



AUDIT REPORT

For the Year Ended December 31, 2015





Dave Yost • Auditor of State

Board of Directors
Akron Metropolitan Housing Authority
100 West Cedar Street
Akron, Ohio 44307

We have reviewed the *Independent Auditor's Report* of the Akron Metropolitan Housing Authority, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

September 21, 2016

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**Akron Metropolitan Housing Authority
Summit County
For the Year Ended December 31, 2015**

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Summit County
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Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Akron Metropolitan Housing Authority
Summit County
100 West Cedar Street
Akron, OH 44307

Regional Inspector General of Audit
Department of Housing and Urban
Development

To the Board of Directors:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of Eastland Woods, LLC, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC, and Marian Hall Building, LLC, all of the Authority's five discretely presented component units and the Wilbeth-Arlington Homes, Limited Partnership, and Building for Tomorrow, two of the Authority's three blended component units. These blended component units represent 3.61 percent of assets, (.62) percent of net position, and 5.24 percent of revenues of the business-type activities of the primary government. The statements of the discretely presented component units and the blended component units were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amount included for Akron Metropolitan Housing Authority, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of the aggregate discretely presented component units and the two blended component units in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the Akron Metropolitan Housing Authority, Summit County, Ohio, as of December 31, 2015, and the respective changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

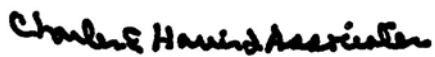
Our audit was conducted to opine on the Authority's basic financial statements taken as a whole. The Statements of ROSS Grant Costs-Completed and Modernization Costs-Completed (Statements) on pages 54-55 and the Financial Data Schedules (FDS) on pages 56-60 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the financial statements. The Schedule of Federal Awards Expenditures (Schedule) also 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 also not a required part of the financial statements.

The FDS schedules that consist of the statement of net position information and the statement of revenues and expenses information listed in the table of contents are presented for the purpose of additional analysis of the financial statements rather than to present the financial position and results of operations of the individual programs and entities and are not a required part of the financial statements.

The Statements, Schedule and FDS are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our 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*, we have also issued our report dated July 15, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
July 15, 2016

Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

The Akron Metropolitan Housing Authority's (the Authority) Management Discussion and Analysis is designed to assist the reader on significant financial issues and activities and to identify changes in the Authority's financial position. This analysis is also designed to address the subsequent year's challenges and to identify individual fund issues.

The data presented in the following pages should be read in conjunction with the audited consolidated financial statements and related footnote disclosures. Please note that the Authority changed its fiscal year end in 2014 from June 30 to December 31. For 2015, the data reported represents 12 months (January 1, 2015 through December 31, 2015) compared to 18 months for 2014 (July 1, 2013 through December 31, 2014).

Financial Highlights – Primary Government

- The Authority's net position decreased by \$6,138,901 or 2.8% during the 12 months ended December 31, 2015. Net position was \$212,455,421 and \$218,594,322 at December 31, 2015 and December 31, 2014 as restated, respectively.
- Total operating and non-operating revenue activity decreased by \$33,648,866 or 29.7% during the 12 month period ended December 31, 2015. Total revenues were \$79,693,946 and \$113,342,812 for the 12-month period ended December 31, 2015 and the 18-month period ended December 31, 2014, respectively.
- Total operating and non-operating expenses of all Authority programs decreased by \$41,301,818 or 32.5% during the 12-month period ended December 31, 2015. Total expenses were \$85,832,847 and \$127,134,665 for the 12-month period ended December 31, 2015 and the 18-month period ended December 31, 2014, respectively.

Financial Statements

The financial statements (see pages 17 to 19) are designed to provide the reader with a corporate-like overview of a consolidation for the entire Authority. The component units of the Authority have been included in the financial statements but not in this MD&A. The statements include the following:

Statement of Net Position: This statement, which is similar to a balance sheet, reports all financial and capital resources for the Authority. The statement is presented in the format where assets plus deferred outflows of resources minus liabilities and deferred inflows of resources equals "Net Position" (formerly known as equity or net assets). Both assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year) and "Non-Current". Over time, changes in net position may serve as a useful indication of whether the financial position of the Authority is improving or deteriorating.

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(Unaudited)**

Statement of Revenues, Expenses, and Changes in Net Position: This statement, similar to an income statement, includes Operating Revenues, such as grant revenue and rental income; Operating Expenses, such as administrative, utilities, maintenance, and depreciation; and Non-Operating Revenue and Expenses, such as investment income and interest expense.

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

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, construction, or improvement of those assets.

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

Unrestricted: This component of net position consists of net position that do not meet the definition of “Net Investment in Capital Assets” or “Restricted”.

The focus of the *Statement of Revenues, Expenses, and Changes in Net Position* is the “Change in Net Position”, which is similar to net income and loss.

Statement of Cash Flows: This statement discloses net cash provided by or used for operating activities, investing activities, capital and related financing activities and from non-capital financing activities.

Programs

Low-Income Public Housing

The Low-Income Public Housing (LIPH) Program consists of approximately 4,300 units leased to qualified low-income households, the elderly and persons with disabilities. The Authority operates under an Annual Contributions Contract (ACC) with HUD. Rent is based upon 30 percent of household income and HUD provides an annual operating subsidy.

Capital Fund Program (CFP)

The Capital Fund Program is the source for funding the physical and management improvements of the low-income public housing units.

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(Unaudited)**

Shelter Plus Care

The Authority receives HUD funding for the purpose of housing low-income individuals recovering from drug addiction, those who have contracted the AIDS virus, and individuals who have been homeless for an excessive amount of time. The Shelter Plus Care Program consists of 126 vouchers.

Central Office Cost Center

In fiscal year 2007, the Authority implemented and successfully converted to HUD's Asset Management and Project-Based Accounting model. With the conversion, a new Central Office Cost Center (COCC) was established. With the new accounting format, all central office costs are tracked as a separate entity, and revenue is generated through fees for services (e.g., skilled trades) and management, bookkeeping, and asset management fees charged to the individual projects in the Low-Income Housing Program, as well as fees charged to the Housing Choice Voucher Program and other programs.

Housing Choice Voucher Program

Under the Housing Choice Voucher (HCV) Program, the Authority administers contracts with independent landlords who own rental property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. This program is administered under a Consolidated Annual Contributions Contract (CACC) with HUD. HUD provides funding to enable the Authority to structure the tenant leases that sets the rent at 30 percent of household income. The Authority operates with a baseline of 4,915 vouchers.

Family Self-Sufficiency (FSS) Program

This program enables families living in low-income public housing and rental properties under HCV to increase their earned income and reduce their dependency on public assistance and rental subsidies. Under the FSS program, families are provided opportunities for education, job training, counseling and other forms of social service assistance so they can obtain skills necessary to achieve self-sufficiency. HUD funding is provided for the salary of FSS coordinators. This program has a requirement of an escrow account for its participants and provides one-year funding.

Moderate Rehabilitation Program

Under this program, project-based rental assistance is provided to low-income families. The program was repealed in 1991 and no new projects are authorized for development. Assistance is limited to properties previously rehabilitated pursuant to a HAP contract between an owner and a public housing agency. The Authority's existing program consists of 14 units.

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(Unaudited)**

Veterans Affair Supportive Housing (VASH)

The HUD VASH program combines HCV rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs. The Authority's program consists of 66 vouchers.

Resident Opportunity and Self-Sufficiency (ROSS) Service Coordinators Program

Under this program, the Authority receives grant funds from HUD for the purpose of providing a service coordinator to coordinate supportive services and other activities designed to help public housing residents attain economic and housing self-sufficiency. This program provides three-year funding and includes administrative expenses and training as eligible uses of funds.

Section 8 New and Substantial Rehab Program

Under this program, the Authority is the Contract Administrator for four (4) privately owned low-income housing apartment properties that receive HUD funding under the Section 8 Project-Based Rental Assistance Program. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the owner/landlord.

Local Housing Authority (LHA)/Other Business Activities

Under this program, the Authority has approximately 200 units that are owned by the Local Housing Authority (LHA) and are under the HUD Section 8 Project-Based Rental Assistance Program. Housing Assistance Payments (HAP) are received from HUD to offset the difference between the contract rents and the tenants' rental payments.

Component Units

The Authority has five discretely presented component units as a result of tax credit financing activities. One multifamily project funded under the HUD Section 8 Project-Based Rental Assistance Program includes the rental of 100 units at Eastland Woods. A mixed finance project at Edgewood Village composed of four phases and entities contains 128 public housing units and 98 tax credit units. In 2015, the Authority determined a previous discretely-presented component unit—Wilbeth-Arlington Homes Limited Partnership—would be more properly classified as a blended component unit after the tax credit period expired and since the Authority became 100% owner. In addition, Building for Tomorrow--a non-profit entity that is considered a blended component unit--has a primary focus on early childhood education services for the Authority's residents. The most recent incorporated Authority affiliated non-profit—Summit Akron Development Corporation (SADC)—was created to assist with the development of a 12-unit public housing complex for homeless, disabled youth. SADC is also considered a blended component unit.

**Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)**

Statement of Net Position

The following table represents the condensed statement of net position compared to the prior year for all the Authority's programs combined.

Table 1 - Statement of Net Position - Primary Government

	12 Months Ended 12/31/2015	18 Months Ended 12/31/2014	Change
<u>Assets</u>			
Current Assets	\$ 40,385,382	\$ 40,512,957	\$ (127,575)
Other Non-Current Assets	48,242,042	57,064,342	(8,822,300)
Capital Assets, Net of Accumulated Depr.	164,027,915	164,894,539	(866,624)
<i>Deferred Outflows of Resources</i>	2,352,670	-	2,352,670
<i>Total Assets and Deferred Outflows of Resources</i>	\$ 255,008,009	\$ 262,471,838	\$ (7,463,829)
<u>Liabilities and Net Position</u>			
<u>Liabilities</u>			
Current Liabilities	\$ 6,250,360	\$ 5,911,697	\$ 338,663
Non-Current Liabilities	36,062,405	24,805,399	11,257,006
<i>Deferred Inflows of Resources</i>	239,823	-	239,823
<i>Total Liabilities and Deferred Inflows of Resources</i>	\$ 42,552,588	\$ 30,717,096	\$ 11,835,492
<u>Net Position</u>			
Net Investment in Capital Assets	129,815,914	139,822,375	(10,006,461)
Restricted	12,251,490	12,068,741	182,749
Unrestricted	70,388,017	79,863,626	(9,475,609)
<i>Total Net Position</i>	212,455,421	231,754,742	(19,299,321)
Prior Period Adjustment	-	(13,160,420)	13,160,420
<i>Total Net Position, Restated</i>	212,455,421	218,594,322	(6,138,901)
<i>Total Liabilities and Net Position</i>	\$ 255,008,009	\$ 249,311,418	\$ 5,696,591

Akron Metropolitan Housing Authority
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Management Discussion and Analysis
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(Unaudited)

Total Assets and Deferred Outflows of Resources decreased approximately \$7.5 million from the prior period. Other non-current assets decreased about \$8.8 million from the prior period, the majority of which is attributable to repayment of component unit receivables. Also, deferred outflows of resources increased by \$2.3 million due to the implementation of GASB Statement 68, “Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement 27.” This amount was computed by taking the Authority’s share of the net difference between projected and actual earnings on pension plan investments and adding the Authority’s contributions subsequent to OPERS’ measurement date. Capital assets decreased nearly \$0.9 million as a result of depreciation exceeding additions.

Non-current liabilities increased approximately \$11.2 million due to the Authority now reflecting a net pension liability of approximately \$13.6 million per requirements of GASB Statement No. 68. Deferred inflows of resources increased \$239,823 due to the Authority’s proportionate share of the difference between expected and actual experience relating to pensions.

Total net position decreased \$6.1 million due to the decrease in net investments in capital assets involved in the reclassification of the Wilbeth-Arlington project as a blended component unit and the depreciation expense.

**Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)**

Statement of Revenues, Expenses and Changes in Net Position

Comparisons from the prior audit period to the current period are difficult since the Authority changed its year-end from June 30 to December 31 in 2014 when an 18-month transition period occurred. The following table compares the revenues and expenses for the current and previous fiscal periods for all the Authority's programs:

Table 2 - Statement of Revenues and Expenses - Primary Government

	12 Months Ended 12/31/2015	18 Months Ended 12/31/2014	Change
<u>Operating and Non-Operating Revenues</u>			
Tenant Revenue	\$ 13,331,805	\$ 14,452,453	\$ (1,120,648)
Operating and Capital Grants	57,920,149	85,358,861	(27,438,712)
Investment Income	1,385,550	4,001,153	(2,615,603)
Other Revenues	7,056,442	9,530,345	(2,473,903)
<i>Total Operating and Non-Operating Revenues</i>	79,693,946	113,342,812	(33,648,866)
<u>Operating Expenses</u>			
Administrative	14,636,423	20,167,983	(5,531,560)
Tenant Services	2,086,327	3,371,236	(1,284,909)
Utilities	5,369,611	6,029,976	(660,365)
Maintenance/Security	16,865,401	24,031,263	(7,165,862)
Housing Assistance Payments	29,311,022	44,077,365	(14,766,343)
Depreciation/Amortization Expense	12,494,059	17,933,945	(5,439,886)
Other General Expenses	3,478,606	9,544,183	(6,065,577)
<i>Total Operating Expenses</i>	84,241,449	125,155,951	(40,914,502)
<u>Non-Operating Expenses</u>			
Interest Expense	1,198,523	1,487,943	(289,420)
Casualty Loss (Gain)	392,875	449,453	(56,578)
Extraordinary Maintenance	-	41,318	(41,318)
<i>Total Other Expenses</i>	1,591,398	1,978,714	(387,316)
<i>Total Expenses</i>	85,832,847	127,134,665	(41,301,818)
Change in Net Position	\$ (6,138,901)	\$ (13,791,853)	\$ 7,652,952

**Akron Metropolitan Housing Authority
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Total operating and non-operating revenues decreased by 29.7% and total operating and non-operating expenses decreased by 32.5% due to six months less in the fiscal year 2015 reporting period than in fiscal year 2014. Although the change in net position in 2015 over 2014 does not mirror that same 33% difference in the number of months compared, higher tenant revenue contributed towards the positive difference.

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. Users of this financial statement will gain a clearer understanding of the Authority 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. This implementation also had the effect of restating net position at December 31, 2014, from \$231,754,742 to \$218,594,322. See Notes 2 and 16 to the basic financial statements for further discussion on the implementation of GASB 68 and Note 17 which describes the reclassification of the Wilbeth-Arlington project as a blended instead of discretely presented component unit.

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 Authority is also reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting in the statement of net position.

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,624,287 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,482,133. Consequently, in order to compare 2015 total operating expenses to 2014, the following adjustments are needed:

Total 2015 operating expenses under GASB 68	\$ 84,241,449
Pension expense under GASB 68	(1,482,133)
2015 contractually required contribution	<u>1,624,287</u>
Adjusted 2015 operating expenses	84,383,603
Total 2014 operating expenses under GASB 27	<u>125,155,951</u>
Decrease in operating expenses not related to pension	<u>\$ (40,772,348)</u>

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(Unaudited)

As a result of GASB 68, the Authority is reporting a significant net pension liability and related deferred inflows of resources which have a negative effect on net position. In addition, the Authority is reporting deferred outflows of resources and a reduction of expenses related to pension for this fiscal year, which have a positive consequence on net position. This expense amount is the difference between the contractually required contributions and the pension expense resulting from the change in the net pension liability that is not reported as deferred inflows or outflows. To further explain the impact of this new accounting standard on The Authority's net position, additional information is presented below.

Net position	\$ 212,455,421
Deferred outflows - pension	(2,352,670)
Deferred inflows - pension	239,823
Net pension liability	<u>13,651,135</u>
Net position without new standard	<u><u>\$ 223,993,709</u></u>
Impact of GASB 68 on net position, end of year	\$ (11,538,288)
Pension expense under GASB 68	1,482,133
Contractually required contribution	<u>(1,624,287)</u>
Impact of GASB 68 on net position, beginning of year	<u><u>\$ (11,680,442)</u></u>

**Akron Metropolitan Housing Authority
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Management Discussion and Analysis
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(Unaudited)**

The following table reflects operating revenues and expenses by program, but excludes depreciation:

Table 3 - Revenue and Expenses by Program

	Revenue	Expenses
Low-Income Public Housing (LIPH)	\$ 29,151,235	\$ 30,499,084
Central Office Cost Center	7,734,758	7,594,073
Section 8 Housing Choice Voucher Program (excludes HAP)	3,166,315	2,875,376
Section 8 Moderate Rehab Program (excludes HAP)	11,922	11,922
Section 8 New Constr. and Substantial Rehab Program (excludes HAP)	225,486	77,073
LHA Business Activities	4,160,579	2,360,416
Resident Opportunity and Supportive Services (ROSS)	175,534	175,534
Public Housing Family Self-Sufficiency (ROSS)	107,288	107,288
Family Self-Sufficiency under ROSS	298,008	298,008
Shelter Plus Care (excludes HAP)	40,478	40,478
Resident Support Services/Early Childhood Initiatives (State/Local)	550,786	565,049
Building for Tomorrow	838,331	463,243
Wilbeth-Arlington Homes Limited Partnership	3,340,115	2,887,753
Summit Akron Development Corporation (Spicer Terrace)	8	-
Totals	<u>\$ 49,800,843</u>	<u>\$ 47,955,297</u>

Capital Assets

During the 12 months ended December 31, 2015, the change in capital assets amounted to a net decrease of \$866,624, with accumulated depreciation exceeding additions and construction-in-progress. The following table represents the changes in the asset accounts by category as follows:

Table 4 - Capital Assets at Year End (Net of Depreciation)

	12 Months Ended 12/31/2015	18 Months Ended 12/31/2014	Change
Land	\$ 26,211,137	\$ 26,353,574	\$ (142,437)
Buildings	341,051,634	320,635,214	20,416,420
Equipment	5,249,056	5,236,395	12,661
Accumulated Depreciation	(237,880,359)	(215,882,223)	(21,998,136)
Construction-in-Progress	29,396,447	28,551,579	844,868
Totals	<u>\$ 164,027,915</u>	<u>\$ 164,894,539</u>	<u>\$ (866,624)</u>

**Akron Metropolitan Housing Authority
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Debt

Excluding the internal blended component unit debt and the net pension liability, during the 12 months ended December 31, 2015, approximately \$2.11 million of principal was repaid on all debt and a net amount of approximately \$172,000 of compensated absences was deleted. The following table compares outstanding debt for the current and previous fiscal periods.

Table 5 - Outstanding Debt at Year End

	12 Months Ended 12/31/2015	18 Months Ended 12/31/2014
Outstanding Debt	\$ 24,715,045	\$ 27,019,862
Less: Current Portion	(2,451,193)	(2,424,617)
Long-Term Debt	\$ 22,263,852	\$ 24,595,245

Unrestricted Net Position

The following table shows the changes in unrestricted net position for the 12 months ended December 31, 2015:

Unrestricted Net Position at December 31, 2014		
as restated		\$ 66,703,206
Change in Net Position	(6,138,901)	
Adjustments:		
Depreciation (a)	12,494,059	
Adjusted Results from Operations		6,355,158
Debt Expenditures		2,111,343
Capital Grants and Contributions		(8,123,083)
Adjustment to Operations		3,341,393
Unrestricted Net Position at December 31, 2015		\$ 70,388,017

(a) Depreciation is treated as an expense and reduces the results of the operations, but does not have an impact on unrestricted net position.

Economic Factors and Budgets

The preparation of the fiscal year 2015 budget was difficult due to uncertainty with several significant economic and regulatory factors. The continued loss of Federal funding has contributed to a decline in AMHA's net position in 2015, but there is slight improvement forecast for 2016.

Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

Funding for the Low-Income Public Housing Program by the U.S. Department of Housing and Urban Development over the past several years has had a proration rate between 82 percent and 103 percent. A downward spiral began after 2011 when proration peaked at 103 percent. During the last half of calendar year 2013, the proration percentage was 82 percent, but the rate increased to 88.79% for calendar year 2014. Subsidy proration dropped again in 2015 to 85.36%; however, the proration rate is currently at 89.73% in 2016, but subject to change.

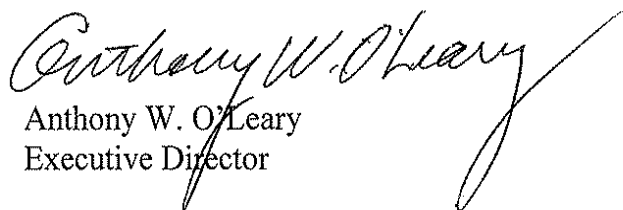
The Authority continues to receive HUD funding for the capital needs of public housing but at declining amounts over the past six years. Our Capital Fund Program was authorized \$9,045,567 for improvements under the Federal government's 2008 budget, and in 2015 only \$6,558,846 was authorized.

The administrative fees for running the Section 8 Housing Choice Voucher Program have not been adequate for many years and sank to an all-time low in 2013 when the proration rate dropped to 69 percent. In 2015, proration was around 82% and is currently at 83.9%.

With shrinking funding and funding uncertainty in all HUD programs, it has become vital to analyze the annual budget and determine where cuts are necessary. However, with any reduction, the Authority remains committed to its residents and maintaining high housing standards. As in all organizations, there is a limit in absorbing cuts in funding and being able to sustain high levels of service. Funding predictability and timely action on federal appropriations are also important.

This financial report is designed to provide a general overview of the finances of the Akron Metropolitan Housing Authority for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Akron Metropolitan Housing Authority, 100 West Cedar Street, Akron, Ohio 44307.

Respectfully submitted,


Anthony W. O'Leary
Executive Director

Akron Metropolitan Housing Authority
Statement of Net Position
Proprietary Fund Type
December 31, 2015

	Primary Government	Component Units
<u>Assets</u>		
Current Assets		
Cash and Cash Equivalents	\$ 9,512,325	\$ 488,041
Investments - Unrestricted	12,861,729	-
Restricted Cash and Cash Equivalents	4,671,185	3,873,247
Investments - Restricted	10,767,264	-
Receivables, Net	1,312,495	181,588
Inventories, Net	299,313	3,811
Prepaid Expenses and Other Assets	961,071	151,212
Total Current Assets	40,385,382	4,697,899
Noncurrent Assets		
Capital Assets, Not Being Depreciated	55,607,583	1,009,800
Capital Assets, Net of Depreciation	108,420,332	50,182,129
Notes Receivable from Component Units and Other	47,344,999	-
Other Noncurrent Assets	897,043	1,346,143
Total Noncurrent Assets	212,269,957	52,538,072
Deferred Outflows of Resources	2,352,670	-
Total Assets and Deferred Outflows of Resources	255,008,009	57,235,971
<u>Liabilities</u>		
Current Liabilities		
Accounts Payable	1,003,620	564,740
Accrued Liabilities	1,197,214	2,765,127
Tenant Security Deposits	370,539	127,134
Unearned Revenue	63,627	934,633
Bonds, Notes, and Loans Payable	2,184,893	288,432
Other Current Liabilities	1,430,467	-
Total Current Liabilities	6,250,360	4,680,066
Non-Current Liabilities		
Bonds, Notes, and Loans Payable	20,754,812	4,143,670
Accrued Compensated Absences, Non-Current	1,509,042	-
Notes Payable to Primary Government	-	31,487,603
Non-Current Liabilities - Other	147,416	-
Net Pension Liability	13,651,135	-
Total Non-Current Liabilities	36,062,405	35,631,273
Deferred Inflows of Resources	239,823	-
Total Liabilities and Deferred Inflows of Resources	42,552,588	40,311,339
<u>Net Position</u>		
Net Investment in Capital Assets	129,815,914	15,272,224
Restricted	12,251,490	-
Unrestricted	70,388,017	1,652,408
Total Net Position	\$ 212,455,421	\$ 16,924,632

See accompanying notes to the financial statements

Akron Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type
For the Year Ended December 31, 2015

	Primary Government	Component Units
<u>Operating Revenue:</u>		
Tenant Revenue	\$ 13,331,805	\$ 2,762,444
Government Operating Grants	49,797,066	-
Other Revenue	6,990,723	318,879
Total Operating Revenue	70,119,594	3,081,323
<u>Operating Expenses:</u>		
Administrative	14,636,423	683,045
Tenant Services	2,086,327	-
Utilities	5,369,611	442,600
Maintenance	15,131,702	805,627
Protective Services	1,733,699	-
General	2,328,282	421,885
Housing Assistance Payment	29,311,022	-
Insurance	1,150,324	158,807
Depreciation and Amortization	12,494,059	2,810,069
Total Operating Expenses	84,241,449	5,322,033
Operating Income (Loss)	(14,121,855)	(2,240,710)
<u>Non-Operating Revenues(Expenses)</u>		
Interest and Investment Revenue	1,385,550	5,748
Casualty Gain/(Loss)	(392,875)	-
Interest Expense and Amortization Cost	(1,198,523)	(417,135)
Debt Issuance Costs	-	(11,714)
Gain (Loss) on Sale of Capital Assets	65,719	-
Total Non-Operating Revenues (Expenses)	(140,129)	(423,101)
Income(Loss) Before Capital Contributions	(14,261,984)	(2,663,811)
<u>Capital Revenue</u>		
Capital Contributions	8,123,083	736,317
Total Capital Revenue	8,123,083	736,317
Change in Net Position	(6,138,901)	(1,927,494)
Net Position, Beginning of Period, Restated	218,594,322	18,852,126
Total Net Position, End of Period	\$ 212,455,421	\$ 16,924,632

See accompanying notes to the financial statements

Akron Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2015

	Primary Government	Component Units
<u>Cash Flows from Operating Activities</u>		
Cash Received from HUD	\$ 49,797,066	-
Cash Received from Tenants and Other	13,015,800	\$ 2,751,880
Cash Received from Other Revenue	6,976,428	87,537
Cash Payments for Housing Assistance Payment	(29,311,022)	-
Cash Payments for Administrative	(14,487,824)	(665,973)
Cash Payments for Ordinary Maintenance	(15,367,791)	(817,179)
Cash Payments for Other Operating Expenses	(12,422,657)	(1,077,521)
Net Cash Provided (Used) by Operating Activities	(1,800,000)	278,744
<u>Cash Flows from Capital and Related Financing Activities</u>		
Debt Principal and Interest	(2,952,530)	(641,295)
Cash from Asset Sales	16,930	-
Acquisition and Construction of Capital Assets	(5,012,293)	-
Payment of Development Fee	-	(159,441)
Notes to/(From) Primary Government	261,166	-
Proceeds from Refinancing	-	416,422
Debt Issuance Costs	-	(107,983)
Proceeds from Capital Grants and Contributions	8,123,083	-
Collection of Member Receivables	-	736,317
Net Cash Provided (Used) by Capital and Other Related Financing Activities	436,356	244,020
<u>Cash Flows from Noncapital Financing Activities</u>		
Casualty loss - Noncapitalized	392,875	-
Net Cash Provided (Used) by Noncapital Financing Activities	392,875	-
<u>Cash Flows from Investing Activities</u>		
Expenditures on Rental Property	(22,074)	(6,559)
Notes Receivable	(2,156,853)	-
Redemption (Purchase) of Investments - Net	2,898,823	-
Investment Income	1,206,545	5,748
Net Cash Provided (Used) by Investing Activities	1,926,441	(811)
Change in Cash	955,672	521,953
Cash and Cash Equivalents, Beginning of Year, Restated	13,227,838	3,839,335
Cash and Cash Equivalents, End of Year	\$ 14,183,510	\$ 4,361,288
<u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:</u>		
Operating Income/(Loss)	\$ (14,121,855)	\$ (2,240,710)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	12,494,059	2,810,069
(Gain) Loss on Disposal of Assets	-	81,187
Increase/Decrease in Deferred Outflows of Resources	(690,311)	-
Increase/Decrease in Deferred Inflows of Resources	239,823	-
Increase/Decrease in Operating Assets and Liabilities		
Accounts Receivable - Tenant and Other	(316,005)	(164,453)
Inventory	61,062	(534)
Prepays and Other Assets	(102,766)	(5,654)
Accounts Payable	(226,074)	6,175
Accrued Payroll and Compensated Absences	219,676	-
Unearned Revenue	(14,295)	(156,633)
Other Liabilities	411,093	(50,061)
Other Non-Current Liabilities	(62,741)	(642)
Net Pension Liability	308,334	-
Total Adjustments	12,321,855	2,519,454
Net Cash Provided (Used) by Operating Activities	\$ (1,800,000)	\$ 278,744

See accompanying notes to the financial statements

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 – Description of the Entity

The Akron Metropolitan Housing Authority (the Authority) is a political subdivision organized under the laws of the State of Ohio. The Authority is responsible for operating certain low-income housing programs in Summit County under programs administered by the U.S. Department of Housing and Urban Development (HUD). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendment of GASB Statements No. 14 and No. 34*. The reporting entity is composed of the primary government and component units. The primary government consists of all organizations, activities, and functions that are not legally separate from the Authority. For the Authority, this includes general operations.

Component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's Governing Board and a) the Authority is able to significantly influence the programs or services performed or provided by the organization; or b) the Authority is legally entitled to or can otherwise access the organization's resources; or c) the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or d) the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget or the issuance of debt. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Authority has three blended component units and five discretely presented component units, which are discussed below.

Blended Component Units

Summit Akron Development Corporation (SADC) was incorporated in 2014 as an instrumentality of the Authority to assist with development of a housing project that focuses on homeless, disabled youth. SADC is considered a blended component unit since its governing body is the same as the governing body of the Authority, and the financing provided for the project benefits the Authority through housing additional clients with specific needs.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 – Description of the Entity (continued)

Building for Tomorrow was established in 2010 as a non-profit, 501(c)(3) tax exempt organization. The mission of the organization is to provide social services, education services and financial assistance to low-income residents in the Authority's housing developments and/or participants in certain federal, state or local voucher programs. The organization provides services almost exclusively to the Authority.

Wilbeth-Arlington Homes, Limited Partnership was formed in 1996 for the purchase, rehabilitation and operation of a 328 unit, multi-family complex. The Authority indirectly controls the sole general partner (Arlington Housing Partners, Inc.) of the partnership through 79% ownership. Tenants are assisted with their rent through a HUD Section 8 Housing Assistance Payment (HAP) Contract. During 2015, the Authority determined that this partnership no longer qualified as a discrete component unit and reclassified it as a blended component unit of the Authority.

These entities are included in the primary government column of the financial statements. The financial statements for the blended component units are for the year ending December 31, 2015.

Discretely Presented Component Units

The following five component units were formed to participate in the Low-Income Housing Tax Credit (LIHTC) Program under Section 42 of the Internal Revenue Code:

Eastland Woods, LLC was formed in 2004 to acquire, rehabilitate and operate 100 affordable rental homes. The Authority indirectly controls the sole general partner (Eastland TECB FP Corporation) through 79% ownership. Tenants are assisted with their rent through a HUD Section 8 HAP Contract.

Akron Edgewood Homes, LLC was formed in 2007 to acquire, construct and lease 80 units of affordable housing in 35 buildings. The Authority controls the general partner (Akron Edgewood Management Corporation). Of the 80 units, 49 units are considered low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD.

Edgewood Village, LLC was formed in 2008 to acquire, construct and lease 48 units of affordable rental housing in 29 buildings. The Authority controls the general partner (Edgewood Village Management Corporation). Of the 48 units, 23 units are considered low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 – Description of the Entity (continued)

Edgewood Village South, LLC was formed in 2010 to acquire, construct and lease 50 units of affordable rental housing in 19 buildings. The Authority controls the general partner (Edgewood Village South Management Corporation). Of the 50 units, 20 units are low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD.

Marian Hall Building, LLC was formed in 2011 to acquire, construct and lease an affordable 48 unit, mid-rise apartment building. The Authority controls the general partner (Edgewood Village V Management Corporation). Of the 48 units, 36 units are low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD. In addition, the 12 remaining units are under a Project-Based Voucher HAP Contract with HUD.

These five entities are reported in the component unit column of the financial statements. The financial statements for the discretely presented component units are for the year ending December 31, 2015.

Programs

The following programs are operated under the Annual Contribution Contract C-959:

Low-Income Public Housing Program – Under this program, the Authority owns and manages approximately 4,300 public housing units for eligible low-income families, the elderly and persons with disabilities. The Authority operates the program with rents received from tenants and subsidies received from HUD.

Public Housing Capital Fund Program – Under this program, the Authority receives assistance for modernization and development of public housing. A portion of these funds is also used for management improvement activities and assisting with operations of the sites and administration of the capital fund program.

Resident Opportunity and Self-Sufficiency (ROSS) Service Coordinators Program – Under this program, the Authority receives grant funds from HUD for the purpose of providing a service coordinator to coordinate supportive services and other activities designed to help public housing residents attain economic and housing self-sufficiency. This program provides three-year funding and includes administrative expenses and training as eligible uses of funds.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 – Description of the Entity (continued)

The following programs are operated under the Annual Contribution Contract C-10003:

Housing Choice Voucher (HCV) Program – Under this HUD Section 8 Program, the Authority contracts with private landlords and subsidizes the rental of 4,915 authorized units. HCV payments are made to the landlord on behalf of the tenant for the difference between the contract rent amount and the amount the tenant is obligated to pay under the program.

Veterans Affair Supportive Housing (VASH) Program – The HUD VASH program combines HCV rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs. The Authority's existing program consists of 60 vouchers.

Moderate Rehabilitation Program – Under this program, project-based rental assistance is provided to low-income families. The program was repealed in 1991 and no new projects are authorized for development. Assistance is limited to properties previously rehabilitated pursuant to a HAP contract between an owner and a public housing agency. The Authority's existing program consists of 14 units.

Shelter Plus Care Program – This program is funded in five-year increments through a Community Development Block Grant. The Authority receives funds for the purpose of providing housing for those individuals who have contracted the AIDS virus, are recovering drug addicts, or have been homeless for an excessive amount of time. The Authority's existing program consists of 131 units.

The Authority also operates the following program separate from the above Annual Contribution Contracts:

Housing Assistance Payment (HAP) Program – Under this HUD Section 8 Program, the Authority receives rental subsidies for approximately 200 dwelling units. Project-based rental assistance payments are received by the Authority from HUD for the difference between the contract rent amount and the amount the tenant is able to pay.

Family Self-Sufficiency (FSS) Program – This program enables families living in low-income public housing and housing choice voucher programs to increase their earned income and reduce their dependency on public assistance and rental subsidies. Under the FSS program, families are provided opportunities for education, job training, counseling and other forms of social service assistance so they can obtain skills necessary to achieve self-sufficiency. HUD funding is provided for salary of FSS coordinators. This program has a requirement of an escrow account for its participants and provides one-year funding.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*, the Authority follows GASB guidance as applicable to proprietary funds.

The Authority's financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The Authority uses a single proprietary fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Proprietary fund reporting focuses on the determination of the changes in net position, financial position and cash flows. A proprietary fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Authority's proprietary fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the proprietary fund include the costs of facility maintenance, housing assistance payments, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Investment

Cash and cash equivalents include investments with original maturities of three months or less at the time of purchase. Cash equivalents are carried at fair value. Investments with an initial maturity of more than three months are reported as investments. An analysis of the Authority's investment account at year end is provided in Note 3.

Capital Assets

All capital assets (including land, structures and equipment) are capitalized at cost and updated for additions and retirements during the fiscal period. Donated capital assets are recorded at their fair market values as of the date received. The Authority maintains a capitalization threshold of \$5,000. The Authority does not possess any infrastructure. Improvements are capitalized, but the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated using the straight-line method. Improvements are depreciated over the remaining useful lives of the related capital assets. Buildings are depreciated over 40 years and equipment is depreciated over 3 to 5 years.

Compensated Absences

The Authority reports compensated absences in accordance with the provision of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Authority will compensate the employees for the benefits through paid time off or some other means. The Authority records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the Authority's past experience of making termination payments.

The entire compensated absence liability is reported as a fund liability. The current portion of compensated absence liability is included in current liabilities in the financial statements.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 – Summary of Significant Accounting Policies (continued)

Recognition of Revenues and Expenses

The Authority accounts for transactions using the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Contributions and subsidies received from HUD are generally recognized as revenues in the Annual Contributions Contract year, except for HAP payments received under the Project-Based Rental Assistance Program which are recognized as dwelling rental revenues when earned. Tenant rents are recognized as revenues in the month of occupancy.

Contributions under the Capital Fund Program (CFP) are recognized as revenues in the period in which expenses related to CFP projects were incurred. Rentals and grants received in advance of the period in which they are recognized are recorded as unearned revenue.

Indirect Costs

Certain indirect costs are allocated to the various programs under a HUD-approved indirect cost allocation plan.

Inventory

Inventory is valued using an average costing method. The expenses are recorded upon consumption.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by HUD. This budget is adopted by the Board of the Authority and the Board resolution approving the budget is submitted to HUD annually.

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 – Summary of Significant Accounting Policies (continued)

Interprogram Balances

Receivables and payables resulting from short-term interprogram loans are classified as “Interprogram Due From/To” in the respective program financial statements. These amounts are eliminated in the Authority’s statements of net position in the financial statements.

Net Pension Liability and Pension Expense

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

The current accounting standard requires the Authority to report their proportionate share of the net pension liability using the earning approach to pension accounting instead of the funding approach as previously used. The funding 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. Under the new standards, the net pension liability equals the Authority proportionate share of the pension plan’s collective present value of estimated future pension benefits attributable to active and inactive employees’ past service minus plan assets available to pay these benefits.

Pension obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. The unfunded portion of this benefit of exchange is a liability of the Authority. However, the Authority is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the plan.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 – Summary of Significant Accounting Policies (continued)

There is no repayment schedule for the net pension liability. The Authority has no control over the changes in the pension benefits, contributions rate, and return on investments affecting the balance of the net pension liability. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 3 – Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Governing Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 3 – Deposits and Investments (continued)

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

Investments in stripped principal or interest obligation, reverse repurchase agreement and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may only be made upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of the confirmation of transfer from the custodian.

Unrestricted Cash and Cash Equivalents

Cash on Hand

At December 31, 2015, the Authority had \$2,000 in undeposited cash on hand, which is included on the Statement of Net Position as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

At December 31, 2015, the carrying amount of the Authority's deposits was \$14,181,510 and the bank balance was \$14,726,414. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2015, none of the Authority's bank balance was exposed to custodial credit risk.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 3 – Deposits and Investments (continued)

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in single financial institution collateral 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 all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority. The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the Federal Reserve Bank of Boston and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC.

Investments

The Authority has a formal investment policy; however, the Authority's investments were limited to U.S. Treasury/Agency securities, money market accounts backed by U.S. Treasury/Agency securities, and private debt securities at December 31, 2015.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Authority's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: U.S. Government money market mutual funds carry a rating of AAAM by Standard & Poor's. The Authority's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The Authority's investment policy does not specifically address credit risk beyond requiring the Authority to invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Authority's name. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Akron Metropolitan Housing Authority
Summit County
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For the Year Ended December 31, 2015

Note 3 – Deposits and Investments (continued)

Concentration of Credit Risk: The Authority places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Authority at December 31, 2015:

	Fair Value	Percentage of Total
Money Market	\$ 3,742,167	15.84%
Trustee Banks	6,145,315	26.00%
U.S. Government Agencies	13,741,511	58.16%
	<u>23,628,993</u>	<u>100.00%</u>
Deposits and Cash on Hand	<u>14,183,510</u>	
Total Cash and Investments	<u><u>\$ 37,812,503</u></u>	

As of December 31, 2015, the Authority has the following investments and maturities:

	Fair Value	Investment Maturities (in Years)		
		Less Than One Year	1 -3 Years	4 - 5 Years
Money Market	\$ 3,742,167	\$ 3,742,167	\$ -	\$ -
Trustee Banks	6,145,315	2,450,441	3,694,874	-
U.S. Government Agencies	13,741,511	-	11,301,329	2,440,182
	<u>\$ 23,628,993</u>	<u>\$ 6,192,608</u>	<u>\$ 14,996,203</u>	<u>\$ 2,440,182</u>

Restricted Cash and Investments

The Authority has restricted cash and investment at December 31, 2015 as follows:

Proceeds from Norton Homes Sale	\$ 9,310,111
Unspent HAP Funding Provided for Housing Choice Voucher Program	101,780
Tenant Security Deposits	384,651
Other Purposes	5,641,907
	<u><u>\$ 15,438,449</u></u>

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/2015	Additions	Deletions	Transfers	Balance 12/31/2015
<i><u>Capital Assets Not Being Depreciated</u></i>					
Land	\$ 26,353,574	\$ -	\$ (142,437)	\$ -	\$ 26,211,137
Construction In Progress	28,551,579	4,943,842	(4,098,975)	-	29,396,446
<i>Total Capital Assets Not Being Depreciated</i>	54,905,153	4,943,842	(4,241,412)	-	55,607,583
<i><u>Capital Assets Being Depreciated</u></i>					
Buildings and Building Improvements	320,635,214	4,114,029	-	16,302,391	341,051,634
Furniture, Equipment, Machinery	5,236,395	143,641	(504,341)	373,362	5,249,057
<i>Total Capital Assets Being Depreciated</i>	325,871,609	4,257,670	(504,341)	16,675,753	346,300,691
<i><u>Less: Accumulated Depreciation</u></i>					
Buildings and Building Improvements	(211,253,745)	(12,244,590)	-	(9,965,121)	(233,463,456)
Furniture, Equipment, Machinery	(4,628,478)	(249,469)	489,689	(28,645)	(4,416,903)
<i>Capital Assets Being Depreciated, Net</i>	109,989,386	(8,236,389)	(14,652)	6,681,987	108,420,332
Primary Government Capital Assets, Net	<u>\$ 164,894,539</u>	<u>\$ (3,292,547)</u>	<u>\$ (4,256,064)</u>	<u>\$ 6,681,987</u>	<u>\$ 164,027,915</u>

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 5 – Long-Term Obligations

Changes in the Authority’s long-term obligations during the year ended December 31, 2015 are as follows:

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015	Due Within One Year
<u>General Obligations</u>					
Midtown Note 4.58%	\$ 54,081	\$ -	\$ (54,081)	\$ -	\$ -
Central Office Variable Rate Bonds	3,535,000	-	(320,000)	3,215,000	335,000
Energy Conservation Note 4.40%	1,220,931	-	(441,028)	779,903	461,012
Energy Conservation Note 3.79%	1,884,857	-	(444,815)	1,440,042	461,969
OHFA NSP Loan	1,877,922	-	-	1,877,922	-
Summit County NSP Loan	450,000	-	(25,000)	425,000	25,000
Capital Fund Financing Program	11,625,001	-	(645,000)	10,980,001	680,000
Premium on Bond	274,555	-	(21,120)	253,435	21,120
<i>Total General Obligations</i>	<u>20,922,347</u>	<u>-</u>	<u>(1,951,044)</u>	<u>18,971,303</u>	<u>1,984,101</u>
<u>Capital Lease</u>					
Phase III Bank of America	4,149,819	-	(181,419)	3,968,400	200,792
<u>Blended Component Unit Obligations</u>					
Wilbeth-Arlington Note 3.00%	9,915,337	-	(179,005)	9,736,332	-
Authority Funds Note 0.00%	-	1,535,964	-	1,535,964	-
<i>Total Blended Component Unit</i>	<u>9,915,337</u>	<u>1,535,964</u>	<u>(179,005)</u>	<u>11,272,296</u>	<u>-</u>
Net Pension Liability	13,342,801	308,334	-	13,651,135	-
Compensated Absences	1,947,696	119,800	(292,154)	1,775,342	266,300
<i>Total Primary Government</i>	<u>\$ 50,278,000</u>	<u>\$ 1,964,098</u>	<u>\$ (2,603,622)</u>	<u>\$ 49,638,476</u>	<u>\$ 2,451,193</u>

On April 1, 1998, the Authority issued \$7,000,000 of variable rate demand bonds. The proceeds were used for the construction and furnishing of the Authority’s central office building and are being repaid from non-federal funds. The rate varies weekly, and the last reported rate for the year ended December 31, 2015 was .21%.

On August 12, 2004, the Board authorized the Authority to proceed with Phase I of HUD’s Energy Incentive Program, financed by a \$4,809,191 tax-exempt municipal 12 year note at an interest rate of 4.44%. Principal and interest payments of \$43,141 were paid monthly to the financing bank, Fifth Third Bank. Phase I of this program encompassed water and electric energy conservation measures (ECM) throughout the Authority. The note was refinanced with PNC Bank at an interest rate of 4.40% on March 12, 2010, and the monthly payment is currently \$40,528.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 5 – Long-Term Obligations (continued)

On September 20, 2005, the Board authorized the Authority to proceed with Phase II of HUD's Energy Incentive Program, which was financed by a \$4,897,502 tax-exempt municipal 12 year note at an interest rate of 3.79%. Principal and interest payments of \$42,381 are paid monthly to the financing bank, PNC. Phase II of this program provided for the design, installation and financing of energy conservation measures to reduce natural gas consumption throughout the low-income public housing properties.

On July 17, 2007, the Authority obtained Series 2007A Capital Fund Revenue Bonds payable to Ohio Housing Finance Agency at an interest rate ranging from 3.90% to 4.67%. The principal amount of the combined bond issue for four housing authorities was \$40,532,000, and \$15,605,000 of the principal amount is Akron Metropolitan Housing Authority's share. Payments are due semi-annually from October 2007 to April 2027. The bonds are repaid from the Capital Fund Program and were issued to make capital improvements to several of the sites. Premium on the bonds of \$422,393 was added to the debt in fiscal year 2009 and is being amortized over the life of the bonds.

The Authority assumed a Neighborhood Stabilization Program (NSP) First Priority Cash Flow Mortgage in an amount totaling \$1,877,922 from the Ohio Housing Finance Agency to fund the rehabilitation of the Washington Square Project to be repaid over a 20 year term. The annual cash flow payment is due and payable calculated on 25% of available cash flow. Any outstanding principal at the end of the 20 year term will be forgiven provided that the Authority adheres to the rent and occupancy requirements, reporting requirements and monitoring requirements in compliance with OHFA standards. In addition, the Authority signed a \$500,000 promissory note with Summit County also derived from NSP funds, that is secured by a 20 year mortgage to be repaid in equal annual payments of \$25,000. The County has agreed to forgive the payment annually as long as the Authority complies with the terms and conditions of the note.

In 2014, the Authority refinanced the three outstanding mortgages and the note payable outstanding totaling \$19,170,364 related to the Wilbeth-Arlington Homes Limited Partnership classified as a blended component unit by the Authority. The Authority forgave an amount equaling the carryover tax loss that would have been reported for tax purposes of \$9,255,027. The remaining balance was consolidated into a note payable to the Authority totaling \$9,915,337 bearing a 3.00% interest rate. This balance is to be repaid in annual installments based on the surplus cash balance at the end of each year. Due to the uncertainty of the surplus cash balance, no amortization schedule is available. The balance of this outstanding issue was eliminated on the financial statements as an intercompany transaction.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 5 – Long-Term Obligations (continued)

On April 28, 2015, the Authority issued an Authority Funds Note payable to the Authority at an interest rate of 0.00% for an amount not to exceed \$2,158,800. The principal balance outstanding at December 31, 2015 was \$1,535,964. Payment is due in full at maturity on April 28, 2055. This note was issued for capital improvements at the Spicer Terrace property. No amortization is available for this note as the project is not yet completed. The balance of this outstanding issue was eliminated on the financial statements as an intercompany transaction.

Compensated absences liability will be paid from the programs where employee salaries are paid.

The following is a summary of the Authority's future debt service requirements for long-term debt as of December 31, 2015:

Year	Principal	Interest	Total
2016	\$ 1,962,982	\$ 612,371	\$ 2,575,353
2017	1,893,675	540,195	2,433,870
2018	3,803,288	534,294	4,337,582
2019	815,000	421,750	1,236,750
2020	960,000	201,000	1,161,000
2021-2025	5,000,000	1,338,000	6,338,000
2026-2030	4,282,923	176,250	4,459,173
Total	<u>\$ 18,717,868</u>	<u>\$ 3,823,860</u>	<u>\$ 22,541,728</u>

Note 6 – Capital Leases

In 2011, the Authority entered into a capitalized lease agreement for the acquisition of various building improvements and equipment. The terms of each agreement provide options to purchase the items. The leases meet the criteria of capital leases as one which transfers all benefits and risks of ownership to the lessee. Capital assets acquired by lease have been capitalized as equipment in the amount of \$4,676,586 equal to the present value of the future minimum lease payments at the time of acquisition. Principal payments in the current fiscal year totaled \$181,419.

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015**

Note 6 – Capital Leases (continued)

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments at December 31, 2015:

Year	Principal	Interest	Total
2016	\$ 200,793	\$ 160,599	\$ 361,392
2017	436,039	149,999	586,038
2018	855,599	123,643	979,242
2019	1,195,961	81,229	1,277,190
2020	1,280,008	27,955	1,307,963
Total	\$ 3,968,400	\$ 543,425	\$ 4,511,825

Note 7 – Other Employee Benefits

Compensated Absences

Sick Leave is earned at a rate of 4.6 hours for each 80 hours worked and up to 960 hours of accumulated, unused sick leave is paid upon retirement.

Vacation leave is earned at a rate ranging from 8 hours to 16.66 hours per month based on years of service. Vacation time may be carried over from year to year up to two years for a cumulative maximum of 96 hours. Accumulated, unused vacation time is due and payable to employees upon separation from the Authority.

Note 8 – Defined Benefit Pension Plan

Net Pension Liability

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

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 8 – Defined Benefit Pension Plan (continued)

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

The 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 pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability.

Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Ohio Public Employees Retirement System

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

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015**

Note 8 – Defined Benefit Pension Plan (continued)

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

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

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

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

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

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015**

Note 8 – Defined Benefit Pension Plan (continued)

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

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

	<u>State and Local</u>
2015 Statutory maximum contribution rates	
Employer	14.00 %
Employee	10.00 %
 2015 Actual contribution rates	
Employer:	
Pension	12.00 %
Post-employment health care benefits	2.00
Total employer	14.00 %
 Employee	 10.00 %

The Authority's contractually required contribution was \$1,624,287 for 2015. Of this amount, \$217,451 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportionate share of the net pension liability	\$ 13,651,135
Proportion of the net pension liability	0.113183%
Pension expense	\$ 1,482,133

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015**

Note 8 – Defined Benefit Pension Plan (continued)

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>
Deferred outflows of resources	
Net difference between projected and actual earnings on pension plan investments	\$ 728,383
Authority contributions subsequent to the measurement date	<u>1,624,287</u>
Total deferred outflows of resources	<u><u>\$ 2,352,670</u></u>
 Deferred inflows of resources	
Differences between expected and actual experience	<u><u>\$ 239,823</u></u>

A total of \$1,624,287 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:

	<u>OPERS</u>
Year ending December 31:	
2015	\$ (71,440)
2016	(71,440)
2017	(163,583)
2018	<u>(182,097)</u>
Total	<u><u>\$ (488,560)</u></u>

Actuarial Assumptions - OPERS

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

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015**

Note 8 – Defined Benefit Pension Plan (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation		3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent	including wage inflation
COLA or Ad Hoc COLA		3 percent, simple
Investment rate of return		8 percent
Actuarial cost method		Individual entry age

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

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

The long-term 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 real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015**

Note 8 – Defined Benefit Pension Plan (continued)

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	23.00 %	2.31 %
Domestic equities	19.90	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	19.10	7.40
Other investments	<u>18.00</u>	<u>4.59</u>
Total	<u>100.00 %</u>	<u>5.28 %</u>

Discount Rate The discount rate used to measure the total pension liability was 8 percent. 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 benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current discount rate	1% Increase
	<u>(7.00%)</u>	<u>(8.00%)</u>	<u>(9.00%)</u>
Authority's proportionate share of the net pension liability	\$ 25,114,176	\$ 13,651,135	\$ 3,996,492

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 9 – Post-Employment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, 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 OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority requiring 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 covered payroll of active members. In 2015, the Authority contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

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For the Year Ended December 31, 2015

Note 9 – Post-Employment Benefits (continued)

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is VEBA that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

Actual employer contributions which were used to fund postemployment benefits for the years ended December 31, 2015, 2014 and 2013 were \$287,994, \$367,758 and \$528,823 respectively; 88.53% has been contributed for 2015 and 100% for 2014 and 2013. An amount of \$33,047 representing the unpaid contribution for fiscal year 2014 is recorded as an intergovernmental payable. The actual contribution and the actuarially required contribution amounts are the same.

Note 10 – 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. During the year ended December 31, 2015, the Authority contracted with the Housing Authority Risk Retention Group, Inc. (HAARG).

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 Housing Authority Risk Retention Group, Inc. (HARRG) which is an insurance risk-sharing and purchasing pool comprised of housing authorities. Property and personal property coverage is provided with a \$150,000,000 coverage limit and \$10,000 deductible. General liability is provided with a \$5,000,000 coverage limit and \$25,000 deductible. Public official liability is provided with a \$4,000,000 coverage limit and \$0 deductible. Other Crime liability is provided with a \$1,000,000 coverage limit and \$10,000 deductible. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015**

Note 11 – Payments in Lieu of Taxes

The Authority has cooperation agreements with certain municipalities under which it makes payments in lieu of real estate taxes for various public services. The Authority’s expense recognized for payments in lieu of taxes totaled \$447,208 for the year ended December 31, 2015.

Note 12 – Capital Contributions

Capital contributions of \$8,123,083 represent the portion of grants that are used for capital improvements under the Authority’s public housing program.

Note 13 – Restricted Net Position

The Housing Choice Voucher Program and the Veteran’s Affairs Supportive Housing 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 and investment accounts. In addition, proceeds from the sale of the Norton Homes public housing project are also restricted in usage and are shown as restricted investments and net position.

HCV Program	\$ 18,948
Building for Tomorrow	224,461
Public Housing Bond Pool	1,457,153
Component Unit Restricted	1,240,817
Norton Homes Sale Proceeds	9,310,111
<i>Total Restricted Net Position</i>	<u>\$ 12,251,490</u>

Note 14 – Contingencies

Grants

The Authority received financial assistance from HUD in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Authority.

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015**

Note 14 – Contingencies (continued)

Litigation

The Authority is party to various legal proceedings. In the opinion of the Authority, the ultimate disposition of these proceedings will not have a materially adverse effect on the Authority's financial position. No provision has been made in the financial statements for the effect, if any, of such contingencies.

Note 15 – Commitments

As of December 31, 2015, the Authority had the following significant contractual commitments:

Spicer Terrace Construction	\$ 536,194
Colonial Hills Renovation	785,070
<i>Total Commitments</i>	<u>\$ 1,321,264</u>

Note 16 – Changes in Accounting Principle and Restatement of Net Position

For 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement and the matter discussed in Note 17 had the following effect on net position as reported December 31, 2014:

	<u>Business -Type Activities</u>
Net position December 31, 2014	\$ 231,754,742
Adjustments:	
Net pension liability	(13,342,801)
Deferred outflow - payments subsequent to measurement date	1,662,359
Wilbeth-Arlington reclassification (see Note 17)	<u>(1,479,978)</u>
Restated net position December 31, 2014	<u>\$ 218,594,322</u>

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 17 – Prior Period Adjustment and Restatement of Net Position

During 2015, the Authority examined the status of the discretely presented component units and determined that the *Wilbeth-Arlington Homes Limited Partnership* component unit would be more properly classified as a blended component unit. The net result of this change in classification is a transfer of the project deficit balance as of December 31, 2014 of \$1,479,978 from the component unit to the primary government. All subsequent activity is reflected in the primary government column of the presented financial statements.

Note 18 – Component Units

Eastland Woods, LLC, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC and Marian Hall Building, LLC (the “component units”) have been determined to be discretely presented component units as described in Note 1. The Authority’s management has determined that they are significant; therefore they have been included as part of the Authority’s financial statements. The component units each issue a publicly available, stand-alone financial report that includes financial statements and supplementary information. The reports may be obtained by writing to the Finance Director of the Akron Metropolitan Housing Authority, 100 West Cedar Street, Akron, Ohio 44307.

A. Significant Accounting Policies

Accounting Basis – The financial statements of the component units have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing financial accounting and reporting principles. The component units’ significant accounting policies are described below.

Basis of Presentation – Operating revenues are those that are generated directly from the primary activity of the component units. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the component units. All revenues and expenses not meeting this definition are reported as non-operating.

Cash and Cash Equivalents – Cash received by the component units is maintained in demand deposit accounts and is presented in the financial statements as “cash and cash equivalents”.

Capital Assets and Depreciation – Capital assets are capitalized at cost or estimated historical cost and updated for additions and deletions during the year. The component units do not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Akron Metropolitan Housing Authority
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Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 18 – Component Units (continued)

All capital assets are depreciated. Depreciation is computed using the straight-line method.

Net Position – Net position represents the difference between assets and liabilities. The net position component “investment in capital assets” consists of capital assets, net of accumulated depreciation and related debt. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The component units apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

B. Deposits and Investments

At December 31, 2015, the carrying amount of all the component units’ deposits was \$4,361,288. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the component units to a successful claim by the FDIC.

C. Receivables

Receivables at December 31, 2015 consist of tenant rent receivables totaling \$181,588.

Akron Metropolitan Housing Authority
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Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 18 – Component Units (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/2015	Additions	Deletions	Transfers	Balance 12/31/2015
<i><u>Capital Assets Not Being Depreciated</u></i>					
Land	\$ 1,009,800	\$ -	\$ -	\$ -	\$ 1,009,800
<i>Total Capital Assets Not Being Depreciated</i>	1,009,800	-	-	-	1,009,800
<i><u>Capital Assets Being Depreciated</u></i>					
Buildings and Building Improvements	81,892,144	-	-	(16,302,391)	65,589,753
Furniture, Equipment, Machinery	1,991,299	28,636	(46,817)	(373,362)	1,599,756
<i>Total Capital Assets Being Depreciated</i>	83,883,443	28,636	(46,817)	(16,675,753)	67,189,509
<i><u>Less: Accumulated Depreciation</u></i>					
Capital Assets Being Depreciated, Net	(24,314,726)	(2,724,198)	37,778	9,993,766	(17,007,380)
<i>Component Unit Capital Assets, Net</i>	<u>\$ 60,578,517</u>	<u>\$ (2,695,562)</u>	<u>\$ (9,039)</u>	<u>\$ (6,681,987)</u>	<u>\$ 51,191,929</u>

E. Long-Term Debt

Debt activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015	Due Within One Year
<i><u>General Obligations</u></i>					
Eastland Woods, LLC	\$ 2,050,952	\$ 416,422	\$ (50,842)	\$ 2,416,532	\$ 46,953
Edgewood Village, LLC	492,000	-	-	492,000	-
Edgewood Village South, LLC	1,760,295	-	(236,725)	1,523,570	241,479
<i>Total Component Units</i>	<u>\$ 4,303,247</u>	<u>\$ 416,422</u>	<u>\$ (287,567)</u>	<u>\$ 4,432,102</u>	<u>\$ 288,432</u>

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 18 – Component Units (continued)

On November 1, 2004, Eastland Woods, LLC obtained a mortgage loan in the amount of \$2,424,200 to acquire and rehabilitate a 100 unit affordable rental housing project in Akron, Ohio. The loan is payable in monthly installments of \$15,323 from December 1, 2004 to November 1, 2034 at an interest rate of 6.50%. The note was refinanced with P/R Mortgage at an interest rate of 3.48% on October 20, 2015 with a current monthly payment of \$10,859 and will mature October 20, 2045.

A note payable is due to Edgewood Village Development Corporation on a \$492,000 construction loan secured by a mortgage from the Ohio Housing Finance Agency to fund construction of the Edgewood Village Phase 4 Project. This project debt is at an interest rate of 2.00% compounded semi-annually. Principal and interest are payable from cash flow and due December 10, 2049.

Edgewood Village South, LLC obtained a Construction bridge loan from Ohio Housing Finance Agency in the amount of \$2,000,000. The bridge loan bears no interest for the first two years and then bears interest at 2.00% for the remainder of the term. Principal and interest are payable in eight annual installments in the amount of \$273,020 beginning on April 15, 2014 and continuing through April 15, 2021.

F. Contingencies

Management believes there are no pending legal matters which would materially affect the component units' financial statements.

**Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2015**

Note 18 – Component Units (continued)

G. Condensed Financial Statement Information

	Akron Edgewood Homes, LLC	Edgewood Village, LLC	Edgewood Village South, LLC	Marian Hall Building, LLC	Eastland Woods, LLC	Total Discretely Presented Component Units
<u>Balance Sheet</u>						
Current Assets	\$ 1,360,856	\$ 705,974	\$ 1,019,558	\$ 738,493	\$ 873,018	\$ 4,697,899
Capital Assets, Net	15,854,940	8,303,958	7,733,001	8,225,905	11,074,125	51,191,929
Other Non-Current Assets	129,934	194,332	191,992	246,211	583,674	1,346,143
Current Liabilities	1,386,531	1,584,754	368,986	70,922	1,268,873	4,680,066
Non-Current Liabilities	11,466,210	4,101,512	4,689,659	7,136,332	8,237,560	35,631,273
Net Position	4,492,989	3,517,998	3,885,906	2,003,355	3,024,384	16,924,632
<u>Revenues, Expenses and Changes in Equity</u>						
Revenues	612,729	403,510	375,042	381,536	1,314,254	3,087,071
Expenses	1,499,577	918,754	780,152	786,866	1,765,533	5,750,882
Capital Contributions	289,737	-	373,019	73,561	-	736,317
Excess of Revenue over Expenses	\$ (597,111)	\$ (515,244)	\$ (32,091)	\$ (331,769)	\$ (451,279)	\$ (1,927,494)

Akron Metropolitan Housing Authority

Required Supplementary Information

Schedule of Akron Metropolitan Housing Authority Proportionate Share of the Net Pension Liability

Last Two Years (1)

	<u>2014</u>	<u>2013</u>
Ohio Public Employees Retirement System (OPERS) - Traditional Plan		
Authority's proportion of the net pension liability	0.113183%	0.113183%
Authority's proportionate share of the net pension liability	\$ 13,651,135	\$ 13,342,801
Authority's covered employee payroll	\$ 13,852,992	\$ 13,335,338
Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll	98.54%	100.06%
Plan fiduciary net position as a percentage of total pension liability	86.45%	86.36%

(1) Information prior to 2013 is not available and the amounts presented are as of the Authority's measurement date which is the prior fiscal year end.

Akron Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Akron Metropolitan Housing Authority Contributions
 Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Ohio Public Employees Retirement System (OPERS) - Traditional Plan			
Contractually required contribution	\$ 1,624,287	\$ 1,662,359	\$ 1,733,594
Contributions in relation to contractually required contribution	<u>(1,624,287)</u>	<u>(1,662,359)</u>	<u>(1,733,594)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered employee payroll	\$ 13,535,725	\$ 13,852,992	\$ 13,335,338
Contributions as a percentage of covered employee payroll	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

Akron Metropolitan Housing Authority

Notes to Required Supplementary Information

For the Year Ended December 31, 2015

Ohio Public Employees Retirement System (OPERS) - Traditional Plan

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

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

**Akron Metropolitan Housing Authority
Summit County
Statement of ROSS Grant Costs - Completed
For the Year Ended December 31, 2015**

Annual Contributions Contract C-959

1. The total amount of grant costs of the ROSS Program grants are shown below:

OH007RFS199A013

Funds Approved	\$ 131,431
Funds Expended	<u>131,431</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

2. All work in connection with the ROSS Program has been completed.
3. The entire actual grant cost or liabilities incurred by the Authority have been fully paid.

**Akron Metropolitan Housing Authority
Summit County
Statement of Modernization Grant Costs – Completed
For the Year Ended December 31, 2015**

Annual Contributions Contract C-959

1. The total amount of modernization costs of the Capital Fund Program are shown below:

OH12P00750111

Funds Approved	\$ 7,011,519
Funds Expended	<u>7,011,519</u>
Excess (Deficiency) of Funds Approved	<u>\$ 0</u>

2. All work in connection with the Capital Fund Program has been completed.
3. The entire actual grant cost or liabilities incurred by the Authority have been fully paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

**Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Period Ended December 31, 2015**

	Low Rent 14.850 and Capital Fund 14.872	PIH Family Self-Sufficiency Program 14.896	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	Public Housing FSS under ROSS 14.877	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238	State/Local	Other Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	Lower Income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
Assets															
<i>Cash and Cash Equivalents</i>															
Unrestricted	\$ 950,832	\$ -	\$ -	\$ 553,804	\$ -	\$ 778,304	\$ -	\$ -	\$ 4,029,843	\$ 488,041	\$ 982,338	\$ 146,603	\$ 2,070,601	\$ -	\$ 10,000,366
Other Restricted	-	-	29,349	101,780	-	-	-	42,188	1,240,817	3,739,396	1,153,354	-	-	-	6,306,884
Tenant Security Deposits	267,500	-	-	-	-	-	-	-	57,053	133,851	60,098	-	-	-	518,502
Restricted for Payment of Current Liabilities	1,356,303	-	-	20,708	-	-	-	-	342,035	-	-	-	-	-	1,719,046
Total Cash and Cash Equivalents	2,574,635	-	29,349	676,292	-	778,304	-	42,188	5,669,748	4,361,288	2,195,790	146,603	2,070,601	-	18,544,798
<i>Accounts and Notes Receivable</i>															
Accounts Receivable - HUD Other Projects	289,061	-	7,733	65,265	50,804	-	-	-	-	-	-	-	-	-	412,863
Accounts Receivable - Miscellaneous	36,560	-	-	-	-	-	-	65,884	315,799	166,279	175,483	-	125,985	-	885,990
Accounts Receivable - Tenants	37,771	-	-	-	-	-	-	-	7,186	15,309	26,714	-	-	-	86,980
Allowance for Doubtful Accounts - Tenants	(1,280)	-	-	-	-	-	-	-	(404)	-	-	-	-	-	(1,684)
Notes, Loans and Mortgages Receivable - Current	79,168	-	-	-	-	-	-	-	405	-	-	-	-	-	79,573
Accrued Interest Receivable	7,912	-	-	-	-	5,356	-	-	17,093	-	-	-	-	-	30,361
Total Accounts and Notes Receivable - Net of Allowance	449,192	-	7,733	65,265	50,804	5,356	-	65,884	340,079	181,588	202,197	-	125,985	-	1,494,083
<i>Investments</i>															
Unrestricted	5,942,048	-	-	-	-	3,840,109	-	-	3,079,572	-	-	-	-	-	12,861,729
Restricted	1,457,153	-	-	-	-	-	-	-	9,310,111	-	-	-	-	-	10,767,264
Total Investments	7,399,201	-	-	-	-	3,840,109	-	-	12,389,683	-	-	-	-	-	23,628,993
<i>Other Current Assets</i>															
Prepaid Expenses and Other Assets	703,035	-	-	20,839	-	-	-	-	61,747	151,212	130,367	-	45,083	-	1,112,283
Inventories	160,533	-	-	-	-	-	-	-	2,594	3,821	14,522	-	136,704	-	318,174
Allowance for Obsolete Inventories	(6,109)	-	-	-	-	-	-	-	(20)	(10)	(20)	-	(8,891)	-	(15,050)
Interprogram Due From	-	3,717	-	-	-	-	-	-	-	-	-	-	166,409	(170,126)	-
Total Other Current Assets	857,459	3,717	-	20,839	-	-	-	-	64,321	155,023	144,869	-	339,305	(170,126)	1,415,407
<i>Capital Assets</i>															
Land	18,953,072	-	-	-	-	-	-	-	7,243,911	1,009,800	-	-	14,154	-	27,220,937
Buildings	302,793,628	-	-	-	-	-	-	-	19,788,154	65,589,753	16,302,391	-	2,167,461	-	406,641,387
Furniture, Equipment and Machinery - Dwellings	1,434,373	-	28,198	114,986	-	-	-	-	1,651,577	-	-	-	-	-	3,229,134
Furniture, Equipment and Machinery - Administration	-	-	-	-	-	-	-	13,102	-	1,599,756	373,362	-	1,633,460	-	3,619,680
Accumulated Depreciation	(213,567,843)	-	(27,878)	(102,276)	-	-	-	(10,918)	(11,350,150)	(17,007,380)	(10,630,035)	-	(2,191,260)	-	(254,887,740)
Construction in Progress	27,041,189	-	-	-	-	-	-	-	819,293	-	1,535,964	-	-	-	29,396,446
Total Capital Assets, Net of Accumulated Depreciation	136,654,419	-	320	12,710	-	-	-	2,184	18,152,785	51,191,929	7,581,682	-	1,623,815	-	215,219,844
<i>Other Non-Current Assets</i>															
Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	-	58,914,755	-	-	-	-	(11,569,756)	47,344,999
Other Assets	282,868	-	-	-	-	-	-	-	-	1,346,143	614,175	-	-	-	2,243,186
Total Other Non-Current Assets	282,868	-	-	-	-	-	-	-	58,914,755	1,346,143	614,175	-	-	(11,569,756)	49,588,185
Total Assets	148,217,774	3,717	37,402	775,106	50,804	4,623,769	-	110,256	95,531,371	57,235,971	10,738,713	146,603	4,159,706	(11,739,882)	309,891,310
<i>Deferred Outflows of Resources</i>															
	-	-	-	-	-	-	-	-	2,352,670	-	-	-	-	-	2,352,670
Total Assets and Deferred Outflows of Resources	\$ 148,217,774	\$ 3,717	\$ 37,402	\$ 775,106	\$ 50,804	\$ 4,623,769	\$ -	\$ 110,256	\$ 97,884,041	\$ 57,235,971	\$ 10,738,713	\$ 146,603	\$ 4,159,706	\$ (11,739,882)	\$ 312,243,980

**Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Period Ended December 31, 2015**

	Low Rent 14.850 and Capital Fund 14.872	PIH Family Self- Sufficiency Program 14.896	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	Public Housing FSS under ROSS 14.877	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238	State/Local	Other Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	Lower Income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
Liabilities															
<i>Current Liabilities</i>															
Accounts Payable <= 90 Days	\$ 100,156	\$ -	\$ -	\$ 4,161	\$ -	\$ 44	\$ -	\$ 200	\$ 58,940	\$ 564,740	\$ 248,824	\$ -	\$ 26,414	\$ -	\$ 1,003,479
Accounts Payable >90 Days	-	-	-	-	-	-	-	-	12,000	-	-	-	-	-	12,000
Accrued Wages and Payroll Taxes Payable	132,165	3,070	-	20,888	-	527	-	-	21,276	-	-	-	95,576	-	273,502
Accrued Compensated Absences	97,316	-	-	15,219	-	28	-	-	21,403	-	-	-	132,334	-	266,300
Accrued Interest Payable	140,324	-	-	-	-	-	-	-	629	-	-	-	-	-	140,953
Accounts Payable - HUD	-	-	-	-	-	-	-	-	-	-	-	14,493	-	-	14,493
Accounts Payable - Other Government	516,541	-	-	-	-	-	-	-	19,449	-	-	-	2,398	-	538,388
Tenant Security Deposits	267,500	-	-	-	-	-	-	-	57,053	127,134	45,986	-	-	-	497,673
Deferred Revenue	53,810	-	-	-	-	-	-	-	8,061	934,633	1,756	-	-	-	998,260
Capital Projects and Mortgage Revenue - Current Portion	1,824,893	-	-	-	-	-	-	-	360,000	288,432	-	-	-	-	2,473,325
Other Current Liabilities	813,255	-	29,349	-	-	-	-	-	13,267	-	-	-	553,888	-	1,430,467
Other Accrued Liabilities	57,741	647	-	11,096	-	177	-	-	22,700	2,765,127	489,465	-	232,093	(297,460)	3,281,586
Inter Program - Due To	-	-	7,733	-	50,804	-	-	107,872	-	-	-	-	3,717	(170,126)	-
Total Current Liabilities	4,003,701	3,717	37,082	72,072	50,804	776	-	108,072	594,778	4,680,066	786,031	14,493	1,046,420	(467,586)	10,930,426
<i>Non-Current Liabilities</i>															
Long-Term Debt, Non-Current	15,596,890	-	-	-	-	-	-	-	5,157,922	35,631,273	11,272,296	-	-	(11,272,296)	56,386,085
Other Non-Current Liabilities	64,584	-	-	82,832	-	-	-	-	-	-	-	-	-	-	147,416
Accrued Compensated Absences - Non-Current	551,458	-	-	86,241	-	161	-	-	121,288	-	-	-	749,894	-	1,509,042
Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	13,651,135	-	-	-	-	-	13,651,135
Total Non-Current Liabilities	16,212,932	-	-	169,073	-	161	-	-	18,930,345	35,631,273	11,272,296	-	749,894	(11,272,296)	71,693,678
Total Liabilities	20,216,633	3,717	37,082	241,145	50,804	937	-	108,072	19,525,123	40,311,339	12,058,327	14,493	1,796,314	(11,739,882)	82,624,104
<i>Deferred Inflows of Resources</i>															
	-	-	-	-	-	-	-	-	239,823	-	-	-	-	-	239,823
Net Position															
Net Investment in Capital Assets	119,232,636	-	320	12,710	-	-	-	2,184	12,634,863	15,272,224	(3,690,614)	-	1,623,815	-	145,088,138
Restricted	1,457,153	-	-	18,948	-	-	-	-	10,550,928	-	224,461	-	-	-	12,251,490
Unrestricted	7,311,352	-	-	502,303	-	4,622,832	-	-	54,933,304	1,652,408	2,146,539	132,110	739,577	-	72,040,425
Total Net Position	128,001,141	-	320	533,961	-	4,622,832	-	2,184	78,119,095	16,924,632	(1,319,614)	132,110	2,363,392	-	229,380,053
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 148,217,774	\$ 3,717	\$ 37,402	\$ 775,106	\$ 50,804	\$ 4,623,769	\$ -	\$ 110,256	\$ 97,884,041	\$ 57,235,971	\$ 10,738,713	\$ 146,603	\$ 4,159,706	\$ (11,739,882)	\$ 312,243,980

**Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Period Ended December 31, 2015**

	Low Rent 14.850 and Capital Fund 14.872	PIH Family Self- Sufficiency Program 14.896	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	Public Housing FSS under ROSS 14.877	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238	State/Local	Other Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	Lower Income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total	
Operating Revenues																
<i>Tenant Revenues</i>																
Tenant Rental Revenue, Net	\$ 8,236,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,708,950	\$ 2,762,444	\$ 3,000,212	\$ -	\$ -	\$ -	\$ 15,708,497
Other Tenant Revenue	364,854	-	-	-	-	-	-	-	20,898	-	-	-	-	-	-	385,752
Total Tenant Revenues	8,601,745	-	-	-	-	-	-	-	1,729,848	2,762,444	3,000,212	-	-	-	-	16,094,249
<i>Fee Revenues</i>																
HUD PHA Operating Grants	19,426,967	298,008	175,534	29,931,847	107,288	2,132,728	486,148	-	-	-	-	56,805	-	-	-	52,615,325
Capital Grants	4,902,487	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,902,487
Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	3,493,437	(3,493,437)	-	-
Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	465,240	(465,240)	-	-
Bookkeeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	361,729	(361,729)	-	-
Total Fee Revenues	24,329,454	298,008	175,534	29,931,847	107,288	2,132,728	486,148	-	-	-	-	56,805	4,320,406	(4,320,406)	-	57,517,812
<i>Other Revenues</i>																
Other Intergovernmental Revenue	-	-	-	-	-	-	-	402,337	-	-	-	-	-	-	-	402,337
Investment Income - Unrestricted	89,258	-	-	168	-	32,973	-	5	1,049,391	5,748	2,406	21	36	-	-	1,180,006
Mortgage Interest Income	-	-	-	-	-	-	-	-	107,891	-	-	-	-	-	-	107,891
Fraud Recovery	-	-	-	87,178	-	-	-	-	-	-	-	-	-	-	-	87,178
Other Revenue	989,611	-	-	27,046	-	309	-	162,486	1,136,167	318,879	1,175,836	-	3,412,090	-	-	7,222,424
Gain or Loss on Sale of Capital Assets	22,534	-	-	-	-	-	-	(14,042)	55,001	-	-	-	-	2,226	-	65,719
Investment Income - Restricted	21,120	-	-	-	-	-	-	-	82,281	-	-	-	-	-	-	103,401
Total Other Revenues	1,122,523	-	-	114,392	-	33,282	-	550,786	2,430,731	324,627	1,178,242	21	3,414,352	-	-	9,168,956
Total Operating Revenues	\$ 34,053,722	\$ 298,008	\$ 175,534	\$ 30,046,239	\$ 107,288	\$ 2,166,010	\$ 486,148	\$ 550,786	\$ 4,160,579	\$ 3,087,071	\$ 4,178,454	\$ 56,826	\$ 7,734,758	\$ (4,320,406)	\$ 82,781,017	

**Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Period Ended December 31, 2015**

	Low Rent 14,850 and Capital Fund 14,872	PIH Family Self- Sufficiency Program 14,896	Resident Opportunity and Supportive Services 14,870	Housing Choice Vouchers 14,871	Public Housing FSS under ROSS 14,877	N/C S/R Section 8 Programs 14,182	Shelter Plus Care 14,238	State/Local	Other Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	Lower Income Housing Assistance Program - Section 8 Moderate 14,856	Central Office	Eliminations	Total
Operating Expenses															
<i>Administrative</i>															
Administrative Salaries	\$ 1,943,708	\$ -	\$ -	\$ 1,049,771	\$ -	\$ 30,689	\$ 28,335	\$ -	\$ 348,290	\$ 303,388	\$ 317,820	\$ 7,645	\$ 3,021,613	\$ -	\$ 7,051,259
Auditing Fees	20,949	-	-	10,399	-	814	-	-	4,525	49,020	11,485	1,000	2,851	-	101,043
Management Fee	2,535,934	-	-	500,004	-	21,000	-	-	120,708	142,607	173,184	-	-	(3,493,437)	-
Bookkeeping Fee	361,729	-	-	-	-	-	-	-	-	-	-	-	-	(361,729)	-
Advertising and Marketing	18,200	-	-	1,813	-	40	-	-	2,554	-	-	-	2,993	-	25,600
Employee Benefit Contributions	1,253,745	-	-	688,604	-	13,510	12,143	-	111,896	103,152	108,059	3,277	1,563,306	-	3,857,692
Office Expenses	502,563	-	1,601	100,298	-	282	-	6,198	35,204	-	-	-	176,046	-	822,192
Legal Expense	127,830	-	-	72,993	-	13	-	-	25,239	49,192	58,848	-	53,693	-	387,808
Travel	17,013	-	5,546	206	-	3,684	-	1,495	4,867	-	-	-	58,437	-	91,248
Other	1,860,734	-	5,867	182,448	4,750	6,693	-	18,989	221,016	35,686	158,859	-	487,584	-	2,982,626
Total Administrative Expenses	8,642,405	-	13,014	2,606,536	4,750	76,725	40,478	26,682	874,299	683,045	828,255	11,922	5,366,523	(3,855,166)	15,319,468
<i>Tenant Services</i>															
Asset Management Fee	465,240	-	-	-	-	-	-	-	-	-	-	-	-	(465,240)	-
Tenant Services-Salaries	483,106	171,656	97,811	35,640	26,076	-	-	192,621	80,038	-	-	-	-	-	1,086,948
Employee Benefit Contributions	204,122	124,730	56,447	16,955	17,061	-	-	126,526	34,640	-	-	-	-	-	580,481
Other Tenant Services	133,042	-	7,231	1,186	59,005	-	-	216,209	2,225	-	-	-	-	-	418,898
Total Tenant Services Expenses	1,285,510	296,386	161,489	53,781	102,142	-	-	535,356	116,903	-	-	-	-	(465,240)	2,086,327
<i>Utilities</i>															
Water	658,384	-	-	-	-	-	-	-	54,966	367,820	396,866	-	1,014	-	1,479,050
Electricity	1,487,490	-	-	-	-	-	-	-	178,264	65,554	33,227	-	22,215	-	1,786,750
Gas	435,399	-	-	-	-	-	-	-	48,760	9,226	19,060	-	8,488	-	520,933
Sewer	1,827,093	-	-	-	-	-	-	-	141,384	-	-	-	1,838	-	1,970,315
Other Utilities Expense	55,163	-	-	-	-	-	-	-	-	-	-	-	-	-	55,163
Total Utilities Expenses	4,463,529	-	-	-	-	-	-	-	423,374	442,600	449,153	-	33,555	-	5,812,211
<i>Maintenance</i>															
Ordinary Maintenance and Operations Labor	3,394,741	-	-	-	-	-	-	-	186,900	127,422	285,368	-	923,347	-	4,917,778
Ordinary Maintenance and Operations Materials and Other	1,576,287	-	-	5,980	-	42	-	26	114,173	212,059	147,004	-	380,557	-	2,436,128
Ordinary Maintenance and Operations Contracts	4,470,765	-	-	10,389	-	-	-	463	419,677	433,016	406,871	-	151,375	-	5,892,556
Employee Benefits Contributions	2,077,137	-	-	-	-	-	-	-	48,903	33,130	74,195	-	457,502	-	2,690,867
Total Maintenance Expenses	11,518,930	-	-	16,369	-	42	-	489	769,653	805,627	913,438	-	1,912,781	-	15,937,329
<i>Protective Services</i>															
Protective Services Labor	1,052,872	-	-	57,924	-	-	-	-	59,103	-	-	-	11,704	-	1,181,603
Protective Services Contract Costs	278,875	-	-	35,919	-	-	-	-	17,004	-	-	-	6,024	-	337,822
Protective Services Other	3,467	-	-	-	-	-	-	-	152	-	-	-	3,443	-	7,062
Employee Benefits Contributions	173,526	-	-	18,878	-	-	-	-	9,792	-	-	-	5,016	-	207,212
Total Protective Services Expenses	\$ 1,508,740	\$ -	\$ -	\$ 112,721	\$ -	\$ -	\$ -	\$ -	\$ 86,051	\$ -	\$ -	\$ -	\$ 26,187	\$ -	\$ 1,733,699

**Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Period Ended December 31, 2015**

	Low Rent 14.850 and Capital Fund 14.872	PIH Family Self- Sufficiency Program 14.896	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	Public Housing FSS under ROSS 14.877	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238	State/Local	Other Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	Lower Income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
Operating Expenses (continued)															
<i>Insurance</i>															
Property Insurance	\$ 712,871	\$ -	\$ -	\$ 40,396	\$ -	\$ -	\$ -	\$ 859	\$ 47,451	\$ 158,807	\$ 129,582	\$ -	\$ 77,705	\$ -	\$ 1,167,671
Workman's Compensation	66,814	1,622	1,031	11,962	396	306	-	1,663	5,895	-	-	-	39,792	-	129,481
Other Insurance	-	-	-	-	-	-	-	-	-	-	-	-	11,979	-	11,979
Total Insurance Expenses	779,685	1,622	1,031	52,358	396	306	-	2,522	53,346	158,807	129,582	-	129,476	-	1,309,131
<i>General</i>															
Other General Expenses	664,369	-	-	3,000	-	-	-	-	750	209,149	515,116	-	3,210	-	1,395,594
Compensated Absences	84,326	-	-	30,611	-	-	-	-	2,210	-	-	-	122,341	-	239,488
Payments in Lieu of Taxes	447,207	-	-	-	-	-	-	-	-	192,671	192,005	-	-	-	831,883
Bad Debt - Tenant Services	209,879	-	-	-	-	-	-	-	27,271	20,065	25,987	-	-	-	283,202
Bad Debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total General Expenses	1,405,781	-	-	33,611	-	-	-	-	30,231	421,885	733,108	-	125,551	-	2,750,167
Interest of Mortgage or Bonds Payable	594,963	-	-	-	-	-	-	-	6,559	-	-	-	-	-	601,522
Interest on Notes Payable	275,969	-	-	-	-	-	-	-	-	417,135	297,460	-	-	-	990,564
Amortization of Bond Issue Costs	23,572	-	-	-	-	-	-	-	-	11,714	-	-	-	-	35,286
Total Expense and Amortization Cost	894,504	-	-	-	-	-	-	-	6,559	428,849	297,460	-	-	-	1,627,372
Total Operating Expenses	30,499,084	298,008	175,534	2,875,376	107,288	77,073	40,478	565,049	2,360,416	2,940,813	3,350,996	11,922	7,594,073	(4,320,406)	46,575,704
Excess of Operating Revenues Over (Under) Operating Expenses	3,554,638	-	-	27,170,863	-	2,088,937	445,670	(14,263)	1,800,163	146,258	827,458	44,904	140,685	-	36,205,313
Other Financing Sources (Uses)															
<i>Non-Operating Expenses</i>															
Extraordinary Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Capitalized Casualty Losses	(303,423)	-	-	-	-	-	-	-	(89,452)	-	-	-	-	-	(392,875)
Housing Assistance Payments	-	-	-	(26,879,924)	-	(1,940,524)	(445,670)	-	-	-	-	(44,904)	-	-	(29,311,022)
Depreciation Expense	(11,008,644)	-	(275)	(8,972)	-	-	-	(10,770)	(681,472)	(2,810,069)	(631,335)	-	(152,591)	-	(15,304,128)
Total Non-Operating Expenses	(11,312,067)	-	(275)	(26,888,896)	-	(1,940,524)	(445,670)	(10,770)	(770,924)	(2,810,069)	(631,335)	(44,904)	(152,591)	-	(45,008,025)
<i>Transfers</i>															
Operating Transfer In	1,227,133	-	-	-	-	-	-	-	-	-	-	-	-	(1,227,133)	-
Operating Transfer Out	(1,227,133)	-	-	-	-	-	-	-	-	-	-	-	-	1,227,133	-
Inter Project Excess Cash Transfer In	1,163,735	-	-	-	-	-	-	-	-	-	-	-	-	(1,163,735)	-
Inter Project Excess Cash Transfer Out	(1,163,735)	-	-	-	-	-	-	-	-	-	-	-	-	1,163,735	-
Transfer In between Program and Project	-	-	-	-	-	-	-	-	1,141,837	-	-	-	-	(1,141,837)	-
Transfer Out between Program and Project	(1,141,837)	-	-	-	-	-	-	-	-	-	-	-	-	1,141,837	-
Total Transfers	(1,141,837)	-	-	-	-	-	-	-	1,141,837	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(12,453,904)	-	(275)	(26,888,896)	-	(1,940,524)	(445,670)	(10,770)	370,913	(2,810,069)	(631,335)	(44,904)	(152,591)	-	(45,008,025)
Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (8,899,266)	\$ -	(275)	\$ 281,967	\$ -	\$ 148,413	\$ -	(25,033)	\$ 2,171,076	\$ (2,663,811)	\$ 196,123	\$ -	(11,906)	\$ -	(8,802,712)

**AKRON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/Pass Through Grantor Program Title	CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<u>Direct Programs</u>		
Low Rent Public Housing Program	14.850	\$ 16,152,897
Resident Opportunity and Self-Sufficiency (ROSS) Service Coordinators	14.870	175,534
Public Housing Family Self-Sufficiency Under ROSS	14.877	107,288
Capital Fund Program	14.872	8,176,557
Family Self-Sufficiency (ROSS)	14.896	298,008
<u>Section 8</u>		
Section 8 Housing Choice Voucher Program	14.871	29,931,847
<u>Section 8 Project Cluster</u>		
Section 8 New Construction	14.182	2,132,728
Section 8 Moderate Rehabilitation	14.856	56,805
<i>Total Section 8 Project Cluster</i>		<u>2,189,533</u>
Shelter Care Plus	14.238	486,148
Total Section 8		<u>32,607,528</u>
Total U.S. Department of Housing and Urban Development		<u>57,517,812</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 57,517,812</u>

This schedule is prepared on the accrual basis of accounting

Akron Metropolitan Housing Authority
Summit County
Notes to the Schedule of Federal Awards Expenditures
2 CFR 200.510(b)(6)
For the Year Ended December 31, 2015

Note A – Basis of Presentation

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal award activity of the Akron Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended December 31, 2015. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note B – Summary of Significant Accounting Policies

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Akron Metropolitan Housing Authority
Summit County
100 West Cedar Street
Akron, OH 43616

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities and the aggregate discretely presented component units of the Akron Metropolitan Housing Authority, Summit County, (the Authority) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 15, 2016. We noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*.

Other auditors audited the financial statements of Eastland Woods, LLC, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC, and Marian Hall Building, LLC, all of the Authority's discretely presented component units and Wilbeth-Arlington Homes, Limited Partnership, and Building for Tomorrow, two of the three of the Authority's blended component units, as described in our report on the Authority's financial statements. The financial statements of the aggregate discretely presented component units and the blended component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

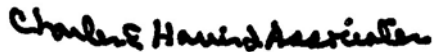
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.

July 15, 2016

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Akron Metropolitan Housing Authority
Summit County
100 West Cedar Street
Akron, OH 44307

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited the Akron Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Authority's major federal programs for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Akron Metropolitan Housing Authority complied in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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

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



CHARLES E. HARRIS & ASSOCIATES, INC.
July 15, 2016

**AKRON METROPOLITAN HOUSING AUTHORITY
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under 2 CFR § 200.516(a)?</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Capital Fund Program - CFDA #14.872 Section 8 Housing Choice Voucher Program - CFDA #14.871
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$1,725,534 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee 2 CFR § 200.520?</i>	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**Akron Metropolitan Housing Authority
Summit County**

**Schedule of Prior Audit Findings
For the Year Ended December 31, 2015**

The prior audit report, for the 18 months ended December 31, 2014, reported no material citations or recommendations.



Dave Yost • Auditor of State

AKRON METROPOLITAN HOUSING AUTHORITY

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 4, 2016**