ALLEN METROPOLITAN HOUSING AUTHORITY

ALLEN COUNTY

SINGLE AUDIT

JULY 1, 2016 – JUNE 30, 2017

WILSON, SHANNON & SNOW

INC.

CPAs & ADVISORS

Board of Commissioners
Allen Metropolitan Housing Authority
600 South Main Street
Lima, Ohio 45804

We have reviewed the *Independent Auditor's Report* of the Allen Metropolitan Housing Authority, Allen County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2016 through June 30, 2017. 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 Allen Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

December 27, 2017

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ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY

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WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the Allen Metropolitan Housing Authority, Allen County, Ohio (the Authority), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Allen Metropolitan Housing Authority, Allen County as of June 30, 2017, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

The schedules and certification are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules and certification to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules and certification directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules and certificaiton are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 4, 2017

The following discussion and analysis of the Allen Metropolitan Housing Authority (the Authority) is to provide an introduction to the basic financial statements for the fiscal year ended June 30, 2017. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2017 by $6,326,730 (net position). Of this amount, $892,293 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- Capital assets decreased by $588,016.
- Net Position decreased by $825,697 in the fiscal year ended June 30, 2017.
- Revenues increased $639,451 primarily due to an increase in tenant revenue and Housing Choice Voucher program revenue (a component of operating subsidies).
- Operating expenses increased by $454,227 primarily due to an increase in Housing Assistance Payment (HAP) expense in the Housing Choice Voucher Program.
- The capital contributions decreased $310,434 reflecting the drop in capital fund monies spent on capital projects from 2016.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

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

The focus is on both the Authority as a whole (authority-wide). Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (fiscal year to fiscal year or Authority to Authority) and enhance the Authority's accountability.

Authority-Wide Financial Statements

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

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

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

> 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. The Authority does not have any outstanding debt.
>
> Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
>
> Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Investment in Capital Assets", or "Restricted Net Position". This account resembles the old operating reserves account.

The Authority financial statements include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, operating grants, and other revenues; Operating Expenses, such as administrative, utilities, maintenance, general, insurance, housing assistance payments, and depreciation; and Non-Operating Revenues, such as capital grant revenue, investment income, and gain on sale of assets.

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

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

Fund financial Statements

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

Accounting balances for many of the programs maintained by the Authority are segregated as required by HUD. Others are segregated to enhance accountability and control.

Public Housing Program (PH) – Under the Public Housing Program, the Authority rents units that it owns to low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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

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

Special Needs Assistance Program (SNAP) – The Homeless Management Information Systems Technical Assistance funding received from the Department of Housing and Urban Development for this program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Section 8 Moderate Rehab – Single Room Only (SRO) – The Authority administers Section 8 rental assistance programs where the Department of Housing and Urban Development (HUD) enters into annual contribution contract with a private owner. The owner rents housing to eligible low-income individuals who typically pay rent of 30% of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority earns an administration fee for these services rendered. The program operates from Section 8 – New Construction and Substantial Rehab funding.

FSS – Service Coordinators – The purpose of the Family Self-Sufficiency (FSS) Service Coordinator program is to provide funding to hire and maintain Service Coordinators who will assess the needs of residents of conventional Public Housing and coordinate available resources in the community to meet those needs. In the past, the ROSS grant has included programs such as ROSS-Family & Homeownership. These programs have been combined into one FSS Service Coordinator program.

Business Activities - Represent other non-HUD activities.

Authority Activity Highlights

Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2017 and 2016:

	2017	2016
Revenues		
Tenant Revenues	$ 567,916	$ 471,560
Operating Subsidies	7,369,084	6,508,726
Capital Grants	123,965	434,399
Investment Income	2,355	2,519
Other Revenues	42,779	87,751
Gain on Sale of Assets	38,307	-
Total Revenue	8,144,406	7,504,955
Expenses		
Administrative	1,138,754	1,044,641
Tenant Services	74,608	71,236
Utilities	292,811	278,338
Maintenance	1,169,572	1,359,119
General Expenses and Insurance	189,098	160,561
Housing Assistance Payments	5,402,972	4,888,261
Depreciation	702,288	713,720
Total Expenses	8,970,103	8,515,876
Change in Net Position	(825,697)	(1,010,921)
Net Position at July 1	7,152,427	8,163,348
Net Position at June 30	$6,326,730	$7,152,427

Housing Units Managed

The following table shows housing units managed by the Authority for fiscal years ended June 30, 2017 and 2016:

	2017	2016
Owned by Authority	246	247
Units Under Vouchers	1,041	1,041
Units Under NC SR	63	63
Total Housing Units Managed	1,350	1,351

Changes in Capital Assets

Total capital assets decreased from the previous year by $588,016. The decrease is a result of depreciation on assets exceeding capital additions. The following table summarizes changes in capital asset balances for fiscal years ending June 30, 2017 and 2016:

	2017	2016
Land	$ 925,759	$ 931,495
Buildings	20,663,053	20,593,511
Equipment	709,781	709,781
Accumulated Depreciation	(17,094,754)	(16,442,932)
Total	$ 5,203,839	$ 5,791,855

Capital Assets are presented in detail on page 20 of the notes.

Beginning Balance	$ 5,791,855
Additions	123,965
Deletions	(9,693)
Depreciation	(702,288)
Ending Balance	$ 5,203,839

Current Fiscal Year Additions are summarized as follows:

1209 Hazel Renovations	$ 14,500
533 Orena Renovations	48,530
940 Brice Renovations	29,575
512 Hazel Renovations	31,360
Total Fiscal Year 2017 Additions	$ 123,965

Financial Position

The statement of Net Position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority. Net Position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of liabilities, and net position at June 30, 2017 and 2016:

	2017	2016
Current and Other Non-Current Assets	$2,272,971	$2,354,752
Capital Assets	5,203,839	5,791,855
Total Assets	7,476,810	8,146,607
Deferred Outflow of Resources	495,439	316,666
Current Liabilities	178,135	213,343
Non-Current Liabilities	1,424,108	1,013,714
Total Liabilities	1,602,243	1,227,057
Deferred Inflow of Resources	43,276	83,789
Net Position:		
Investment in Capital Assets	5,203,839	5,791,855
Restricted	230,598	49,859
Unrestricted	892,293	1,310,713
Total Net Position	$ 6,326,730	$ 7,152,427

For more detailed information see page 11 for the Statement of Net Position.

MAJOR FLUCTUATIONS COMMENTS:
Current assets and current liabilities correspondingly dropped modestly. The drop in capital assets reflects that depreciation on existing assets outpaced capital additions. Deferred outflow of resources and non-current liabilities increased due to reporting of pension activity required by GASB 68. GASB 68 is the relatively new accounting standard that essentially requires the Authority to report what is determined to be its share of the unfunded pension liability of the pension system, the Ohio Public Employees Retirement System (OPERS). Employees of the Authority are required by state law to be members of OPERS, and the Authority is required to make retirement contributions to OPERS for all of its employees. The Net Pension Liability in unlike other liabilities the agency has in that it does not represent a bill to be paid by the Authority but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its pension obligations.

Operating subsidies and tenant revenues increased. The biggest increase in subsidies was in the part of Housing Choice Voucher (HCV) program contributions to be used by the agency to make rental assistance payments under the program. Tenant revenues increased by about 20 percent. Since rents of tenants in agency programs are based on family incomes, this increase primarily reflects increases in tenant family incomes meaning tenants rent calculations are higher.

Administrative expenses and HAP expenses increased while maintenance expenses decreased. The increase in administrative expenses primarily reflect increases in staffing and benefits costs. The increase in HAP expenses corresponds to the increase in HCV program revenues, more funding was provided by HUD enabling the agency to make increased rental assistance payments under the program. The drop in maintenance expenses in more an indication of a return to normal for the agency. Expenses in the prior fiscal year were higher than normal as the agency tended to much deferred maintenance to agency properties.

Economic Factors

According to the Ohio County Profiles prepared by the Offices of Research, the median annual household income for families in Allen County (where the Authority is based) is $43,648, which is significantly lower than that same statistic statewide and nationally. In the City of Lima, according to West Ohio Community Action Partnership's 2012 Community Assessment, this figure is even more dismal, at less than $30,000 a year. The proportion of renters paying more than 30 percent of their income in housing costs is over 50 percent. Nearly 45 percent of Lima households and 30 percent of Allen County households earn less than $25,000 annually.

The Housing Choice Voucher Program spent much of last year over-leased, but unfortunately, we are now struggling to maintain an adequate lease-up rate. We are using all the forecasting tools to help us keep a constant lease-up rate, but it is a struggle. Some lease-up problems may be the result of staff shortages, but the biggest problem is finding qualified tenants from our waiting list pulls. We have implemented a "Fast Track" leasing program to help get the problem solved as quickly as possible, but our rates from pulling to successfully leasing up have dropped to between 35 – 50 percent. Despite all that, the HCV/Section 8 program was just declared a High Performer under SEMAP.

The Public Housing Program hovers between 97 – 98 percent lease up most of the time, but struggles mostly with finding applicants eligible once they are pulled from the waiting list. The Authority's housing stock is really showing its age, and the Capital Fund monies received are only enough to "band aid" the issues; not really fix them. Major renovations require units be vacant longer, and are a significant strain on our budget. A Public Housing Management position has gone unfilled for ½ year to help with budget issues. We are constantly reevaluating how to make the most of our Public Housing assets, but it is a constant struggle. Currently, the Public Housing program is a High Performer under the PHAS system.

Of course, demand for housing assistance continues to increase. But, applicants' ability to meet our standards for services steadily decreases.

Allen Metropolitan Housing Authority has managed to maneuver these difficult times by continuing to make sound financial decisions and streamline processes. Expenses are cut where possible, and even when we can't cut our costs, we are frugal with our funds and diligent about monitoring those resources.

Requests for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Anna Schnippel, Executive Director, Allen Metropolitan Housing Authority, 600 S Main, Lima, OH 45804.

ALLEN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

Assets		
Current Assets:		
Cash and Cash Equivalents	$	1,740,723
Restricted Cash		356,510
Receivables, net		9,471
Loans Receivable		4,809
Inventories, net		93,341
Prepaid Items		46,517
Total Current Assets		2,251,371
Non-Current Assets:		
Capital Assets:		
Nondepreciable Capital Assets		925,759
Depreciable Capital Assets		21,372,834
Accumulated Depreciation		(17,094,754)
Total Capital Assets		5,203,839
Loans Receivable		21,600
Total Non-Current Assets		5,225,439
Total Assets		7,476,810
Deferred Outflow of Resources		495,439
Liabilities		
Current Liabilities:		
Accounts Payable		6,452
Accrued Wages and Payroll Taxes		39,711
Intergovernmental Payables		63,004
Unearned Revenue		10
Tenant Security Deposits		68,958
Total Current Liabilities		178,135
Non-Current Liabilities:		
Accrued Compensated Absences		44,396
Family Self-Sufficiency Escrow Liability Payable		56,954
Net Pension Liability		1,322,758
Total Non-Current Liabilities		1,424,108
Total Liabilities		1,602,243
Deferred Inflow of Resources		43,276
Net Position		
Investment in Capital Assets		5,203,839
Restricted		230,598
Unrestricted		892,293
Total Net Position	$	6,326,730

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

ALLEN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenues		
Tenant Revenue		$ 567,916
Government Operating Grants		7,369,084
Other Revenues		42,779
Total Operating Revenues		7,979,779
Operating Expenses		
Administrative	1,138,754	
Tenant Services	74,608	
Utilities	292,811	
Maintenance	964,021	
Insurance	109,269	
General	79,829	
Extraordinary Maintenance	205,551	
Housing Assistance Payments	5,402,972	
Depreciation	702,288	
Total Operating Expenses		8,970,103
Operating Loss		(990,324)
Nonoperating Revenues		
Capital Grants		123,965
Gain on Sale of Assets		38,307
Interest		2,355
Total Nonoperating Revenues		164,627
Change in Net Position		(825,697)
Net Position at July 1, 2016		7,152,427
Net Position at June 30, 2017		$ 6,326,730

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

ALLEN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash flows from operating activities:		
Cash received from operating grants	$	7,388,426
Cash received from tenants		568,411
Cash received from other sources		24,701
Cash payments to employees for services		(1,258,102)
Cash payments for good or services - HUD		(5,382,410)
Cash payments for goods or services		(1,520,933)
Net cash used in operating activities		(179,907)
Cash flows from investing activities:		
Interest		2,355
Net cash provided by investing activities		2,355
Cash flows from capital and related activities:		
Proceeds from Sale of Assets		48,000
Capital grant funds received		123,965
Acquisition of capital assets		(123,965)
Net cash provided by capital and related activities		48,000
Net change in cash and cash equivalents		(129,552)
Cash and cash equivalents at July 1, 2016		2,226,785
Cash and cash equivalents at June 30, 2017	$	2,097,233
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(990,324)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		702,288
Changes in assets and liabilities:		
Accounts receivable		(1,088)
Loans receivable		(18,016)
Prepaid items		7,601
Inventory		(36,268)
Accounts payable		(35,710)
Accrued wages and payroll taxes		(17,926)
Intergovernmental payable		20,864
Net pension liability		389,276
Other liabilities		18,682
Change in deferred outflow of resources		(178,773)
Change in deferred inflow of resources		(40,513)
Net cash used in operating activities	$	(179,907)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources: (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

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

Basis of Presentation
The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

Measurement Focus/Basis of Accounting
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 operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include housing assistance payments and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Investments
Investments are restricted by the provision of the HUD Regulations (see Note 2). Investments are valued at fair value.

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

Receivables – net of allowance
Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the fiscal year. The allowance for uncollectable tenant receivables was $1,000, and the allowance for doubtful fraud receipts was $10,606 at June 30, 2017.

Inventories
Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was $11,536 at June 30, 2017.

Prepaid Items
Payments made to vendors for services that will benefit beyond fiscal year-end are recorded as prepaid items via the consumption method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold is $7,500. The following are the useful lives used for depreciation purposes:

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

Inter-program payables/receivables

On the basic financial statements, intercompany receivables and payables reported on the FDS are eliminated.

Compensated Absences

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. The Authority considers the entire liability to be non-current based on historical trends and employees using leave earned during the current fiscal year.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did report restricted net position for modernization and development of public housing projects of $49,859 and HAP reserves of $180,739 at June 30, 2017.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Budgetary Accounting
The authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. Budgets are submitted to the Department of Housing and Urban Development when applicable. Budgets are adopted by the Board of the Housing Authority.

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

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

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

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

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

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

PHA grants and subsidies will be defined as a government-mandated or voluntary non-exchange transaction.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

2. DEPOSITS AND INVESTMENTS

Deposits

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

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

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

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.

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.

2. DEPOSITS AND INVESTMENTS - CONTINUED

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

At fiscal year end June 30, 2017, the carrying amount of the Authority's deposits totaled $2,097,233 (including petty cash of $200 and change fund of $100), and its bank balance was $2,126,520. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2017, $700,660 was protected by FDIC, and $1,425,860 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. All deposits are collateralized with eligible securities in amounts equal to at least 110% 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 the 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 hold or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOAW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements 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 specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority had no classified investments at June 30, 2017.

3. RISK MANAGMENT

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents, vehicles and liability. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three fiscal years.

The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP.

4. RESTRICTED CASH

Restricted cash balance as of June 30, 2017 consists of cash on hand for the following:

Housing Assistance Payment Reserve	$180,739
FSS Escrow Funds Held for Tenants	56,954
Tenant Security Deposits	68,958
Development Funds on hand	49,859
Total Restricted Cash	$356,510

5. CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Capital Assets Not Depreciated				
Land	$ 931,495	$ -	$ (5,736)	$ 925,759
Total Capital Assets Not Depreciated	931,495	-	(5,736)	925,759
Capital Assets Depreciated				
Buildings and Improvements	20,593,511	123,965	(54,423)	20,663,053
Furniture and Equipment	709,781	-	-	709,781
Total Capital Assets Depreciated	21,303,292	123,965	(54,423)	21,372,834
Accumulated Depreciation				
Buildings and Improvements	(15,916,731)	(670,110)	50,466	(16,536,375)
Furniture and Equipment	(526,201)	(32,178)	-	(558,379)
Total Accumulated Depreciation	(16,442,932)	(702,288)	50,466	(17,094,754)
Total Capital Assets Depreciated, Net	4,860,360	(578,323)	(3,957)	4,278,080
Total Capital Assets, Net	$ 5,791,855	$ (578,323)	$ (9,693)	$ 5,203,839

6. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities

	Balance at July 1, 2016	Additions	Deductions	Balance at June 30, 2017	Due in One Year
Compensated Absences	$ 43,840	$ 53,699	$ (53,143)	$ 44,396	$ -
FSS Escrow Liability	36,392	33,701	(13,139)	56,954	-
Net Pension Liability	933,482	389,276	-	1,322,758	-
Total	$ 1,013,714	$ 476,676	$ (66,282)	$ 1,424,108	$ -

6. LONG-TERM LIABILITIES - CONTINUED

See Note 8 for information on the Authority's net pension liability.

The FSS escrow liability of $56,954 represents escrow money held in escrow for residents participating in the family self-sufficiency program. Each month contributions are deposited into the Authority's savings account on behalf of the program participants. Participants enter into an initial five year contract (with an option for a two year extension upon Authority's approval). At the end of the contract, the participant either meet their program goals and may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs in the program, the money earned is used by the Authority to reinvest into the program.

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 8.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension. The deferred inflows of resources related to pension are explained in Note 8.

8. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 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.

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

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 fiscal year is included in intergovernmental payable on the accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees 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 Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

8. DEFINED BENEFIT PENSION PLANS – 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:

	State and Local
2016 & 2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 & 2017 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution was $96,287 for the fiscal year ending June 30, 2017.

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

The net pension liability was measured as of December 31, 2016, 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:

Proportion of the Net Pension Liability – Prior Measurement Period	0.005395%
Proportion of the Net Pension Liability – Current Measurement Period	0.005825%
Change in Proportionate Share	0.00043%
Proportionate Share of the Net Pension Liability	$1,322,758
Pension Expense	$280,824

8. DEFINED BENEFIT PENSION PLANS – CONTINUED

At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$196,989
Changes of assumptions	209,806
Differences between expected and actual experience	$1,793
Changes in proportion and differences between Authority contributions and proportionate share of contributions	37,194
Authority contributions subsequent to the measurement date	49,657
Total Deferred Outflows of Resources	$495,439
Deferred Inflows of Resources	
Differences between expected and actual experience	$7,872
Changes in proportion and differences between Authority contributions and proportionate share of contributions	35,404
Total Deferred Inflows of Resources	$43,276

$49,657 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 June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	
2018	$152,791
2019	183,935
2020	71,555
2021	(5,775)
Total	$402,506

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.

8. DEFINED BENEFIT PENSION PLANS – 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, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016. 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 annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

8. DEFINED BENEFIT PENSION PLANS – 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 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. 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 contractually required rates, as actuarially determined. 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 7.5 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 (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	$2,020,809	$1,322,758	$741,057

9. POST-EMPLOYMENT BENEFITS

A. Plan Description

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.

9. POST-EMPLOYMENT BENEFITS - CONTINUED

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which fund multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement 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. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

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 2015 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 OPERS Board of Trustees (OPERS 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.

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board 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 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS 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 RMA for participants in the Member-Directed Plan for 2016 was 4.0%. The portion of actual Authority contributions for the year ended June 30, 2017, 2016 and 2015, which were used by OPERS to fund post-employment benefits were $12,139, $14,944, and $14,843, respectively.

10. FDS SCHEDULES SUBMITTED TO HUD

For the fiscal year ended June 30, 2017, the Authority electronically submitted an unaudited version of the combining balance sheet, statement of revenues, expenses and changes in net position and other data to HUD as required on the GAAP basis. The audited versions of the FDS schedules are in the supplemental data. The schedules are presented in the manner prescribed by Housing and Urban Development.

11. MORTGAGES RECEIVABLE

When the Authority sells a Public Housing home under the 4(h) Homeownership program, the difference between the appraised value of the home and the price actually paid for the home is secured by a promissory note and a subordinate second mortgage. This amount dissipates 20% each year after the fifth year the family maintains residency. Therefore, after a period of 10 years, the mortgage amount is ZERO. If the family leaves the residence or fails to make its mortgage payment within the first 5 years of residency, the family would owe the entire amount of the note to the Authority. If, however, the family decides to leave the residence or fails to make its mortgage payment after the 10^{th} year of residency, the family owes nothing to the Authority. If the family wants to leave in its eighth year, the amount the family owes to the Authority would be calculated to reflect a 60% reduction, etc.

On October 31, 2007, the Authority sold a house to an eligible family in which the second mortgage amount was $24,088. If the family remains in the unit until October, 2017 they will owe the Authority nothing. The balance at June 30, 2017 is $2,409.

On December 12, 2016, the Authority sold a house to an eligible family in which the second mortgage amount was $24,000. If the family remains in the unit until December, 2026 they will owe the Authority nothing. The balance at June 30, 2017 is $24,000.

12. CONTINGENCIES/LITIGATIONS & CLAIMS

In the normal course of operations the Authority may be subject to litigation and claims. At June 30, 2017 the Authority was not involved in such matters.

ALLEN METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.005825%	0.005395%	0.006221%	0.006221%
Authority's Proportionate Share of the Net Pension Liability	$1,322,758	$933,482	$750,322	$733,375
Authority's Covered Employee Payroll	$770,563	$747,192	$742,125	$861,112
Authority's Proportionate Share of the Net Pension Liability As a Percentage of its Covered Employee Payroll	171.66%	124.93%	101.10%	85.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	89.19%

(1) Information prior to 2014 is not available

(2) The amounts presented for each fiscal year were determined as of the calendar year-ended that occurred within the fiscal year.

ALLEN METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required employer contribution	$ 96,287	$ 89,663	$ 89,055	$107,639	$ 87,402	$ 66,065	$ 59,624	$ 70,247	$ 76,973	$ 60,006
Contributions in Relation to the Contractually Required Contribution	(96,287)	(89,663)	(89,055)	(107,639)	(87,402)	(65,065)	(59,624)	(70,247)	(76,973)	(60,006)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority Covered-Employee Payroll	$770,563	$747,192	$742,125	$861,112	$760,679	$660,650	$648,792	$802,823	$993,200	$807,618
Contributions as a Percentage of Covered-Employee Payroll	12.50%	12.00%	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%	7.43%

ALLEN METROPOLITAN HOUSING AUTHORITY

ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD

JUNE 30, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	8 Other Federal Program 1	1 Business Activities	Subtotal	Total
111 Cash - Unrestricted	$928,064		$637,916	$58,264		$116,479	$1,740,723	$1,740,723
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted	$49,859		$237,693				$287,552	$287,552
114 Cash - Tenant Security Deposits	$67,743					$1,215	$68,958	$68,958
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	$1,045,666	$0	$875,609	$58,264	$0	$117,694	$2,097,233	$2,097,233
126 Accounts Receivable - Tenants	$10,471						$10,471	$10,471
126.1 Allowance for Doubtful Accounts -Tenants	-$1,000						-$1,000	-$1,000
126.2 Allowance for Doubtful Accounts - Other								
127 Notes, Loans, & Mortgages Receivable - Current	$4,809						$4,809	$4,809
128 Fraud Recovery			$10,606				$10,606	$10,606
128.1 Allowance for Doubtful Accounts - Fraud			-$10,606				-$10,606	-$10,606
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	$14,280	$0	$0	$0	$0	$0	$14,280	$14,280
142 Prepaid Expenses and Other Assets	$39,800		$6,717				$46,517	$46,517
143 Inventories	$104,877						$104,877	$104,877
143.1 Allowance for Obsolete Inventories	-$11,536						-$11,536	-$11,536
150 Total Current Assets	$1,193,087	$0	$882,326	$58,264	$0	$117,694	$2,251,371	$2,251,371
161 Land	$925,759						$925,759	$925,759
162 Buildings	$20,458,075		$36,624			$168,354	$20,663,053	$20,663,053
164 Furniture, Equipment & Machinery - Administration	$585,717		$124,064				$709,781	$709,781
166 Accumulated Depreciation	-$16,882,699		-$147,778			-$64,277	-$17,094,754	-$17,094,754
160 Total Capital Assets, Net of Accumulated Depreciation	$5,086,852	$0	$12,910	$0	$0	$104,077	$5,203,839	$5,203,839
171 Notes, Loans and Mortgages Receivable - Non-Current	$21,600						$21,600	$21,600
174 Other Assets	$0						$0	$0
180 Total Non-Current Assets	$5,108,452	$0	$12,910	$0	$0	$104,077	$5,225,439	$5,225,439
200 Deferred Outflow of Resources	$277,446		$217,993				$495,439	$495,439
290 Total Assets and Deferred Outflow of Resources	$6,578,985	$0	$1,113,229	$58,264	$0	$221,771	$7,972,249	$7,972,249

ALLEN METROPOLITAN HOUSING AUTHORITY

ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD

JUNE 30, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	8 Other Federal Program 1	1 Business Activities	Subtotal	Total
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	$3,853		$2,599				$6,452	$6,452
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	$12,860		$21,115				$33,975	$33,975
331 Accounts Payable - HUD PHA Programs				$58,264			$58,264	$58,264
333 Accounts Payable - Other Government	$4,740						$4,740	$4,740
341 Tenant Security Deposits	$67,743					$1,215	$68,958	$68,958
342 Unearned Revenue	$10						$10	$10
346 Accrued Liabilities - Other	$5,736						$5,736	$5,736
347 Inter Program - Due To								
348 Loan Liability - Current								
310 Total Current Liabilities	$94,942	$0	$23,714	$58,264	$0	$1,215	$178,135	$178,135
353 Non-current Liabilities - Other			$56,954				$56,954	$56,954
354 Accrued Compensated Absences - Non Current	$17,958		$26,438				$44,396	$44,396
357 Accrued Pension and OPEB Liabilities	$740,304		$582,454				$1,322,758	$1,322,758
350 Total Non-Current Liabilities	$758,262	$0	$665,846	$0	$0	$0	$1,424,108	$1,424,108
300 Total Liabilities	$853,204	$0	$689,560	$58,264	$0	$1,215	$1,602,243	$1,602,243
400 Deferred Inflow of Resources	$24,235		$19,041				$43,276	$43,276
508.4 Net Investment in Capital Assets	$5,086,852		$12,910			$104,077	$5,203,839	$5,203,839
511.4 Restricted Net Position	$49,859		$180,739				$230,598	$230,598
512.4 Unrestricted Net Position	$564,835	$0	$210,979	$0	$0	$116,479	$892,293	$892,293
513 Total Equity - Net Assets / Position	$5,701,546	$0	$404,628	$0	$0	$220,556	$6,326,730	$6,326,730
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$6,578,985	$0	$1,113,229	$58,264	$0	$221,771	$7,972,249	$7,972,249

ALLEN METROPOLITAN HOUSING AUTHORITY

ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	8 Other Federal Program 1	1 Business Activities	Subtotal	Total
70300 Net Tenant Rental Revenue	$471,746						$471,746	$471,746
70400 Tenant Revenue - Other	$96,170						$96,170	$96,170
70500 Total Tenant Revenue	$567,916	$0	$0	$0	$0	$0	$567,916	$567,916
70600 HUD PHA Operating Grants	$1,124,889	$39,501	$5,758,404	$270,596	$175,694		$7,369,084	$7,369,084
70610 Capital Grants	$123,965						$123,965	$123,965
70800 Other Government Grants								
71100 Investment Income - Unrestricted	$2,223					$132	$2,355	$2,355
71400 Fraud Recovery			$18,078				$18,078	$18,078
71500 Other Revenue			$10,121			$14,580	$24,701	$24,701
71600 Gain or Loss on Sale of Capital Assets	$38,307						$38,307	$38,307
72000 Investment Income - Restricted								
70000 Total Revenue	$1,857,300	$39,501	$5,786,603	$270,596	$175,694	$14,712	$8,144,406	$8,144,406
91100 Administrative Salaries	$307,267		$323,076	$33,572			$663,915	$663,915
91200 Auditing Fees	$5,306		$4,180	$340			$9,826	$9,826
91500 Employee Benefit contributions - Administrative	$151,518		$149,998	$9,468			$310,984	$310,984
91600 Office Expenses	$39,718		$48,260			$6,538	$94,516	$94,516
91700 Legal Expense	$15,709						$15,709	$15,709
91800 Travel	$6,451		$6,990				$13,441	$13,441
91810 Allocated Overhead								
91900 Other	$3,285		$27,078				$30,363	$30,363
91000 Total Operating - Administrative	$529,254	$0	$559,582	$43,380	$0	$6,538	$1,138,754	$1,138,754
92100 Tenant Services - Salaries		$30,811			$8,697		$39,508	$39,508
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services	$19,678	$8,690			$2,453		$30,821	$30,821
92400 Tenant Services - Other	$4,279						$4,279	$4,279
92500 Total Tenant Services	$23,957	$39,501	$0	$0	$11,150	$0	$74,608	$74,608
93100 Water	$206,325						$206,325	$206,325
93200 Electricity	$57,241						$57,241	$57,241
93300 Gas	$19,147						$19,147	$19,147
93600 Sewer	$10,098						$10,098	$10,098
93000 Total Utilities	$292,811	$0	$0	$0	$0	$0	$292,811	$292,811
94100 Ordinary Maintenance and Operations - Labor	$123,921						$123,921	$123,921
94200 Ordinary Maintenance and Operations - Materials and Other	$213,244						$213,244	$213,244
94300 Ordinary Maintenance and Operations Contracts	$565,749						$565,749	$565,749
94500 Employee Benefit Contributions - Ordinary Maintenance	$61,107						$61,107	$61,107
94000 Total Maintenance	$964,021	$0	$0	$0	$0	$0	$964,021	$964,021

ALLEN METROPOLITAN HOUSING AUTHORITY

ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	8 Other Federal Program 1	1 Business Activities	Subtotal	Total
96110 Property Insurance	$97,045						$97,045	$97,045
96120 Liability Insurance								
96130 Workmen's Compensation	$6,791		$5,433				$12,224	$12,224
96140 All Other Insurance								
96100 Total insurance Premiums	$103,836	$0	$5,433	$0	$0	$0	$109,269	$109,269
96200 Other General Expenses	$19,531		$2,909				$22,440	$22,440
96210 Compensated Absences			$3,270				$3,270	$3,270
96300 Payments in Lieu of Taxes	$4,740						$4,740	$4,740
96400 Bad debt - Tenant Rents	$2,024						$2,024	$2,024
96500 Bad debt - Mortgages	$47,355						$47,355	$47,355
96000 Total Other General Expenses	$73,650	$0	$6,179	$0	$0	$0	$79,829	$79,829
96900 Total Operating Expenses	$1,987,529	$39,501	$571,194	$43,380	$11,150	$6,538	$2,659,292	$2,659,292
97000 Excess of Operating Revenue over Operating Expenses	-$130,229	$0	$5,215,409	$227,216	$164,544	$8,174	$5,485,114	$5,485,114
97100 Extraordinary Maintenance	$205,551						$205,551	$205,551
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments			$5,002,020	$227,216	$164,544		$5,393,780	$5,393,780
97350 HAP Portability-In			$9,192				$9,192	$9,192
97400 Depreciation Expense	$693,314		$2,852			$6,122	$702,288	$702,288
90000 Total Expenses	$2,886,394	$39,501	$5,585,258	$270,596	$175,694	$12,660	$8,970,103	$8,970,103
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$1,029,094	$0	$201,345	$0	$0	$2,052	-$825,697	-$825,697
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$6,730,640	$0	$203,283	$0	$0	$218,504	$7,152,427	$7,152,427
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0						$0	$0
11170 Administrative Fee Equity			$223,889				$223,889	$223,889
11180 Housing Assistance Payments Equity			$180,739				$180,739	$180,739
11190 Unit Months Available	2958		12492	756	398		16604	16604
11210 Number of Unit Months Leased	2860		12725	673	398		16656	16656

ALLEN METROPOLITAN HOUSING AUTHORITY
COST CERTIFICATION
FISCAL YEAR ENDED JUNE 30, 2017

Capital Fund Program Number OH16P04450114

1. The Program Costs are as follows:

Funds Approved	$291,720
Funds Expended	291,720
Excess (Deficiency) of Funds Approved	$ -
Funds Advanced	$291,720
Funds Expended	291,720
Excess (Deficiency) of Funds Advanced	$ -

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

3. The Final financial Status Report was signed and filed on May 3, 2017.

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

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ALLEN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor Program/Cluster Title	Pass-Through Number	Federal CFDA Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Section 8 - New Construction and Substantial Rehab	N/A	14.182	$ 270,596
Homeless Management Information Systems Technical Assistance	N/A	14.261	175,694
Public and Indian Housing	N/A	14.850	932,201
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	5,758,404
Public Housing Capital Fund	N/A	14.872	316,653
Family Self-Sufficiency Program	N/A	14.896	39,501
Total Expenditures of Federal Awards			$ 7,493,049

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Allen Metropolitan Housing Authority (the Authority) under programs of the federal government for the fiscal year ended June 30, 2017. 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 Auhtority, 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.

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WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards,* the financial statements of the Allen Metropolitan Housing Authority, Allen County, (the Authority) as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 4, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 4, 2017

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the Allen Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Allen Metropolitan Housing Authority's major federal program for the fiscal year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on the Major Federal Program

In our opinion, the Allen Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 4, 2017

ALLEN METROPOLITAN HOUSING AUTHROITY
ALLEN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

ALLEN COUNTY METROPOLITAN HOUSING AUTHORITY

ALLEN 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
JANUARY 9, 2018

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