

Perry Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2014



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Perry Housing Metropolitan Authority, Perry County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

August 28, 2015

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PERRY METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Perry Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Perry Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Perry Metropolitan Housing Authority as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

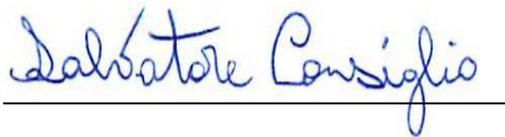
Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Perry Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") and The PHA Statement of Certificate of Actual Modernization Costs are presented for purposes of additional analysis as required by the Department of Housing and Urban Development and are not a required part of the Basic Financial Statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion,

the information is fairly stated in all material respect in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 26, 2015, on my consideration of the Perry Metropolitan Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Perry Metropolitan Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Salvatore Consiglio". The signature is written in a cursive style and is positioned above a solid horizontal line.

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
June 26, 2015

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Unaudited

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

Since the MD&A is designed to focus of the 2014 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- Total revenues: FYE 12/31/13: \$1,588,632 Increase of \$11,317 (.71%)
 FYE 12/31/14: \$1,599,949

- Total expenses: FYE 12/31/13: \$1,915,024 Decrease of \$78,740 (4.29%)
 FYE 12/31/14: \$1,836,284

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

| |
|---|
| <p>MD & A -Management Discussion and Analysis-</p> <hr style="width: 80%; margin: 10px auto;"/> |
| <p>Basic Financial Statements -Statement of Net Position- -Statement of Revenues, Expenses and Changes in Net Position- -Statement of Cash Flows- -Notes to Financial Statements-</p> |

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
Unaudited

Authority financial Statements

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

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

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

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

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

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

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

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

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Unaudited

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

AUTHORITY PROGRAMS

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

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

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

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

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

AUTHORITY STATEMENTS

Statement of Net Position

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Unaudited

TABLE 1
Statement of Net Position

| | <u>2014</u> | <u>2013</u> |
|---|-------------------------|-------------------------|
| Current and Other Assets | \$ 646,477 | \$ 663,548 |
| Capital Assets | 2,626,527 | 2,834,896 |
| Notes, loans & mortgages receivable - non current | <u>143,884</u> | <u>148,451</u> |
| Total Assets | <u>\$ 3,416,888</u> | <u>\$ 3,646,895</u> |
| Current Liabilities | \$ 119,708 | \$ 112,751 |
| Long-Term Liabilities | <u>85,824</u> | <u>86,453</u> |
| Total Liabilities | <u>205,532</u> | <u>199,204</u> |
| Net Positions: | | |
| Net Investment in Capital Assets | 2,626,527 | 2,834,896 |
| Restricted Net Positions | 79,216 | 2 |
| Unrestricted Net Positions | <u>505,613</u> | <u>612,793</u> |
| Total Net Positions | <u>3,211,356</u> | <u>3,447,691</u> |
| Total Liabilities and Net Positions | <u>\$ 3,416,888</u> | <u>\$ 3,646,895</u> |

Major Factors Affecting the Statement of Net Position

During 2014, current assets decreased by \$17,071, and current liabilities increased by \$6,957. The decrease in current assets is mainly due to the change in cash due to the result of current activities. The increase in liability is due to the addition of payables.

Capital assets also changed, decreasing from \$2,834,896 to \$2,626,527. The \$208,369 decrease is contributed primarily to the current year depreciation.

The change in the Restricted Net Position of an increase of \$79,214 was due to the housing assistance funds received in advance from HUD that exceeded the housing assistance payments made during the year.

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Unaudited

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

TABLE 2
CHANGE OF NET POSITION

| | Unrestricted | Restricted | Net Investment In Capital Assets |
|---------------------------------------|---------------------|-------------------|---|
| Beginning Balance - January 1, 2014 | \$ 612,793 | \$ 2 | \$ 2,834,896 |
| Results of Operation | (315,549) | 79,214 | - |
| Adjustments: | | | |
| Current Year Depreciation Expense (1) | 208,370 | - | (208,370) |
| Rounding Adjustment | (1) | - | 1 |
| Ending Balance - December 31, 2014 | <u>\$ 505,613</u> | <u>\$ 79,216</u> | <u>\$ 2,626,527</u> |

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

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

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

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

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PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014
Unaudited

TABLE 3
Statement of Revenue, Expenses & Changes in Net Positions

| | <u>2014</u> | <u>2013</u> |
|--|----------------------------|----------------------------|
| <u>Revenues</u> | | |
| Total Tenant Revenues | \$ 286,794 | \$ 298,322 |
| Government operating grants | 1,300,721 | 1,252,825 |
| Investment Income | 2,004 | 5,739 |
| Other Revenues | 10,430 | 31,746 |
| | <u>1,599,949</u> | <u>1,588,632</u> |
| <u>Expenses</u> | | |
| Administrative | 293,873 | 293,793 |
| Tenant Services | 8,804 | 5,800 |
| Utilities | 158,906 | 149,945 |
| Maintenance | 316,431 | 278,843 |
| General, Insurance and Interest Expenses | 98,396 | 102,134 |
| Housing Assistance Payments | 751,504 | 874,657 |
| Depreciation | 208,370 | 209,852 |
| | <u>1,836,284</u> | <u>1,915,024</u> |
| Net Increases (Decreases) | <u>\$ (236,335)</u> | <u>\$ (326,392)</u> |

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

Government Operating Grants reflects an increase of \$47,896. Tenant dwelling revenue decreased by \$11,528 due to families' income composition. Total expenses decreased \$78,740 due mainly to decreases in housing assistance payments.

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Unaudited

CAPITAL ASSETS

As of year-end, the Authority had \$2,626,527 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$208,369 or 7.35% from the end of 2013. This decrease was due to depreciation expense.

TABLE 4
CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

| | <u>2014</u> | <u>2013</u> |
|--------------------------|-------------------------|-------------------------|
| Land and Land Rights | \$ 250,209 | \$ 250,209 |
| Buildings | 7,191,658 | 7,191,658 |
| Equipment | 410,401 | 410,401 |
| Leasehold Improvement | 1,802,040 | 1,802,040 |
| Accumulated Depreciation | <u>(7,027,781)</u> | <u>(6,819,412)</u> |
| Total | <u>\$ 2,626,527</u> | <u>\$ 2,834,896</u> |

The following reconciliation identifies the change in Capital Assets:

TABLE 5
CHANGE IN CAPITAL ASSETS

| | | |
|-------------------------------------|----|------------------|
| Beginning Balance - January 1, 2013 | \$ | 2,834,896 |
| Current Year Depreciation Expense | | <u>(208,370)</u> |
| Ending Balance - December 31, 2014 | \$ | <u>2,626,527</u> |

DEBT OUTSTANDING

As of December 31, 2014 the Authority was in debt in the amount of \$75,243.

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Unaudited

Table 6

Condensed Statement of Changes in Debt Outstanding

| | | |
|-------------------------------------|----|----------------------|
| Beginning Balance - January 1, 2014 | \$ | 79,779 |
| Current Year Loan Retirements | | <u>(4,536)</u> |
| Ending Balance - December 31, 2014 | \$ | <u><u>75,243</u></u> |

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

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

PERRY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Unaudited

FINANCIAL CONTACT

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

**Perry Metropolitan Housing Authority
Statement of Net Position
Proprietary Funds
December 31, 2014**

ASSETS

Current assets

| | |
|--------------------------------------|-----------------------|
| Cash and cash equivalents | \$398,910 |
| Restricted cash and cash equivalents | 112,484 |
| Investments - Unrestricted | 78,239 |
| Receivables, net | 12,146 |
| Inventories, net | 11,796 |
| Prepaid and other assets | 32,902 |
| Total current assets | <u>646,477</u> |

Noncurrent assets

| | |
|--------------------------------|----------------------------------|
| Capital assets: | |
| Land | 250,209 |
| Building and equipment | 9,404,099 |
| Less accumulated depreciation | <u>(7,027,781)</u> |
| Capital assets, net | 2,626,527 |
| Other noncurrent assets | 143,884 |
| Total noncurrent assets | <u>2,770,411</u> |
| Total assets | <u><u>\$3,416,888</u></u> |

Current liabilities

| | |
|----------------------------------|-------------------------|
| Accounts payable | \$4,955 |
| Accrued liabilities | 57,875 |
| Intergovernmental payables | 12,303 |
| Tenant security deposits | 29,163 |
| Unearned revenue | 10,380 |
| Bonds, notes, and loans payable | 5,032 |
| Total current liabilities | <u>\$119,708</u> |

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

Perry Metropolitan Housing Authority
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2014

| | |
|--|----------------------------------|
| Noncurrent liabilities | |
| Bonds, notes, and loans payable | \$70,211 |
| Accrued compensated absences non-current | 11,508 |
| Noncurrent liabilities - other | 4,105 |
| <i>Total noncurrent liabilities</i> | <u>85,824</u> |
| Total liabilities | <u>\$205,532</u> |
| <i>NET POSITION</i> | |
| Net investments in capital assets | \$2,626,527 |
| Restricted | 79,216 |
| Unrestricted | 505,613 |
| Total net position | <u><u>\$3,211,356</u></u> |

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

Perry Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014

OPERATING REVENUES

| | |
|---------------------------------|-------------------------|
| Tenant Revenue | \$286,794 |
| Government operating grants | 1,300,721 |
| Other revenue | 10,430 |
| Total operating revenues | <u>1,597,945</u> |

OPERATING EXPENSES

| | |
|---------------------------------|-------------------------|
| Administrative | 293,873 |
| Tenant services | 8,804 |
| Utilities | 158,906 |
| Maintenance | 316,431 |
| Insurance | 32,388 |
| General | 66,008 |
| Housing assistance payment | 751,504 |
| Depreciation | 208,370 |
| Total operating expenses | <u>1,836,284</u> |
| Operating income (loss) | <u>(238,339)</u> |

NONOPERATING REVENUES (EXPENSES)

| | |
|---|----------------------------------|
| Interest and investment revenue | 2,004 |
| Total nonoperating revenues (expenses) | <u>2,004</u> |
| Change in net position | (236,335) |
| Total net position - beginning | 3,447,691 |
| Total net position - ending | <u><u>\$3,211,356</u></u> |

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

**Perry Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|-------------|
| Operating grants received | \$1,300,721 |
| Tenant revenue received | 286,810 |
| Other revenue received | 10,461 |
| General and administrative expenses paid | (851,903) |
| Housing assistance payments | (751,504) |

Net cash provided (used) by operating activities (5,415)

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--------------------------------------|----------|
| Interest earned | 2,004 |
| Investment in Certificate of Deposit | (78,239) |
| Proceeds from note receivable | 4,535 |

Net cash provided (used) by investing activities (71,700)

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

| | |
|------------------------|---------|
| Debt principal payment | (4,536) |
|------------------------|---------|

Net cash provided (used) by capital and related activities (4,536)

Net increase (decrease) in cash (81,651)

Cash and cash equivalents - Beginning of year 593,045

Cash and cash equivalents - End of year **\$511,394**

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

**Perry Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2014**

***RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES***

| | |
|---|-------------------------|
| Net Operating Income (Loss) | (\$238,339) |
| Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities | |
| - Depreciation | 208,370 |
| - (Increases) Decreases in Accounts Receivable | 5,729 |
| - (Increases) Decreases in Inventory | (431) |
| - (Increases) Decreases in Prepaid Assets | 8,392 |
| - Increases (Decreases) in Accounts Payable | (5,267) |
| - Increases (Decreases) in Accrued Expenses Payable | (55) |
| - Increases (Decreases) in Compensated Absence Payable | 7,126 |
| - Increases (Decreases) in Intergovernmental Payable | (2,500) |
| - Increases (Decreases) in Deferred Revenue | 1,376 |
| - Increases (Decreases) in Tenant Security Deposits | 231 |
| - Increases (Decreases) in Accrued other Liabilities-Other | 12,981 |
| - Increases (Decreases) in Non-Current Liabilities Other | (3,028) |
| | (3,028) |
| <i>Net cash provided by operating activities</i> | <i>(\$5,415)</i> |

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

exists if the primary government **a)** is entitled to the organization's resources; **b)** is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or **c)** is obligated in some manner for the debt of the organization.

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

Basis of Presentation

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

Fund Accounting

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

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

Proprietary Fund Types

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus/Basis of Accounting

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

Description of programs

The following are the various programs which are included in the single enterprise fund:

A. **Public Housing Program**

The Public Housing Program is designed to provide low-cost housing within the Perry County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. **Capital Fund Program**

The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

C. **Housing Choice Voucher Program**

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

D. **Business Activity**

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

Accounting and Reporting for Non-exchange Transactions

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unearned Revenue

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

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year 2014 totaled \$2,004.

Capital Assets

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

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Positions

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

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

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

Compensated Absences

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

PERRY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 amount reported as a fund liability.

| | Current Accrued Compensated Absence | Long-Term Accrued Compensated Absence | Total Accrued Compensated Absence |
|------------------------|--|--|--|
| Public Housing | \$17,775 | \$11,508 | \$29,283 |
| Housing Choice Voucher | 1,183 | | 1,183 |
| Central Office | 4,152 | 0 | 4,152 |
| | | | |
| Total | \$23,110 | \$11,508 | \$34,618 |
| | | | |

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

| | Balance 12/31/13 | Increase | Decrease | Balance 12/31/14 | Due Within One Year |
|--|---------------------|----------|----------|---------------------|------------------------|
| Total Compensated Absence Liability | \$27,492 | \$36,400 | \$29,274 | \$34,618 | \$23,110 |
| | | | | | |

Inventories

Inventory valued of \$11,796 in the financial statements is stated at net of obsolete balance. The allowance for obsolete inventory was \$1,313 at December 31, 2014.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables – net of allowance

Total receivable as December 31, 2014 is \$12,146. This amount is net from the allowance of doubtful account of \$21,173. Bad debts are provided on the allowance method based on management's evaluation of the probability of collecting the outstanding tenant receivable balances at the end of the year.

Budgetary Accounting

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

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

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

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two period of designation of depositories. Inactive deposits must either be evidenced by certificate of deposits maturing not later than the end of the current period of designation of the depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year-end December 31, 2014, the carrying amount of the Authority's deposits totaled \$511,394 and its bank balance was \$550,892. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2014, \$81,718 was exposed to custodial risk as discussed below, while \$469,174 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

NOTE 3: RESTRICTED CASH AND INVESTMENT

Restricted cash balance as of December 31, 2014 of \$112,484 represents cash on hand for the following:

| | |
|--|----------|
| Tenant Security Deposit | \$29,163 |
| Cash held in FSS Escrow | \$4,105 |
| Cash on hand advance from HUD to be used for tenants housing assistance payments | \$79,216 |

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 4: CAPITAL ASSETS

The following is a summary of changes:

| | Balance 12/31/13 | Additions | Deletions | Balance 12/31/14 |
|--|-----------------------------|--------------------|------------------|-----------------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$250,209 | \$0 | \$0 | \$250,209 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 8,993,698 | 0 | 0 | 8,993,698 |
| Furniture and Equipment | 410,401 | 0 | 0 | 410,401 |
| Total Capital Assets Being Depreciated | 9,404,099 | 0 | 0 | 9,404,099 |
| Accumulated Depreciation: | | | | |
| Buildings and Improvements | (6,534,121) | (184,152) | 0 | (6,718,273) |
| Furniture and Equipment | (285,291) | (24,217) | 0 | (309,508) |
| Total Accumulated Depreciation | (6,819,412) | (208,370) | 0 | (7,027,781) |
| Total Capital Assets Being Depreciation | 2,584,687 | (208,370) | 0 | 2,376,318 |
| Total Capital Assets, Net | \$2,834,896 | (\$208,370) | \$0 | \$2,626,527 |

NOTE 5: LONG-TERM DEBT

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 5: LONG-TERM DEBT (CONTINUED)

| | |
|---|-----------------|
| <ul style="list-style-type: none"> • Loan payment to North Valley Bank dated May 2002 in the amount of \$84,311, due in August 2031; interest rate 4.99%. Proceeds of the loan were used to purchase a property on Somerset Road. Balance as of December 31, 2014. | 61,718 |
| <ul style="list-style-type: none"> • Loan payment to North Valley Bank dated November 2009 in the amount of \$24,500, due in November 2019; interest rate 5.00%. Proceeds of the loan were used to purchase a property on State Route 669 NE. Balance as of December 31, 2014. | 13,525 |
| <hr/> | |
| Total Outstanding Debt | 75,243 |
| Less Current Portion | (5,032) |
| <hr/> | |
| Total Long-Term Debt | <u>\$70,211</u> |

The following is a summary of changes in long-term debt for the year ended December 31, 2014:

| <u>Description</u> | <u>Balance</u> <u>12/31/13</u> | <u>Addition</u> | <u>Retired</u> | <u>Balance</u> <u>12/31/14</u> | <u>Due Withir</u> <u>One Year</u> |
|--------------------|-----------------------------------|-----------------|----------------|-----------------------------------|--------------------------------------|
| Loan Payable | \$ 79,779 | \$ - | \$ 4,536 | \$ 75,243 | \$ 5,032 |

Maturities of the debt are as follows:

| <u>Years</u> | <u>Principle</u> | <u>Interest</u> | <u>Total</u> |
|--------------|------------------|------------------|-------------------|
| 2015 | \$ 5,032 | \$ 3,364 | \$ 8,396 |
| 2016 | 5,289 | 3,322 | 8,611 |
| 2017 | 5,560 | 3,051 | 8,611 |
| 2018 | 5,843 | 2,768 | 8,611 |
| 2019 | 5,764 | 2,469 | 8,233 |
| 2020-2024 | 17,910 | 9,498 | 27,408 |
| 2025-2029 | 22,973 | 4,435 | 27,408 |
| 2030-2031 | 6,872 | 579 | 7,451 |
| Total | <u>\$ 75,243</u> | <u>\$ 29,486</u> | <u>\$ 104,729</u> |

PERRY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

(CONTINUED)

NOTE 6: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2014 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$4,105.

NOTE 7: MRDD PROJECT AGREEMENT

Perry Metropolitan Housing Authority and Perry County Board MRDD have a project agreement for a supported living program. The agreement outlines that any monies received by MRDD for supported living will be forwarded to the MHA to purchase real estate with homes previously constructed and title to the said real estate will be in the name of the MHA. MRDD clients will benefit from these real estate transactions. The real estate and monies will revert back to MRDD if the property is not being used by eligible persons. The notes payable and mortgage receivables (land contracts) on these acquisitions are in the name of the MHA. At the end of the fiscal year the Authority had \$148,916 of mortgage receivable on the sale of land contract.

| | Balance 12/31/13 | Increase | Decrease | Balance 12/31/14 | Due Within One Year |
|---------------------|---------------------|----------|----------|---------------------|------------------------|
| Mortgage Receivable | \$153,451 | \$0 | \$4,535 | \$148,916 | \$5,032 |
| | \$153,451 | \$0 | \$4,535 | \$148,916 | \$5,032 |

NOTE 8: DEFINED BENEFIT PENSION PLANS

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 8: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Direct Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer rates were consistent across all three plans. The 2014 member contribution rates were 10.0% for members 14.0% for employers of covered payroll. The Authority's required contributions to OPERS for the years ended December 31, 2014, 2013 and 2012 were \$40,591, \$38,578, and \$41,287, respectively. The full amount has been contributed for 2013 and 2012. Ninety percent has been contributed for 2014, with the remainder being reported as a liability with the enterprise fund.

NOTE 9: POST- EMPLOYMENT BENEFITS

A. Plan Description

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

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

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 9: POST-EMPLOYMENT BENEFITS (Continued)

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

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

B. Funding Policy

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

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

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2014, the employer contribution allocated to the health care plan was 2.00 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended December 31, 2014, 2013 and 2012, which were used to fund post-employment benefits, were \$5,796, \$2,761 and \$12,498, respectively.

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

PERRY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

NOTE 10: INSURANCE AND RISK MANAGEMENT

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

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

NOTE 11: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

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

NOTE 12: CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2014.

Litigations

In the normal course of operations, the Authority may be subject to litigations and claims. At December 31, 2014, the Authority was not aware of any such matters.

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 June 26, 2015, the date on which the financial statements were available to be issued.

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2014

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | COCC | Subtotal | ELIM | Total |
|--|---------------|-----------------------------------|------------------------|-----------|------------|------|------------|
| 111 Cash - Unrestricted | \$209,284 | \$117,529 | \$10,903 | \$61,194 | \$398,910 | \$0 | \$398,910 |
| 113 Cash - Other Restricted | \$0 | \$83,321 | \$0 | \$0 | \$83,321 | \$0 | \$83,321 |
| 114 Cash - Tenant Security Deposits | \$29,163 | \$0 | \$0 | \$0 | \$29,163 | \$0 | \$29,163 |
| 100 Total Cash | \$238,447 | \$200,850 | \$10,903 | \$61,194 | \$511,394 | \$0 | \$511,394 |
| 125 Accounts Receivable - Miscellaneous | \$0 | \$0 | \$1,515 | \$0 | \$1,515 | \$0 | \$1,515 |
| 126 Accounts Receivable - Tenants | \$4,020 | \$0 | \$0 | \$0 | \$4,020 | \$0 | \$4,020 |
| 126.1 Allowance for Doubtful Accounts -Tenants | (\$2,159) | \$0 | \$0 | \$0 | (\$2,159) | \$0 | (\$2,159) |
| 127 Notes, Loans, & Mortgages Receivable - Current | \$0 | \$0 | \$5,032 | \$0 | \$5,032 | \$0 | \$5,032 |
| 128 Fraud Recovery | \$124 | \$22,186 | \$0 | \$0 | \$22,310 | \$0 | \$22,310 |
| 128.1 Allowance for Doubtful Accounts - Fraud | \$0 | (\$19,014) | \$0 | \$0 | (\$19,014) | \$0 | (\$19,014) |
| 129 Accrued Interest Receivable | \$252 | \$0 | \$0 | \$190 | \$442 | \$0 | \$442 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$2,237 | \$3,172 | \$6,547 | \$190 | \$12,146 | \$0 | \$12,146 |
| 131 Investments - Unrestricted | \$44,687 | \$0 | \$0 | \$33,552 | \$78,239 | \$0 | \$78,239 |
| 142 Prepaid Expenses and Other Assets | \$20,654 | \$1,151 | \$1,589 | \$9,508 | \$32,902 | \$0 | \$32,902 |
| 143 Inventories | \$11,148 | \$0 | \$0 | \$1,961 | \$13,109 | \$0 | \$13,109 |
| 143.1 Allowance for Obsolete Inventories | (\$1,113) | \$0 | \$0 | (\$200) | (\$1,313) | \$0 | (\$1,313) |
| 144 Inter Program Due From | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 150 Total Current Assets | \$316,060 | \$205,173 | \$19,039 | \$106,205 | \$646,477 | \$0 | \$646,477 |
| 161 Land | \$233,579 | \$0 | \$15,630 | \$1,000 | \$250,209 | \$0 | \$250,209 |

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2014

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|------------------------|------------|---------------|------|---------------|
| 162 Buildings | \$7,111,297 | \$29,361 | \$34,500 | \$16,500 | \$7,191,658 | \$0 | \$7,191,658 |
| 163 Furniture, Equipment & Machinery - Dwellings | \$286,690 | \$0 | \$0 | \$76,977 | \$363,667 | \$0 | \$363,667 |
| 164 Furniture, Equipment & Machinery - Administration | \$32,681 | \$14,053 | \$0 | \$0 | \$46,734 | \$0 | \$46,734 |
| 165 Leasehold Improvements | \$1,802,040 | \$0 | \$0 | \$0 | \$1,802,040 | \$0 | \$1,802,040 |
| 166 Accumulated Depreciation | (\$6,884,164) | (\$34,070) | (\$20,700) | (\$88,847) | (\$7,027,781) | \$0 | (\$7,027,781) |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$2,582,123 | \$9,344 | \$29,430 | \$5,630 | \$2,626,527 | \$0 | \$2,626,527 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | \$0 | \$0 | \$143,884 | \$0 | \$143,884 | \$0 | \$143,884 |
| 180 Total Non-Current Assets | \$2,582,123 | \$9,344 | \$173,314 | \$5,630 | \$2,770,411 | \$0 | \$2,770,411 |
| 200 Deferred Outflow of Resources | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 290 Total Assets and Deferred Outflow of Resources | \$2,898,183 | \$214,517 | \$192,353 | \$111,835 | \$3,416,888 | \$0 | \$3,416,888 |
| 312 Accounts Payable <= 90 Days | \$4,882 | \$0 | \$73 | \$0 | \$4,955 | \$0 | \$4,955 |
| 321 Accrued Wage/Payroll Taxes Payable | \$2,863 | \$776 | \$0 | \$14,567 | \$18,206 | \$0 | \$18,206 |
| 322 Accrued Compensated Absences - Current Portion | \$17,775 | \$1,183 | \$0 | \$4,152 | \$23,110 | \$0 | \$23,110 |
| 333 Accounts Payable - Other Government | \$12,303 | \$0 | \$0 | \$0 | \$12,303 | \$0 | \$12,303 |
| 341 Tenant Security Deposits | \$29,163 | \$0 | \$0 | \$0 | \$29,163 | \$0 | \$29,163 |
| 342 Unearned Revenue | \$8,420 | \$0 | \$1,960 | \$0 | \$10,380 | \$0 | \$10,380 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2014

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | COCC | Subtotal | ELIM | Total |
|--|---------------|-----------------------------------|------------------------|-----------|-------------|------|-------------|
| 344 Current Portion of Long-term Debt - Operating Borrowings | \$0 | \$0 | \$5,032 | \$0 | \$5,032 | \$0 | \$5,032 |
| 346 Accrued Liabilities - Other | \$16,524 | \$0 | \$0 | \$35 | \$16,559 | \$0 | \$16,559 |
| 347 Inter Program - Due To | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 310 Total Current Liabilities | \$91,930 | \$1,959 | \$7,065 | \$18,754 | \$119,708 | \$0 | \$119,708 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | \$0 | \$0 | \$70,211 | \$0 | \$70,211 | \$0 | \$70,211 |
| 353 Non-current Liabilities - Other | \$0 | \$4,105 | \$0 | \$0 | \$4,105 | \$0 | \$4,105 |
| 354 Accrued Compensated Absences - Non Current | \$11,508 | \$0 | \$0 | \$0 | \$11,508 | \$0 | \$11,508 |
| 350 Total Non-Current Liabilities | \$11,508 | \$4,105 | \$70,211 | \$0 | \$85,824 | \$0 | \$85,824 |
| 300 Total Liabilities | \$103,438 | \$6,064 | \$77,276 | \$18,754 | \$205,532 | \$0 | \$205,532 |
| 400 Deferred Inflow of Resources | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 508.4 Net Investment in Capital Assets | \$2,582,123 | \$9,344 | \$29,430 | \$5,630 | \$2,626,527 | \$0 | \$2,626,527 |
| 511.4 Restricted Net Position | \$0 | \$79,216 | \$0 | \$0 | \$79,216 | \$0 | \$79,216 |
| 512.4 Unrestricted Net Position | \$212,622 | \$119,893 | \$85,647 | \$87,451 | \$505,613 | \$0 | \$505,613 |
| 513 Total Equity - Net Assets / Position | \$2,794,745 | \$208,453 | \$115,077 | \$93,081 | \$3,211,356 | \$0 | \$3,211,356 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$2,898,183 | \$214,517 | \$192,353 | \$111,835 | \$3,416,888 | \$0 | \$3,416,888 |

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2014

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|------------------------|-----------|-------------|-------------|-------------|
| 70300 Net Tenant Rental Revenue | \$274,959 | \$0 | \$10,290 | \$0 | \$285,249 | \$0 | \$285,249 |
| 70400 Tenant Revenue - Other | \$1,545 | \$0 | \$0 | \$0 | \$1,545 | \$0 | \$1,545 |
| 70500 Total Tenant Revenue | \$276,504 | \$0 | \$10,290 | \$0 | \$286,794 | \$0 | \$286,794 |
| 70600 HUD PHA Operating Grants | \$374,305 | \$926,416 | \$0 | \$0 | \$1,300,721 | \$0 | \$1,300,721 |
| 70710 Management Fee | \$0 | \$0 | \$0 | \$93,385 | \$93,385 | (\$93,385) | \$0 |
| 70730 Book Keeping Fee | \$0 | \$0 | \$0 | \$18,700 | \$18,700 | (\$18,700) | \$0 |
| 71100 Investment Income - Unrestricted | \$1,136 | \$315 | \$8 | \$545 | \$2,004 | \$0 | \$2,004 |
| 71200 Mortgage Interest Income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 71300 Proceeds from Disposition of Assets Held for Sale | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 71310 Cost of Sale of Assets | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 71400 Fraud Recovery | \$0 | \$60 | \$0 | \$0 | \$60 | \$0 | \$60 |
| 71500 Other Revenue | \$27,862 | \$2,683 | \$0 | \$0 | \$30,545 | (\$20,175) | \$10,370 |
| 71600 Gain or Loss on Sale of Capital Assets | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 72000 Investment Income - Restricted | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 70000 Total Revenue | \$679,807 | \$929,474 | \$10,298 | \$112,630 | \$1,732,209 | (\$132,260) | \$1,599,949 |
| 91100 Administrative Salaries | \$42,031 | \$36,255 | \$0 | \$71,214 | \$149,500 | \$0 | \$149,500 |
| 91200 Auditing Fees | \$6,806 | \$3,259 | \$0 | \$428 | \$10,493 | \$0 | \$10,493 |
| 91300 Management Fee | \$76,535 | \$16,350 | \$500 | \$0 | \$93,385 | (\$93,385) | \$0 |
| 91310 Book-keeping Fee | \$10,620 | \$8,080 | \$0 | \$0 | \$18,700 | (\$18,700) | \$0 |
| 91400 Advertising and Marketing | \$1,855 | \$0 | \$0 | \$0 | \$1,855 | \$0 | \$1,855 |

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2014

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|------------------------|----------|-----------|-------------|-----------|
| 91500 Employee Benefit contributions - Administrative | \$23,845 | \$8,731 | \$0 | \$8,085 | \$40,661 | \$0 | \$40,661 |
| 91600 Office Expenses | \$33,774 | \$30,430 | \$9 | \$5,623 | \$69,836 | \$0 | \$69,836 |
| 91700 Legal Expense | \$647 | \$0 | \$0 | \$0 | \$647 | \$0 | \$647 |
| 91800 Travel | \$3,538 | \$0 | \$0 | \$0 | \$3,538 | \$0 | \$3,538 |
| 91900 Other | \$9,804 | \$5,046 | \$0 | \$2,493 | \$17,343 | \$0 | \$17,343 |
| 91000 Total Operating - Administrative | \$209,455 | \$108,151 | \$509 | \$87,843 | \$405,958 | (\$112,085) | \$293,873 |
| 92400 Tenant Services - Other | \$8,804 | \$0 | \$0 | \$0 | \$8,804 | \$0 | \$8,804 |
| 92500 Total Tenant Services | \$8,804 | \$0 | \$0 | \$0 | \$8,804 | \$0 | \$8,804 |
| 93100 Water | \$56,876 | \$0 | \$1,051 | \$228 | \$58,155 | \$0 | \$58,155 |
| 93200 Electricity | \$50,616 | \$747 | \$1,460 | \$158 | \$52,981 | \$0 | \$52,981 |
| 93300 Gas | \$2,143 | \$0 | \$1,373 | \$0 | \$3,516 | \$0 | \$3,516 |
| 93600 Sewer | \$43,841 | \$0 | \$0 | \$146 | \$43,987 | \$0 | \$43,987 |
| 93800 Other Utilities Expense | \$0 | \$0 | \$153 | \$114 | \$267 | \$0 | \$267 |
| 93000 Total Utilities | \$153,476 | \$747 | \$4,037 | \$646 | \$158,906 | \$0 | \$158,906 |
| 94100 Ordinary Maintenance and Operations - Labor | \$140,982 | \$0 | \$0 | \$0 | \$140,982 | \$0 | \$140,982 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$48,125 | \$4,138 | \$0 | \$0 | \$52,263 | \$0 | \$52,263 |
| 94300 Ordinary Maintenance and Operations Contracts | \$63,126 | \$0 | \$3,823 | \$0 | \$66,949 | (\$20,175) | \$46,774 |

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2014

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|------------------------|---------|-----------|------------|-----------|
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$76,412 | \$0 | \$0 | \$0 | \$76,412 | \$0 | \$76,412 |
| 94000 Total Maintenance | \$328,645 | \$4,138 | \$3,823 | \$0 | \$336,606 | (\$20,175) | \$316,431 |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | \$24,257 | \$0 | \$1,063 | \$7,068 | \$32,388 | \$0 | \$32,388 |
| 96100 Total insurance Premiums | \$24,257 | \$0 | \$1,063 | \$7,068 | \$32,388 | \$0 | \$32,388 |
| 96200 Other General Expenses | \$0 | \$9,991 | \$0 | \$0 | \$9,991 | \$0 | \$9,991 |
| 96210 Compensated Absences | \$22,992 | \$4,100 | \$0 | \$9,308 | \$36,400 | \$0 | \$36,400 |
| 96300 Payments in Lieu of Taxes | \$12,303 | \$0 | \$0 | \$0 | \$12,303 | \$0 | \$12,303 |
| 96400 Bad debt - Tenant Rents | \$7,314 | \$0 | \$0 | \$0 | \$7,314 | \$0 | \$7,314 |
| 96500 Bad debt - Mortgages | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96600 Bad debt - Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96800 Severance Expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96000 Total Other General Expenses | \$42,609 | \$14,091 | \$0 | \$9,308 | \$66,008 | \$0 | \$66,008 |
| 96710 Interest of Mortgage (or Bonds) Payable | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96720 Interest on Notes Payable (Short and Long Term) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96730 Amortization of Bond Issue Costs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Perry Metropolitan Housing Authority
FDS Schedule Submitted to REAC
Proprietary Fund Type - Enterprise Fund

December 31, 2014

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | COCC | Subtotal | ELIM | Total |
|---|---------------|-----------------------------------|------------------------|-----------|-------------|-------------|-------------|
| 96900 Total Operating Expenses | \$767,246 | \$127,127 | \$9,432 | \$104,865 | \$1,008,670 | (\$132,260) | \$876,410 |
| 97000 Excess of Operating Revenue over Operating Expenses | (\$87,439) | \$802,347 | \$866 | \$7,765 | \$723,539 | \$0 | \$723,539 |
| 97300 Housing Assistance Payments | \$0 | \$749,207 | \$0 | \$0 | \$749,207 | \$0 | \$749,207 |
| 97350 HAP Portability-In | \$0 | \$2,297 | \$0 | \$0 | \$2,297 | \$0 | \$2,297 |
| 97400 Depreciation Expense | \$204,755 | \$1,436 | \$1,255 | \$924 | \$208,370 | \$0 | \$208,370 |
| 90000 Total Expenses | \$972,001 | \$880,067 | \$10,687 | \$105,789 | \$1,968,544 | (\$132,260) | \$1,836,284 |
| 10093 Transfers between Program and Project - In | \$0 | \$0 | \$0 | \$4,100 | \$4,100 | (\$4,100) | \$0 |
| 10094 Transfers between Project and Program - Out | (\$4,100) | \$0 | \$0 | \$0 | (\$4,100) | \$4,100 | \$0 |
| 10100 Total Other financing Sources (Uses) | (\$4,100) | \$0 | \$0 | \$4,100 | \$0 | \$0 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | (\$296,294) | \$49,407 | (\$389) | \$10,941 | (\$236,335) | \$0 | (\$236,335) |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$5,032 | \$0 | \$5,032 | \$0 | \$5,032 |
| 11030 Beginning Equity | \$3,091,039 | \$159,046 | \$115,466 | \$82,140 | \$3,447,691 | \$0 | \$3,447,691 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 11170 Administrative Fee Equity | \$0 | \$129,237 | \$0 | \$0 | \$129,237 | \$0 | \$129,237 |

Perry Metropolitan Housing Authority
 FDS Schedule Submitted to REAC
 Proprietary Fund Type - Enterprise Fund

December 31, 2014

| | Project Total | 14.871 Housing Choice Vouchers | Business Activities | COCC | Subtotal | ELIM | Total |
|--|---------------|-----------------------------------|------------------------|------|-----------|------|-----------|
| 11180 Housing Assistance Payments Equity | \$0 | \$79,216 | \$0 | \$0 | \$79,216 | \$0 | \$79,216 |
| 11190 Unit Months Available | 1,416 | 2,616 | 60 | 0 | 4,092 | 0 | 4,092 |
| 11210 Number of Unit Months Leased | 1,416 | 2,364 | 60 | 0 | 3,840 | 0 | 3,840 |
| 11270 Excess Cash | \$132,789 | \$0 | \$0 | \$0 | \$132,789 | \$0 | \$132,789 |

Perry Metropolitan Housing Authority
 Schedule of Expenditure of Federal Award
 For the Year Ended December 31, 2014

| FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES | CFDA NUMBER | EXPENDITURES |
|--|------------------------|----------------------------------|
| U.S. Department of Housing and Urban Development | | |
| Direct Program | | |
| Low Rent Public Housing | 14.850 | \$330,790 |
| Housing Choice Voucher Program | 14.871 | 926,416 |
| Capital Fund Program | 14.872 | <u>43,515</u> |
| Total Expenditure of Federal Award | | <u><u>\$1,300,721</u></u> |

Perry Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Cost
December 31, 2014

Capital Fund Program Number (OH16S03450109)

1. The Program Costs are as follows:

| | |
|---------------------------------------|--------------------|
| Funds Approved | \$ 235,108 |
| Funds Expended | <u>235,108</u> |
| Excess (Deficiency) of Funds Approved | <u><u>\$ -</u></u> |
| | |
| Funds Advanced | \$ 235,108 |
| Funds Expended | <u>235,108</u> |
| Excess (Deficiency) of Funds Advanced | <u><u>\$ -</u></u> |

2. All Costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on June 14, 2011.
4. The final costs on the certification agree with the Authority's records.

Perry Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Cost
December 31, 2014

Capital Fund Program Number (OH16P03450109)

1. The Program Costs are as follows:

| | |
|---------------------------------------|--------------------|
| Funds Approved | \$ 185,141 |
| Funds Expended | <u>185,141</u> |
| Excess (Deficiency) of Funds Approved | <u><u>\$ -</u></u> |
| | |
| Funds Advanced | \$ 185,141 |
| Funds Expended | <u>185,141</u> |
| Excess (Deficiency) of Funds Advanced | <u><u>\$ -</u></u> |

2. All Costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on October 31, 2012.
4. The final costs on the certification agree with the Authority's records.



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

Board of Commissioners
Perry Metropolitan Housing Authority

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Perry Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Perry Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated June 26, 2015.

Internal Control Over Financial Reporting

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

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

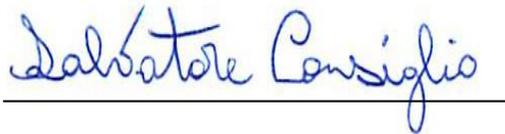
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify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

Compliance and Other Matters

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

Purpose of this Report

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



Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
June 26, 2015



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of Commissioners
Perry Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

I have audited Perry Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Perry Metropolitan Housing Authority's major federal programs for the year ended December 31, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Perry Metropolitan Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, Perry Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the Perry Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
June 26, 2015

Perry Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 December 31, 2014

| |
|--|
| 1. SUMMARY OF AUDITOR'S RESULTS |
|--|

| | |
|--|---|
| Type of Financial Statement Opinion | Unmodified |
| Were there any material weakness reported at the financial statement level (GAGAS)? | No |
| Were there any other significant control deficiencies reported at the financial statement level (GAGAS)? | No |
| Was there any reported non-compliance at the financial statement level (GAGAS)? | No |
| Were there any material internal control weakness reported for any major federal programs? | No |
| Were there any other significant internal control deficiency reported for the major federal programs? | No |
| Type of report issued on compliance for major programs | Unmodified |
| Are there any reportable findings under § .510? | No |
| Major Programs (list): | <ul style="list-style-type: none"> • CFDA # 14.850 Low Rent Public Housing |
| Dollar Threshold: Type A/B Programs | Type A: > \$300,000 Type B: All Others |
| Low Risk Auditee? | Yes |

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

There are no Findings or questioned costs for the year ended December 31, 2014.

| |
|--|
| 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS |
|--|

There are no Findings or questioned costs for the year ended December 31, 2014.

Perry Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2014

The audit report for the fiscal year ending December 31, 2013 contained no audit findings.

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Dave Yost • Auditor of State

PERRY COUNTY METROPOLITAN HOUSING AUTHORITY

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 10, 2015**