receivable, (Net of Allowance for Doubtful Accounts)		172,243
Inventory (Net of Allowance for obsolete)		50,864
Prepaid Expenses and Other Assets		183,775
Total Current Assets		4,357,843
Non-Current Assets		
Notes Receivable		1,053
Interest Receivable		3,240
Capital Assets: (Note 4)		
Non-Depreciable Capital Assets		1,623,261
Depreciation Capital Assets		4,529,853
Total Non-Current Assets		6,157,407
Deferred Outflow of Resources - Pension		515,109
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$	11,030,359
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts Payable	$	211,879
Accrued Wages/Payroll		100,085
Tenant Security Deposits		72,521
Accrued Compensated Absences - Current Portion		97,596
Unearned Revenue		740,229
Other Liabilities		44,554
Total Current Liabilities		1,266,864
Non-Current Liabilities		
Noncurrent Liabilities - Other		18,630
Accrued Pension		1,752,063
Accrued Compensated Absences, Net of Current Portion		29,496
Total Non-Current Liabilities		1,800,189
Total Liabilities	$	3,067,053
Deferred Inflow of Resources - Pension	$	33,924
Net Position		
Investment in Capital Assets, Net of Related Debt		$6,153,114
Restricted		256,552
Unrestricted		1,519,716
Total Net Position	$	7,929,382

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

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

Operating Revenue:	
HUD Operating Subsidies and Grants	$ 11,639,348
Tenant Revenue	913,767
Other Revenue	515,195
Total Operating Revenue	13,068,310
Operating Expenses:	
Administrative Expense	2,108,640
Tenant Services	59,796
Utilities	338,918
Maintenance and Operations	1,045,937
General Expenses	259,309
Housing Assistance Payments	9,765,844
Depreciation Expense	536,495
Total Operating Expenses	14,114,939
Net Operating Income (Loss)	(1,046,629)
Non-Operating Revenues (Expenses)	
Interest Income	10,303
Gain(Loss) on Sale of Capital Assets	8,278
Total Non-Operating Revenues (Expenses)	18,581
Excess of Revenue Over(Under) Expenses before Capital Grants	(1,028,048)
Capital Grants	515,407
Change in Net Position	(512,641)
Net Position - Beginning of Year	8,442,023
Net Position - End of Year	$ 7,929,382

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

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

Cash Flows From Operating Activities:	
Cash Received from HUD	$ 12,379,577
Cash Received from Tenant	913,767
Cash Received from Other Income	515,195
Cash Payments for Housing assistance payments	(9,765,844)
Cash Payments for Administrative	(1,644,658)
Cash Payments for Other Operating Expenses	(1,702,734)
Net Cash Provided (Used) by Operating Activities	695,303
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(537,659)
Gain(Loss) on Sale of Capital Assets	8,278
Capital Grant Funds Received	515,407
Net Cash Provided (Used) by Capital and Related Financing Activities	(13,974)
Cash Flows From Investing Activities:	
Interest Income	10,303
Net Cash Provided (Used) by Investing Activities	10,303
Increase (Decrease) in Cash and Cash Equivalents	691,632
Cash and Cash Equivalents - Beginning of Year	3,259,329
Cash and Cash Equivalents - End of Year	$ 3,950,961
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:	
Operating Income (Loss)	$ (1,046,629)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation	536,495
(Increase) decrease in:	
Accounts Receivable	289,456
Notes Receivable	6,416
Interest Receivable	(477)
Inventory	7,657
Deferred Outflow of Resources - Pension	(453,252)
Prepaid Expenses	721
Increase (decrease) in:	
Accounts Payable	(8,506)
Accrued Wages/Payroll	19,309
Unearned Revenue	740,229
Compensated Absences	5,020
Other Liabilities	(5,352)
Accrued Pension	592,749
Deferred Inflow of Resources - Pension	13,557
Tenant Security Deposits	(1,666)
Noncurrent Liabilities - Other	(424)
Net Cash Provided (Used) by Operating Activities	$ 695,303

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

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

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable. Based on the above criteria, the Authority has no component units.

Fund Accounting
The Authority uses an enterprise fund to report on its financial position and the results of its operations for the Section 8 and Public Housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

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

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

Measurement Focus/Basis of Accounting

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

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

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

Accounting and Reporting for Nonexchange Transactions

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

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

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

Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform). Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

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

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

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

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

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

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

Net Position

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

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2016 totaled $10,303.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

Cash and Cash Equivalents

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

Compensated Absences

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

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

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

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

Inventories
Inventories are stated at cost. The allowance for obsolete inventory was $1,999 at December 31, 2016.

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

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

Deferred Outflows/Inflows of Resources
In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 5.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 5).

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

At fiscal year end, the carrying amount of the Authority's deposits were $3,950,961 and the bank balance was $4,016,267. Included in the carrying amount of deposits at December 31, 2016 is $75 in petty cash. Based on criteria described in GASB Statement No. 40, Deposits and Investments Risk Disclosures, as of December 31, 2016, $750,000 of the Authority's bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority.

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

Investments

The Authority has a formal investment policy; however the Authority's investments at December 31, 2016, were limited to certificates of deposit.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

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

Concentration of Credit Risk (Continued)

Cash and investments included in the Authority's cash position at December 31, 2016, are as follows:

Cash and Investment Type	Fair Value	Investment Maturities (in Years) <1
Carrying Amount of Deposits – Unrestricted	$3,605,834	$3,605,834
Carrying Amount of Deposits – Restricted	345,127	345,127
Totals	$3,950,961	$3,950,961

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of $345,127 on the financial statements represents the following:

FSS Escrow Funds	$ 17,895
Sale of HUD Property	200,476
Housing Choice Voucher	56,076
Tenant Security Deposits	70,680
Total Restricted Cash	$ 345,127

NOTE 4: **CAPITAL ASSETS**

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

	12/31/2015	Reclasses	Additions	Disposals	12/31/2016
Capital Assets Not Being Depreciated					
Land	$1,623,261	$ 0	$ 0	$ 0	$ 1,623,261
Construction in Progress	171,797	(171,797)	0	0	0
Total Capital Assets Not Being Depreciated	1,795,058	(171,797)	0	0	1,623,261
Capital Assets Being Depreciated					
Buildings and Improvements	21,282,788	171,797	379,619		21,834,204
Furniture, Equipment, and Machinery-Administrative	395,745	0	193,375	(139,387)	449,733
Subtotal Capital Assets Being Depreciated	21,678,533	171,797	572,994	(139,387)	22,283,937
Accumulated Depreciation:					
Buildings and Improvements	(17,197,913)	0	(460,421)	0	(17,658,334)
Furniture, Equipment and Machinery-Administrative	(123,728)	0	(76,074)	104,051	(95,751)
Total Accumulated Depreciation	(17,321,641)	0	(536,495)	104,051	(17,754,085)
Depreciable Assets, Net	4,356,892	171,797	36,499	(35,336)	4,529,852
Total Capital Assets, Net	$ 6,151,950	$ 0	$ 36,499	$ (35,336)	$ 6,153,113

Depreciation is calculated using the straight line method with lives varying between 3 and 30 years. The depreciation expense for the year ended December 31, 2016 was $536,495.

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

For fiscal year 2016, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective.

Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the OPERS to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the OPERS Board of Trustees must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description

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

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

All public employees, except those covered by another state retirement system in Ohio or the Cincinnati Retirement System, are required to become contributing members of OPERS when they begin public employment unless they are exempted or excluded as defined by the Ohio Revised Code. For actuarial purposes, employees who have earned sufficient service credit (60 contributing months) are entitled to a future benefit from OPERS. Employer, employee and retiree data as of December 31, 2016 can be found in the OPERS 2016 Comprehensive Annual Financial Report.

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

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

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 35 or more years of service credit. Group C is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Refer to the age-and-service tables located in the OPERS 2016 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

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

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

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

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

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

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

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

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

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

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

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

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

Contributions – The OPERS funding policy provides for periodic employee and employer contributions to all three plans (Traditional Pension, Combined and Member-Directed) at rates established by the Board of Trustees, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the OPERS external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code. Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2016.

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

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

The employee and employer contribution rates are currently set at the maximums authorized by Ohio Revised Code of 10% and 14%, respectively. Based upon the recommendation of the OPERS external actuary, a portion of each employer's contributions to OPERS is set aside for the funding of post-employment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 2.0% for fiscal year 2016. The employer contribution as a percent of covered payroll deposited to the VEBA for participants in the Combined Plan for fiscal year 2016 was 4.5%. The amount of contributions recognized by the OPERS from the Authority during calendar year 2016 was $1,130, which represented 100% of the Authority's required contribution.

Ohio Revised Code Chapter 145 assigned authority to the Board of Trustees to amend the funding policy. As of December 31, 2016, the Board of Trustees adopted the contribution rates that were recommended by the external actuary. The contribution rates were included in a new funding policy adopted by the Board of Trustees in October 2013, and are certified biennially by the Board of Trustees as required by the Ohio Revised Code.

As of December 31, 2016, the date of the last actuarial study, the funding period for all defined benefits of the OPERS was 21 years.

Net Pension Liability

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

Traditional Plan:

Proportionate Share of the Net Pension Liability	$1,752,218
Proportion of the Net Pension Liability	0.0101160%
Pension Expense	$ 246,202

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

Net Pension Liability (continued)

Combined Plan:

Proportionate Share of the Net Pension Liability	$ (155)
Proportion of the Net Pension Liability	0.0003160%
Pension Expense	$ 81

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requires of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

Actuarial Information	Traditional Pension Plan	Combined Plan
Valuation Date	December 31, 2015	December 31, 2015
Experience Study	5 Year Period Ending December 31, 2010	5 Year Period Ending December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
Projected Salary Increases	4.25-10.05% (includes wage inflation at 3.75%)	4.25–8.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retireees: 3.00% Simple through 2018, then 2.80% Simple	Pre 1/7/2013 Retireees: 3.00% Simple Post 1/7/2013 Retireees: 3.00% Simple through 2018, then 2.80% Simple

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

Actuarial Methods and Assumptions (continued)

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

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Authority's proportionate share of the net pension liability/(assets)			
Traditional Plan	$ 2,791,713	$ 1,752,218	$ 875,439
Contribution Plan	$ (3)	$ (155)	$ (274)

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

Asset Class	Allocation	Real Rate of Return
Fixed Income	23.00%	2.31%
Domestic Equities	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	18.00%	4.59%
Total	100%	5.28%

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

Actuarial Methods and Assumptions (continued)

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

OPERS manages investments in four investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan, and the VEBA Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expense, for the Defined Benefit portfolio was 6.95% for 2016.

Average Remaining Service Life

GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2016, the average of the expected remaining service lives of all employees calculated by our external actuaries for the Traditional Pension Plan was 3.1673 years and for the Combined Plan was 9.4080 years.

Deferred Inflows and Deferred Outflows

The deferred inflows and outflows reported in the Statement of Net Position do not include the layer of amortization that is recognized in current year pension expense and represents the balances of deferred amounts as of December 31, 2016. The table below discloses the original amounts of the deferred inflows and outflows, calculated by OPERS external actuaries, and the current year amortization on those amounts included in pension expense as of and for the year ended December 31, 2016.

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

Deferred Inflows and Deferred Outflows

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

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

Traditional Plan:

Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$497,921
Authority contributions subsequent to the measurement Date	17,122
Total Deferred Outflows of Resources	$515,043
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 33,856

Combined Plan:

Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 33
Authority contributions subsequent to the measurement Date	33
Total Deferred Outflows of Resources	$ 66
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 68

$17,155 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Calendar Year Ending December 31	Traditional Pension Plan Net Deferred Outflows of Resources	Combined Plan Net Deferred Inflows of Resources
2016	$ (112,645)	$ (8)
2017	(120,880)	(8)
2018	(131,107)	(8)
2019	(116,554)	(6)
2020	-	9
Thereafter	-	26
Total	$(481,186)	$ 5-

NOTE 6: **OTHER POST-EMPLOYMENT BENEFITS**

Plan Description

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health are plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2016. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

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

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

Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2016, the Authority contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund the OPEB Plan.

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. Effective January 1, 2016, the portion of employer contributions allocated to healthcare remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

In fiscal year 2016, the Authority's contributions to OPERS totaled $188,979. Of this amount, $60,743 was allocated to the health care plan. The portion of the Authority's fiscal year 2015 and 2014 contributions that were allocated to the health care plan were $60,203 and $54,112, 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, 2016. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 7: **COMPENSATED ABSENCES**

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

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

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

At December 31, 2016, based on the vesting method, $127,092 was accrued by the Authority for unused vacation and sick time.

NOTE 8: **INSURANCE**

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

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

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

NOTE 9: **CONTINGENCIES AND OTHER COMMITMENTS**

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2016, the Authority was involved in no matters which management believes would have a material effect on the financial statements. In addition, the Authority had no material operating lease commitments or construction commitments at December 31, 2016.

NOTE 10: **RESTRICTED NET POSITION**

Portage Metropolitan Housing Authority reported Restricted Net Position from the sale of Public Housing property in the amount of $200,476 and $56,076 for Housing Choice Voucher as of December 31, 2016. No restriction has been reported for the Housing Choice Voucher program because it has been concluded that as a Moving to Work (MTW) agency none of the funding the agency receives from HUD is designated as Housing Choice Voucher program HAP revenue. HUD grants Portage Metropolitan Housing Authority as a MTW agency the flexibility to determine how to use MTW funds provided to the agency. None of the MTW funding provided the agency is designated as revenues to be restricted for use to make housing assistance payments under the Section 8 Housing Choice Voucher Program.

NOTE 11: **LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities at December 31, 2016:

	Balance at 01/01/15	Additions	Deletions	Balance at 12/31/16	Due Within One Year
Compensated Absences	$ 122,072	$ 24,041	$(19,021)	$ 127,092	$97,596
Net Pension Liability	$1,159,314	$592,749	$ 0	$1,752,063	$ 0
Total	$1,281,386	$616,790	$(19,021)	$1,879,155	$97,596

See Note 5 for information on the Authority's net pension liability.

NOTE 12 **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Portage Metropolitan Housing Authority and is presented on the accrued basis of accounting. The information 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).

NOTE 13 **SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through May 4, 2017, the date on which the financial statements were available to be issued.

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2016

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

Line item	Account Description	Public Housing	Resident Opportunity & Supportive Services	Housing Choice Voucher	Supportive Housing for Persons with Disabilities
111	Cash - Unrestricted	$ 689,093		3,007	62,411
112	Cash - Restricted	200,476		56,076	
114	Cash - Tenant Security Deposits	70,680			
115	Cash - Restricted for Payment of Current Liabilities				
100	Total Cash	960,249	-	59,083	62,411
122	Acct. Rec. - HUD			4,546	
125	Acct. Rec. - Misc.			121	944
126	Acct. Rec. - Tenants	4,427			
126.1	Allowance Doubtful Accts. - Tenants	(130)			(827)
126.2	Allowance Doubtful Accts. - Other	-			
127	Notes, Loans, & Mortgages Rec. - Current	1,053			
128	Fraud Recovery	966		25	317
128.1	Allowance Doubtful Accts.	(966)		(25)	(317)
129	Accrued Interest Receivable	1,092			
120	Net Total Receivables	6,442	-	4,667	117
142	Prepaid Expenses	66,962		1,211	1,803
143	Inventories	52,863			
143.1	Allowance for Obsolete Inventories	(1,999)			
144	Inter Program Due From	-			
150	**Total Current Assets**	1,084,517	-	64,961	64,331
161	Land	1,413,461			
162	Buildings	19,899,774			
164	Furniture, Equip. & Mach. - Admin.	273,947			
166	Accumulated Depreciation	(16,303,233)			
167	Construction in Progress	-			
160	Net Fixed Assets	5,283,949	-	-	-
200	Deferred Outflow of Resources	155,342		4,986	7,634
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 6,523,808**	**$ -**	**$ 69,947**	**$ 71,965**

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2016

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

Line item	Account Description	Public Housing	Resident Opportunity & Supportive Services	Housing Choice Voucher	Supportive Housing for Persons with Disabilities
312	A/P <= 90 days	$ 27,633		$ 640	$ 573
313	A/P <= 90 days Past Due				
321	Accrued Wage/Taxes Payable	17,613		1,083	1,779
322	Accrued Compensated Absences - Current Portion	36,747		680	916
331	Accounts Payable - HUD PHA			4,355	8,149
332	Accounts Payable - PHA Projects	897			
333	Accounts Payable - Other Government	40,941			
341	Tenant Security Deposits	70,680			
342	Unearned Revenue	4,718		1,949	33,518
345	Other Current Liabilities	39,550		27	35
346	Accrued Liabilities - Other	197			
347	Inter Program - Due To				
357	Accrued Pension	517,080		6,520	24,542
310	Total Current Liabilities	756,056	-	15,254	69,512
353	Non-current Liabilities – Other				
354	Accrued Comp. Abs. - Noncurrent	8,460		151	361
	TOTAL Liabilities	764,516	-	15,405	69,873
400	Deferred Inflow of Resources	10,037		149	478
508.1	Invested in Capital Assets Net	5,283,949			
511.1	Restricted Net Position	200,476		56,076	
512.1	Unrestricted Net Position	264,830		(1,683)	1,614
513	TOTAL Equity/Net Position	5,749,255	-	54,393	1,614
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 6,523,808**	**$ -**	**$ 69,947**	**$ 71,965**

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2016

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

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
111	Cash - Unrestricted	$ 1,186,186	$ 1,627	$ 429,232	$ 731,708
112	Cash - Restricted	17,895			
114	Cash - Tenant Security Deposits				
115	Cash - Restricted for Payment of Current Liabilities				
100	Total Cash	1,204,081	1,627	429,232	731,708
122	Acct. Rec. - HUD	106,547			
125	Acct. Rec. - Misc.	61,897	1,695		
126	Acct. Rec. - Tenants	2,176	-	36,242	8,120
126.1	Allowance Doubtful Accts. - Tenants	(489)	-		(780)
126.2	Allowance Doubtful Accts. - Other	(52,899)	(1,695)		
127	Notes, Loans, & Mortgages Rec. - Current	-	-		
128	Fraud Recovery	35,828	649		
128.1	Allowance Doubtful Accts.	(35,828)	(649)		
129	Accrued Interest Receivable	1,032		733	
120	Net Total Receivables	118,264	-	36,975	7,340
142	Prepaid Expenses	78,805	1,288	6,367	7,452
143	Inventories				
143.1	Allowance for Obsolete Inventories				
144	Inter Program Due From				
150	**Total Current Assets**	1,401,150	2,915	472,574	746,500
161	Land			100,713	19,187
162	Buildings	262,495		198,477	1,067,030
164	Furniture, Equip. & Mach. - Admin.	50,049			
166	Accumulated Depreciation	(102,737)		(161,535)	(915,023)
167	Construction in Progress				
160	Net Fixed Assets	209,807	-	137,655	171,194
200	Deferred Outflow of Resources	208,195	5,518	12,827	16,460
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 1,819,152**	**$ 8,433**	**$ 623,056**	**$ 934,154**

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2016

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

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
312	A/P <= 90 days	$ 19,018	$ 1,207	$ 7,801	$ 574
313	A/P <= 90 days Past Due				
321	Accrued Wage/Taxes Payable	69,483	1,276	1,357	1,333
322	Accrued Compensated Absences - Current Portion	42,309	1,032	3,673	1,661
331	Accounts Payable - HUD PHA	18,593			
332	Accounts Payable - PHA Projects				
	Accounts Payable - Other Government				
341	Tenant Security Deposits				1,841
342	Unearned Revenue	700,016	1		27
345	Other Current Liabilities	951	26	56	3,542
346	Accrued Liabilities - Other				
347	Inter Program - Due To				
357	Accrued Pension	717,443	16,490	50,744	47,732
310	Total Current Liabilities	1,567,813	20,032	63,631	56,710
353	Non-current Liabilities - Other	17,895			735
354	Accrued Comp. Abs. - Noncurrent	15,298	329	1,351	
	TOTAL Liabilities	1,601,006	20,361	64,982	57,445
400	Deferred Inflow of Resources	13,872	324	967	942
508.1	Invested in Capital Assets Net	209,807		137,655	171,194
511.1	Restricted Net Position				
512.1	Unrestricted Net Position	(5,533)	(12,252)	419,452	704,573
513	TOTAL Equity/Net Position	204,274	(12,252)	557,107	875,767
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 1,819,152**	**$ 8,433**	**$ 623,056**	**$ 934,154**

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2016

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

Line item	Account Description	Section 8 Moderate	COCC	Subtotal
111	Cash - Unrestricted	$ 496,436	6,134	$ 3,605,834
112	Cash - Restricted			274,447
114	Cash - Tenant Security Deposits			70,680
115	Cash - Restricted for Payment of Current Liabilities			-
100	Total Cash	496,436	6,134	3,950,961
122	Acct. Rec. - HUD			111,093
125	Acct. Rec. - Misc.	4,045		68,702
126	Acct. Rec. - Tenants	1,580		52,545
126.1	Allowance Doubtful Accts. - Tenants	(3,277)		(5,503)
126.2	Allowance Doubtful Accts. - Other	-		(54,594)
127	Notes, Loans, & Mortgages Rec. - Current			1,053
128	Fraud Recovery	24,177		61,962
128.1	Allowance Doubtful Accts.	(24,177)		(61,962)
129	Accrued Interest Receivable		383	3,240
120	Net Total Receivables	2,348	383	176,536
142	Prepaid Expenses	4,772	15,115	183,775
143	Inventories			52,863
143.1	Allowance for Obsolete Inventories			(1,999)
144	Inter Program Due From			-
150	**Total Current Assets**	503,556	21,632	4,362,136
161	Land		89,900	1,623,261
162	Buildings		406,429	21,834,205
164	Furniture, Equip. & Mach. - Admin.	125,737		449,733
166	Accumulated Depreciation	(9,271)	(262,286)	(17,754,085)
167	Construction in Progress			-
160	Net Fixed Assets	116,466	234,043	6,153,114
200	Deferred Outflow of Resources	19,597	84,550	515,109
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ 639,619**	**$ 340,225**	**$ 11,030,359**

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2016

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

Line item	Account Description	Section 8 Moderate	COCC	Subtotal
312	A/P <= 90 days	$ 2,236	$ 7,466	$ 67,148
313	A/P <= 90 days Past Due			-
321	Accrued Wage/Taxes Payable	1,619	4,542	100,085
322	Accrued Compensated Absences - Current Portion	3,379	7,199	97,596
331	Accounts Payable - HUD PHA	71,599		102,696
332	Accounts Payable - PHA Projects			897
333	Accounts Payable - Other Government			40,941
341	Tenant Security Deposits			72,521
342	Unearned Revenue			740,229
345	Other Current Liabilities	88	279	44,554
346	Accrued Liabilities - Other			197
347	Inter Program - Due To			-
357	Accrued Pension	74,912	296,600	1,752,063
310	Total Current Liabilities	153,833	316,086	3,018,927
353	Non-current Liabilities - Other			18,630
354	Accrued Comp. Abs. - Noncurrent	1,540	2,006	29,496
	TOTAL Liabilities	155,373	318,092	3,067,053
400	Deferred Inflow of Resources	1,432	5,723	33,924
508.1	Invested in Capital Assets Net	116,466	234,043	6,153,114
511.1	Restricted Net Position			256,552
512.1	Unrestricted Net Position	366,348	(217,633)	1,519,716
513	TOTAL Equity/Net Position	482,814	16,410	7,929,382
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ 639,619**	**$ 340,225**	**$ 11,030,359**

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2016

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

Line item	Account Description	Elimination	Total
111	Cash - Unrestricted	$ -	$ 3,605,834
112	Cash - Restricted		274,447
114	Cash - Tenant Security Deposits		70,680
115	Cash - Restricted for Payment of Current Liabilities		-
100	Total Cash	-	3,950,961
122	Acct. Rec. - HUD		111,093
125	Acct. Rec. - Misc.		68,702
126	Acct. Rec. - Tenants		52,545
126.1	Allowance Doubtful Accts. - Tenants		(5,503)
126.2	Allowance Doubtful Accts. - Other		(54,594)
127	Notes, Loans, & Mortgages Rec. - Current		1,053
128	Fraud Recovery		61,962
128.1	Allowance Doubtful Accts.		(61,962)
129	Accrued Interest Receivable		3,240
120	Net Total Receivables		176,536
142	Prepaid Expenses		183,775
143	Inventories		52,863
143.1	Allowance for Obsolete Inventories		(1,999)
144	Inter Program Due From	-	-
150	**Total Current Assets**	-	4,362,136
161	Land		1,623,261
162	Buildings		21,834,205
164	Furniture, Equip. & Mach. - Admin.		449,733
166	Accumulated Depreciation		(17,754,085)
167	Construction in Progress		-
160	Net Fixed Assets	-	6,153,114
200	Deferred Outflow of Resources		515,109
190	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**	**$ -**	**$ 11,030,359**

Portage Metropolitan Housing Authority
Statement of Net Position
December 31, 2016

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

Line item	Account Description	Elimination	Total
312	A/P <= 90 days	$ -	$ 67,148
313	A/P <= 90 days Past Due		-
321	Accrued Wage/Taxes Payable		100,085
322	Accrued Compensated Absences - Current Portion		97,596
331	Accounts Payable - HUD PHA		102,696
332	Accounts Payable - PHA Projects		897
333	Accounts Payable - Other Government		40,941
341	Tenant Security Deposits		72,521
342	Unearned Revenue		740,229
345	Other Current Liabilities		44,554
346	Accrued Liabilities – Other		197
347	Inter Program - Due To		-
357	Accrued Pension		1,752,063
310	Total Current Liabilities	-	3,018,927
353	Non-current Liabilities – Other		18,630
354	Accrued Comp. Abs. – Noncurrent		29,496
	TOTAL Liabilities	-	3,067,053
400	Deferred Inflow of Resources		33,924
508.1	Invested in Capital Assets Net		6,153,114
511.1	Restricted Net Position		256,552
512.1	Unrestricted Net Position		1,519,716
513	TOTAL Equity/Net Position	-	7,929,382
600	**TOTAL LIAB., DEFERRED INFLOWS OF RESOURCES AND EQUITY**	**$ -**	**$ 11,030,359**

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2016

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

Line item	Account Description	Public Housing	Resident Opportunity & Supportive Services	Housing Choice Voucher	Supportive Housing for Persons with Disabilities
703	Net Tenant Rental Revenue	$ 688,128			10
704	Tenant Revenue - Other	50,484			
705	Total Tenant Revenue	738,612	-	-	10
706	HUD PHA Operating Grants		111,378	185,469	403,936
706.1	Capital Grants				
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
708	Other Government Grants				
711	Investment Income - Unrestricted	3,307			
714	Fraud Recovery	30,337		908	3,408
715	Other Revenue	14,122			
716	Gain or Loss on Sale of Capital Assets	9,633			
700	TOTAL REVENUE	796,011	111,378	186,377	407,354
911	Admin Salaries	324,077	57,519	16,359	31,192
912	Audit	4,272		153	212
913	Management Fee	182,005			-
913.1	Bookkeeping Fee	26,227			-
914	Advertising and Marketing	2,073		55	106
915	Employee Benefits	137,919	7,842	7,450	11,792
916	Office Expenses	16,153		1,675	2,487
917	Legal Expense	11,120		591	991
918	Travel	1,595		82	173
919	Other	1,651		59	168
	Total Operating - Admin.	707,092	65,361	26,424	47,121
920	Asset Management Fee	36,360			
921	Tenant Services - Salaries		26,060		
922	Relocation Costs	286			
923	Employee Benefit Contributions - Tenant Services		11,977		
924	Tenant Services - Other	9,386	6,568		
925	Total Tenant Services	9,672	44,605	-	-
931	Water	77,255			
932	Electricity	96,199		212	271
933	Gas	15,056		63	83
934	Fuel	695			
936	Sewer	106,095			
930	Total Utilities	295,300	-	275	354

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2016

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

Line item	Account Description	Public Housing	Resident Opportunity & Supportive Services	Housing Choice Voucher	Supportive Housing for Persons with Disabilities
941	Ordinary Maint. & Operations - Labor	$ 170,308			
942	Ordinary Maint. & Operations - Materials & Other	160,181		79	120
943	Ordinary Maint. & Operations - Contracts	232,650		2,139	3,459
945	Employee Benefits Contributions - Ordinary Maint.	141,283			
940	Total Maintenance	704,422	-	2,218	3,579
961.1	Property Insurance	48,941		152	300
961.2	Liability Insurance	-			
961.3	Workmen's Compensation	9,736	1,412	335	495
961.4	All Other Insurance	-		6	8
961	Total Insurance	58,677	1,412	493	803
962	Other General Expenses				
962.1	Compensated Absences	5,568		45	(928)
963	Payments in Lieu of Taxes	42,129		3	4
964	Bad Debt - Tenant Rents	38,530		346	2,520
966	Bad Debt - Other	-		-	325
960	Total Other General Expenses	86,227	-	394	1,921
	TOTAL OPERATING EXPENSES	1,897,750	111,378	29,804	53,778
970	Excess Operating Revenue over Expenses	(1,101,739)	-	156,573	353,576
971	Extraordinary Maintenance				
972	Casualty Losses - Non Capital	1,226			
973	Housing Assistance Payments			162,643	351,291
973.5	HAP Portability-In				
974	Depreciation Expense	448,441			
900	TOTAL EXPENSES	2,347,417	111,378	192,447	405,069
1001	Operating Transfer In	77,643			
1002	Operating Transfer Out	(77,643)			
10093	Transfers between Program and Project-In	1,403,870			
10094	Transfers between Program and Project-Out				
1010	Total Other Financing Sources (Uses)	1,403,870	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ (147,536)	$ -	$ (6,070)	$ 2,285

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2016

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

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
703	Net Tenant Rental Revenue				$ 169,450
704	Tenant Revenue - Other	10			5,685
705	Total Tenant Revenue	10	-	-	175,135
706	HUD PHA Operating Grants		404,850		
706.1	Capital Grants				
707.1	Management Fee				
707.2	Asset Management Fee				
707.3	Bookkeeping Fee				
708	Other Government Grants			5,500	
711	Investment Income - Unrestricted	3,242		1,536	1,809
714	Fraud Recovery	79,481	534	-	-
715	Other Revenue	16,517	2,433	271,509	54,475
716	Gain or Loss on Sale of Capital Assets	(6,289)			(1,997)
700	TOTAL REVENUE	92,961	407,817	278,545	229,422
911	Admin Salaries	555,528	3,385	77,776	23,432
912	Audit	5,688	153	460	342
913	Management Fee				
913.1	Bookkeeping Fee				
914	Advertising and Marketing	3,046	75	74	58
915	Employee Benefits	270,425	5,771	25,014	12,666
916	Office Expenses	61,082	1,837	3,353	2,615
917	Legal Expense	24,423	703	56,873	1,937
918	Travel	3,962	616	3,096	65
919	Other	3,761	1,269	14,151	9
	Total Operating - Admin.	927,915	13,809	180,797	41,124
920	Asset Management Fee				
921	Tenant Services - Salaries			4,293	
922	Relocation Costs				
923	Employee Benefit Contributions - Tenant Services			548	
924	Tenant Services - Other			678	
925	Total Tenant Services	-	-	5,519	-
931	Water				5,152
932	Electricity	7,459	200	436	6,079
933	Gas	2,312	63	128	8,222
934	Fuel				
936	Sewer				9,161
930	Total Utilities	9,771	263	564	28,614

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2016

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

Line item	Account Description	Moving to Work Demonstration Program	Shelter Plus Care	State & Local	Business Activities
941	Ordinary Maint. & Operations - Labor	$ 3,556		$ 37,962	$ 9,050
942	Ordinary Maint. & Operations - Materials & Other	5,731	86	14,297	8,002
943	Ordinary Maint. & Operations - Contracts	95,700	1,856	46,513	27,940
945	Employee Benefits Contributions - Ordinary Maint.	2,839		30,696	7,517
940	Total Maintenance	107,826	1,942	129,468	52,509
961.1	Property Insurance	8,422	283	845	4,499
961.2	Liability Insurance		-	-	-
961.3	Workmen's Compensation	10,314	356	2,535	829
961.4	All Other Insurance	1,971	6	13	2,331
961	Total Insurance	20,707	645	3,393	7,659
962	Other General Expenses			2,362	
962.1	Compensated Absences	4,351	(43)	1,990	(472)
963	Payments in Lieu of Taxes	99	3	6	78
964	Bad Debt - Tenant Rents	39,168	276		3,031
966	Bad Debt - Other	490	77		
960	Total Other General Expenses	44,108	313	4,358	2,637
	TOTAL OPERATING EXPENSES	1,110,327	16,972	324,099	132,543
970	Excess Operating Revenue over Expenses	(1,017,366)	390,845	(45,554)	96,879
971	Extraordinary Maintenance				
972	Casualty Losses - Non Capital				
973	Housing Assistance Payments	8,044,061	377,802		
973.5	HAP Portability-In	1,539			
974	Depreciation Expense	12,678		3,897	41,807
900	TOTAL EXPENSES	9,168,605	394,774	327,996	174,350
1001	Operating Transfer In				
1002	Operating Transfer Out				
10093	Transfers between Program and Project-In	8,684,633			
10094	Transfers between Program and Project-Out				
1010	Total Other Financing Sources (Uses)	8,684,633	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ (391,011)	$ 13,043	$ (49,451)	$ 55,072

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2016

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

Line item	Account Description	Section 8 Moderate	COCC	CFP Moving to Work Demonstration Program
703	Net Tenant Rental Revenue			
704	Tenant Revenue – Other			
705	Total Tenant Revenue	-	-	-
706	HUD PHA Operating Grants	960,619		
706.1	Capital Grants			515,407
707.1	Management Fee		$ 182,005	
707.2	Asset Management Fee		36,360	
707.3	Bookkeeping Fee		26,227	
708	Other Government Grants			
711	Investment Income – Unrestricted	26	383	
714	Fraud Recovery	28,988		
715	Other Revenue	4,036	2,947	
716	Gain or Loss on Sale of Capital Assets		6,931	
700	TOTAL REVENUE	993,669	254,853	515,407
911	Admin Salaries	62,257	91,082	
912	Audit	519		
913	Management Fee			
913.1	Bookkeeping Fee			
914	Advertising and Marketing	258	386	
915	Employee Benefits	27,481	94,093	
916	Office Expenses	5,907	16,726	
917	Legal Expense	2,514	4,686	
918	Travel	409	435	
919	Other	387	89	
	Total Operating - Admin.	99,732	207,497	-
920	Asset Management Fee			
921	Tenant Services – Salaries			
922	Relocation Costs		.	
923	Employee Benefit Contributions - Tenant Services			
924	Tenant Services – Other			
925	Total Tenant Services	-	-	-
931	Water			
932	Electricity	683	2,192	
933	Gas	221	681	
934	Fuel			
936	Sewer			
930	Total Utilities	904	2,873	-

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

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

Line item	Account Description	Section 8 Moderate	COCC	CFP Moving to Work Demonstration Program
941	Ordinary Maint. & Operations - Labor		$ 1,893	
942	Ordinary Maint. & Operations - Materials & Other	295	7,975	
943	Ordinary Maint. & Operations - Contracts	10,296	24,422	
945	Employee Benefits Contributions - Ordinary Maint.		273	
940	Total Maintenance	10,591	34,563	-
961.1	Property Insurance			
961.2	Liability Insurance	1,037	1,916	
961.3	Workmen's Compensation	1,285	3,844	
961.4	All Other Insurance	20	65	
961	Total Insurance	2,342	5,825	-
962	Other General Expenses			
962.1	Compensated Absences	(1,156)	(3,601)	
963	Payments in Lieu of Taxes	9	29	
964	Bad Debt - Tenant Rents	20,009		
966	Bad Debt - Other	879		
960	Total Other General Expenses	19,741	(3,572)	-
	TOTAL OPERATING EXPENSES	133,310	246,005	-
970	Excess Operating Revenue over Expenses	860,359	8,848	515,407
971	Extraordinary Maintenance			
972	Casualty Losses - Non Capital			
973	Housing Assistance Payments	828,508		
973.5	HAP Portability-In			
974	Depreciation Expense	9,055	20,617	
900	TOTAL EXPENSES	970,873	266,622	-
1001	Operating Transfer In			
1002	Operating Transfer Out			
10093	Transfers between Program and Project-In			
10094	Transfers between Program and Project-Out			(515,407)
1010	Total Other Financing Sources (Uses)	-	-	(515,407)
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ 22,796	$ (11,769)	$ -

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2016

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

Line item	Account Description	HVC Moving to Work Demonstration Program	Low Rent Moving to Work Demonstration Program	Subtotal	Elimination	Total
703	Net Tenant Rental Revenue			$ 857,588	$ -	$ 857,588
704	Tenant Revenue - Other			56,179		56,179
705	Total Tenant Revenue	-	-	913,767	-	913,767
706	HUD PHA Operating Grants	$ 8,684,633	$ 888,463	11,639,348		11,639,348
706.1	Capital Grants			515,407		515,407
707.1	Management Fee			182,005	(182,005)	-
707.2	Asset Management Fee			36,360	(36,360)	-
707.3	Bookkeeping Fee			26,227	(26,227)	-
708	Other Government Grants			5,500		5,500
711	Investment Income - Unrestricted			10,303		10,303
714	Fraud Recovery			143,656		143,656
715	Other Revenue			366,039		366,039
716	Gain or Loss on Sale of Capital Assets			8,278		8,278
700	TOTAL REVENUE	8,684,633	888,463	13,846,890	(244,592)	13,602,298
911	Admin Salaries			1,242,607		1,242,607
912	Audit			11,799		11,799
913	Management Fee			182,005	(182,005)	-
913.1	Bookkeeping Fee			26,227	(26,227)	-
914	Advertising and Marketing			6,131		6,131
915	Employee Benefits			600,453		600,453
916	Office Expenses			111,835		111,835
917	Legal Expense			103,838		103,838
918	Travel			10,433		10,433
919	Other			21,544		21,544
	Total Operating - Admin.	-	-	2,316,872	(208,232)	2,108,640
920	Asset Management Fee			36,360	(36,360)	-
921	Tenant Services - Salaries			30,353		30,353
922	Relocation Costs			286		286
923	Employee Benefit Contributions - Tenant Services			12,525		12,525
924	Tenant Services - Other			16,632		16,632
925	Total Tenant Services	-	-	59,796		59,796
931	Water			82,407		82,407
932	Electricity			113,731		113,731
933	Gas			26,829		26,829
934	Fuel			695		695
936	Sewer			115,256		115,256
930	Total Utilities	-	-	338,918	-	338,918

Portage Metropolitan Housing Authority
Statement of Revenues and Expenses
For the Year Ended December 31, 2016

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

Line item	Account Description	HVC Moving to Work Demonstration Program	Low Rent Moving to Work Demonstration Program	Total	Elimination	Total
941	Ordinary Maint. & Operations - Labor			$ 222,769		$ 222,769
942	Ordinary Maint. & Operations - Materials & Other			191,358		191,358
943	Ordinary Maint. & Operations - Contracts			448,126		448,126
945	Employee Benefits Contributions - Ordinary Maint.			183,684		183,684
940	Total Maintenance	-	-	1,045,937	-	1,045,937
961.1	Property Insurance			63,442		63,442
961.2	Liability Insurance			2,953		2,953
961.3	Workmen's Compensation			31,141		31,141
961.4	All Other Insurance			4,420		4,420
961	Total Insurance	-	-	101,956	-	101,956
962	Other General Expenses			2,362		2,362
962.1	Compensated Absences			5,754		5,754
963	Payments in Lieu of Taxes			42,360		42,360
964	Bad Debt - Tenant Rents			103,880		103,880
966	Bad Debt - Other			1,771		1,771
960	Total Other General Expenses	-	-	156,127	-	156,127
	TOTAL OPERATING EXPENSES	-	-	4,055,966	(244,592)	3,811,374
970	Excess Operating Revenue over Expenses	8,684,633	888,463	9,790,924	-	9,790,924
971	Extraordinary Maintenance					-
972	Casualty Losses - Non Capital			1,226		1,226
973	Housing Assistance Payments			9,764,305		9,764,305
973.5	HAP Portability-In			1,539		1,539
974	Depreciation Expense			536,495		536,495
900	TOTAL EXPENSES	-	-	14,359,531	(244,592)	14,114,939
1001	Operating Transfer In			77,643		77,643
1002	Operating Transfer Out			(77,643)		(77,643)
10093	Transfers between Program and Project-In			10,088,503		10,088,503
10094	Transfers between Program and Project-Out	(8,684,633)	(888,463)	(10,088,503)		(10,088,503)
1010	Total Other Financing Sources (Uses)	(8,684,633)	(888,463)	-	-	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$ -	$ -	$ (512,641)	$ -	$ (512,641)

Portage Metropolitan Housing Authority
Additional Information Required by HUD
For the Year Ended December 31, 2016

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

Line item	Account Description	Public Housing	Section 8 Moderate	Moving to Work Demonstration Program	Supportive Housing for Persons with Disabilities
11190	Unit Months Available	3,636	1,984	18,504	900
11210	Number of Unit Month Leased	3,484	1,984	17,511	882

Portage Metropolitan Housing Authority
Additional Information Required by HUD
For the Year Ended December 31, 2016

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

Line item	Account Description	Business Activities	Housing Choice Vouchers	Shelter Plus Care
11190	Unit Months Available	324	480	600
11210	Number of Unit Month Leased	300	469	600

PORTAGE METROPOLITAN HOUSING AUTHORITY
RAVENNA, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016 AND 2015
(UNAUDITED)

	2016	2015
Traditional Plan:		
Authority's Proportion of the Net Pension Liability	0.0101160%	0.0093080%
Authority's Proportionate Share of the Net Pension Liability	$ 1,752,218	$ 1,159,315
Authority's Covered Employee Payroll	$ 1,341,768	$ 1,337,850
Authority's Proportionate Share of the Net Pension Liability as a percentage of its covered employee payroll	130.59%	86.66%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	81.08%	86.45%
Combined Plan:		
Authority's Proportion of the Net Pension Liability	0.0003160%	0.0003040%
Authority's Proportionate Share of the Net Pension Liability	$ (155)	$ (116)
Authority's Covered Employee Payroll	$ 1,130	$ 5,500
Authority's Proportionate Share of the Net Pension Liability as a percentage of its covered employee payroll	-13.72%	-2.11%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	116.90%	114.83%

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required employer contribution	$ 188,978	$ 187,299	$ 167,984	$ 162,896	$ 167,569	$ 163,108	$ 165,020	$ 165,512	$ 154,963	$ 143,254
Contributions in relation to the contractually required contribution	$(188,978)	$ (187,299)	$(167,984)	$(162,896)	$(167,569)	$(163,108)	$ (165,020)	$ (165,512)	$ (154,963)	$ (143,254)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority covered-employee payroll	$1,349,843	$ 1,337,850	$1,199,886	$1,163,543	$1,196,921	$1,165,057	$ 1,178,714	$1,182,229	$1,113,240	$ 1,029,124
Contribution as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.92%	13.92%

Ohio Public Employees' Retirement System

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

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2016 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2016 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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PORTAGE METROPOLITAN HOUSING AUTHORITY
SCHEDULLE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Fund Expended
U.S. Department of Housing and Urban Development		
Direct Programs:		
Section 8 Programs:		
Section 8 Project Based Cluster:		
Moving to Work Demonstration Program	14.881	$10,088,503
Annual Contribution – Mod. Rehab.	14.856	960,619
Supportive Housing for Persons with Disabilities	14.181	403,936
Annual Contribution – Housing Choice Voucher	14.871	185,469
Total Section 8 Program		11,638,527
Resident Opportunity and Supportive Services	14.870	111,378
Shelter Plus Care	14.238	404,850
Total U.S. Department of Housing and Urban Development		12,154,755
TOTAL ALL PROGRAMS		$12,154,755

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

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Kevin L.
Penn, Inc.

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

Board of Trustees
Portage Metropolitan Housing Authority
Ravenna, Ohio 44266

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Portage Metropolitan Housing Authority, Portage County, Ohio as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated May 4, 2017.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, I did not identify any deficiencies in internal control that I consider material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that I consider a significant deficiency in internal control. I consider finding 2016-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Portage Metropolitan Housing Authority's financial statements are free 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 my audit and accordingly, I do not express an opinion. The results of my tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

I noted certain matters that I reported to management of Portage Metropolitan Housing Authority's in a separate letter dated May 4, 2017.

Entity's Response to Findings

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

Purpose of this Report

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

Kevin L. Penn, Inc.

May 4, 2017

Kevin L.
Penn, Inc.

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

Board of Trustees
Portage Metropolitan Housing Authority
Ravenna, Ohio 44266

Report on Compliance for Each Major Federal Program

I have audited Portage Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Portage Metropolitan Housing Authority's major federal programs for the year ended December 31, 2016. Portage Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, Portage Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of Portage Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Portage Metropolitan Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Portage Metropolitan Housing Authority's internal control over compliance.

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

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

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

Kevin L. Penn, Inc.

May 4, 2017

Portage Metropolitan Housing Authority
Schedule of Findings
December 31, 2016

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Section II - Financial Statement Findings

2016-001

Indirect Cost Allocation Plan

Condition:

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

Criteria:

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

Effect:

Indirect costs percentage was not documented.

Cause:

Lack of internal controls over financial statement preparation.

Recommendation:

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

Views of Responsible Officials:

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

Auditee's Response:

PMHA completed a time study of staff during the final quarter of 2016. This study serves as the basis for allocations used in 2017.

Section III - Federal Award Findings

No matters were reported.

Portage Metropolitan Housing Authority
Status of Prior Year Findings
December 31, 2016

2015-001

Preparation of Financial Statements

Condition:

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

Recommendation:

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

Auditee's Response:

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

Current Status:

This finding has been corrected.

2015-002

Indirect Cost Allocation Plan

Condition:

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

Recommendation:

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

Auditee's Response:

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

Current Status:

This finding will be repeated in the 2016 audit.

2015-003

Compensation – Fringe Benefits

Condition:

During the 2016 calendar year, there was compensation for fringe benefits, relating to automobile costs furnished by the Authority that relates to personal use by employees.

Recommendation:

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

Auditee's Response:

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

Current Status:

This finding has been corrected.

PMHA
Portage Metropolitan Housing Authority

CORRECTIVE ACTION PLAN

December 31, 2016

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

Portage Metropolitan Housing Authority respectively submit the following corrective action plan for the year ended December 31, 2016.

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

Audit Period: December 31, 2016

The findings from December 31, 2016 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Significant Deficiency

2016-001

Indirect Cost Allocation Plan

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

Action Taken: PMHA completed a time study of staff during the final quarter of 2016. This study serves as the basis for allocations used in 2017.

Contact Person: Pamela Nation Calhoun, Acting Executive Director

Anticipated Date of Finding Resolution: December 31, 2016

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

Sincerely,

PORTAGE METROPOLITAN HOUSING AUTHORITY

Pamela Nation Calhoun

Pamela Nation Calhoun
Executive Director

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

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Dave Yost • Auditor of State

PORTAGE COUNTY METROPOLITAN HOUSING AUTHORITY

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 26, 2017

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