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Certified Public Accountants, A.C.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY
Single Audit
For the Year Ended December 31, 2016**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Executive Director and Board of Commissioners
Logan County Metropolitan Housing Authority
119 North Everett Street
Bellefontaine, Ohio 45402

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

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

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

Dave Yost
Auditor of State

August 15, 2017

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**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

June 30, 2017

Logan County Metropolitan Housing Authority
Logan County
119 North Everett Street
Bellefontaine, Ohio 45402

To the Director and Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The actual modernization cost certificates presented on page 40 and the Financial Data Schedule presented on pages 35 through 37 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the 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 are management's responsibility and derive from and relate to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules 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 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 dated June 30, 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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

UNAUDITED

The Housing Authority of the County of Logan's ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by \$292,198 (or 6%) during 2016. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position was \$4.4 and \$4.7 million for 2016 and 2015, respectively.
- Revenues increased by \$86,500 (or 4%) during 2016, and were \$2.3 and 2.2 million for 2016 and 2015 respectively.
- The total expenses of all Authority programs increased by \$79,315 (or 3%). Total expenses were \$2.6 and 2.5 million for 2016 and 2015 respectively.

USING THIS ANNUAL REPORT

This Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary information":

<p>MD&A ~Management's Discussion and Analysis ~</p>
<p>Basic Financial Statement ~Authority Financial Statements ~ ~Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to Financial Statements ~</p>
<p>Other Supplementary Information ~Supplementary Information ~</p>

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

UNAUDITED

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, minus liabilities, equal "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

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

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

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses and changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income and interest expense. The focus of the Statement of Revenues, Expenses and Changes in fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

UNAUDITED

FUND FINANCIAL STATEMENTS

The Authority administers several programs that are consolidated into a single proprietary type-enterprise fund. The enterprise fund consists of the following programs.

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

Housing Choice Voucher Program - Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an 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.

Business Activities - Represents non-HUD resources developed from a variety of activities.

AUTHORITY-WIDE STATEMENTS

STATEMENT OF NET POSITION

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

Table 1 - Condensed Statement of Net Positions Compared to Prior Year		
	2016	2015
Current and Other Assets	\$ 319,777	\$ 182,971
Capital Assets	4,834,239	5,141,859
Deferred Outflows	159,763	60,976
Total Assets	5,313,779	5,385,806
Current Liabilities	169,981	143,074
Long-Term Liabilities	601,461	535,028
Deferred Inflows	135,344	8,513
Total Liabilities	906,786	686,615
Net Position:		
Net Investments in Capital Assets	4,610,693	4,903,026
Restricted Net Position	25,259	93
Unrestricted Net Position	(228,959)	(203,928)
Total Net Pension	4,406,993	4,699,191
Total Liabilities, Deferred Inflows and Net Position	\$ 5,313,779	\$ 5,385,806

For more detailed information, see the Statement of Net Position in the financial statements.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

UNAUDITED

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

During 2016, current and other assets increased by \$136,806 (or 74.8%), and current liabilities increased by \$26,907 (or 18.8%). The increase in current and other assets resulted from a increase in restricted cash on deposit. Current liabilities increased mainly due to outstanding invoices not paid by the end of the year.

Capital assets also changed, decreasing from \$5,141,859 to \$4,834,239. The \$307,620 (or 6%) decrease is primarily, due to a combination of net acquisitions, less current year depreciation and amortization.

Statement of Revenues, Expenses & Changes in Net Position		
	2016	2015
Revenues		
Total Tenant Revenues	\$ 215,269	\$ 181,522
Operating Subsidies	1,997,452	1,875,911
Capital Grants	14,292	93,526
Investment Income	10	12
Other Revenues	57,812	47,364
Total Revenues	2,284,835	2,198,335
Expenses		
Administrative	415,012	506,990
Tenant Services	38,847	1,383
Utilities	28,010	28,816
Insurance	40,682	33,839
Maintenance	296,378	266,538
General and Interest Expenses	51,646	27,059
Housing Assistance Payments	1,384,544	1,306,079
Depreciation	321,914	327,014
Total Expenses	2,577,033	2,497,718
Net Increases (Decreases)	\$(292,198)	\$(299,383)

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

An increase in tenant revenue due to the assumption of 15 rental units by the Authority's Business Activities program and an increase in Housing Assistance revenue were the key factors in the Authority's \$86,500 (or 4%) increase in total revenue.

Expenses increased in 2016. The addition of Interest Expense and decreased depreciation associated with the assumption of property combined with an increase in Housing Assistance Payments were primarily responsible for the \$ 79,315 (or 3%) increase in total expenses.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

UNAUDITED

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the Authority had \$4,834,239 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of \$307,620 (or 6%) from the end of last year:

Condensed Statement of Changes in Capital Assets		
	2016	2015
Land and Land Rights	\$ 730,371	\$ 730,371
Buildings	9,409,281	9,394,988
Equipment	574,261	594,745
Accumulated Depreciation	(5,879,674)	(5,578,245)
Total	\$4,834,239	\$5,141,859

The following reconciliation summarizes the change in Capital Assets.

Change in Capital Assets	
Beginning Balance	\$5,141,859
Current year additions	14,292
Depreciation Expense	(321,914)
Rounding Adjustment	2
Ending Balance	\$4,834,239

This year's additions are primarily capital improvement done with Capital Fund Program funding received from HUD. See Note 4 for details.

DEBT ADMINISTRATION

On September 2, 2015, Logan Belle Home and Neighborhood Development (HAND), a Not-for-Profit agency, transferred its real estate holdings and the associated debt to the Authority. Details of these transfers are described in the notes to the basic financial statements in Note 5.

	Balance			Balance
	12/31/2015	Additions	Retired	12/31/2016
512 Walker	\$ 59,999	\$ -	\$ 6,211	\$ 53,788
229 Walker	81,970	-	2,817	79,153
Pratt/Seymour	96,864	-	6,260	90,604
Net Pension Liability	251,832	101,771	-	353,603
	\$ 490,665	\$ 101,771	\$ 15,288	\$ 577,148

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

UNAUDITED

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Gail Clark, Executive Director of the Logan County Metropolitan Housing Authority at (937) 599-1845.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY**

**STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2016**

<i>Assets</i>	
Current Assets:	
Cash and Cash Equivalents - Unrestricted	\$ 58,362
Cash and Cash Equivalents - Restricted	194,102
Total Cash and Cash Equivalents	<u>252,464</u>
Accounts Receivable, Net:	14,416
Inventories	28,698
Prepaid Expenses and Other Assets	<u>24,199</u>
Total Current Assets	<u>319,777</u>
Noncurrent Assets:	
Capital Assets:	
Nondepreciable Capital Assets	730,371
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>4,103,868</u>
Total Capital Assets	<u>4,834,239</u>
Total Noncurrent Assets	<u>4,834,239</u>
Total Assets	<u>5,154,016</u>
Deferred Outflows:	
Deferred Outflows	<u>159,763</u>
Total Deferred Outflows	<u>159,763</u>
<i>Total Asets and Deferred Outflows</i>	<u><u>\$ 5,313,779</u></u>
<i>Liabilities</i>	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	\$ 26,024
Accounts Payable	35,268
Compensated Absences - Current	7,749
Tenant Security Deposits	32,234
Unearned Revenue	16,748
Accrued Interest Payable	1,042
Current Portion of Long-Term Debt	15,726
Other Current Liabilities	<u>35,190</u>
Total Current Liabilities	<u>169,981</u>
Long Term Liabilities:	
Long Term Debt, Net of Current Portion	207,820
Compensated Absences - Noncurrent	15,497
FSS Liability	20,691
Net Pension Liability	353,603
Other Long Term Liabilities	<u>3,850</u>
Total Long Term Liabilities	<u>601,461</u>
<i>Total Liabilities</i>	<u>771,442</u>
Deferred Inflows:	
Deferred Inflows	<u>135,344</u>
Total Deferred Inflows	<u>135,344</u>
<i>Net Position:</i>	
Net Investment in Capital Assets	4,610,693
Restricted	25,259
Unrestricted (Deficit)	<u>(228,959)</u>
<i>Total Net Position</i>	<u>4,406,993</u>
<i>Total Liabilities, Deferred Outflows and Net Position</i>	<u><u>\$ 5,313,779</u></u>

See accompanying notes to the basic financial statements.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016**

<i>Operating Revenues</i>	
Tenant Rental Revenue	\$ 215,269
Government Operating Grants	1,997,452
Other Revenue	<u>57,812</u>
Total Operating Revenues	<u>2,270,533</u>
<i>Operating Expenses</i>	
Administrative	415,012
Tenant Services	38,847
Utilities	28,010
Ordinary Maintenance & Operation	296,378
Insurance	40,682
General Expense	39,797
Housing Assistance Payments	1,384,544
Depreciation Expense	<u>321,914</u>
Total Operating Expenses	<u>2,565,184</u>
Operating Income/(Loss)	(294,651)
<i>Non-Operating Revenues/(Expenses)</i>	
Investment Income - Unrestricted	10
Interest Expense	<u>(11,849)</u>
Total Non-Operating Revenues/(Expenses)	<u>(11,839)</u>
Capital Grants	<u>14,292</u>
Change in Net Position	(292,198)
Net Position, Beginning of Year	<u>4,699,191</u>
Net Position, End of Year	<u><u>\$ 4,406,993</u></u>

See accompanying notes to the basic financial statements.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Cash Flows From Operating Activities:	
Receipts From Tenants	\$ 214,677
Receipts From Operating Grants	1,986,997
Other Operating Receipts	76,587
Housing Assistance Payments	(1,384,544)
Payments for General and Administrative Expense	(717,829)
Net Cash Provided by Operating Activities	<u>175,888</u>
Cash Flows From Capital and Related Financing Activities:	
Capital Grants	14,292
Construction and Acquisition of Capital Assets	(14,292)
Capital Financing Interest and Principal	(27,136)
Net Cash Used in Capital and Related Financing Activities	<u>(27,136)</u>
Cash Flows From Investing Activities:	
Interest Received on Investments	10
Net Cash Provided by Investing Activities	<u>10</u>
Net Increase in Cash and Cash Equivalents	148,762
Cash at Beginning of Year	103,702
Cash at End of Year	<u>\$ 252,464</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Operating Loss	\$ (294,651)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities	
Depreciation Expense	321,914
(Increase)Decrease In:	
Accounts Receivable	7,728
Prepaid Expenses and Other Assets	1,558
Inventories	2,670
Deferred Outflows Pension	(98,787)
Increase(Decrease) In:	
Accrued Wages and Payroll Taxes Payable	5,882
Accounts Payable	(9,675)
Accrued Compensated Absences	623
Tenant Security Deposits	(895)
Other Current Liabilities	33,229
Other Noncurrent Liabilities	(22,310)
Net Pension Liability	101,771
Deferred Inflows Liability	126,831
Net Cash Provided by Operating Activities	<u>\$ 175,888</u>

See accompanying notes to the basic financial statements.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY

Summary of Significant Accounting Policies

The financial statements of the Logan County 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.

Reporting Entity

The Authority was created pursuant to 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 rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity (as amended by GASB Statement No. 61), 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 a 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 governing 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. The financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

Measurement Focus

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

Enterprise Fund

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

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

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

Projects - Conventional Public Housing and Capital Fund Programs

Under the Conventional Public Housing Program, the Authority rents units that it owns to low income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating

Subsidy to enable the Authority to provide the housing at a rent that is based upon 30 percent of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical (i.e. capital) and management improvements to the Authority's properties. Funds are provided by formula allocation and based on size and age of the units.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Fund (Continued)

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistant Payment made to the landlord. The program is administered under an 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 percent of household income.

Other Business Activities

Other Business Activities (OBA) – Represents non-HUD activities of the Authority that include providing affordable housing for low income people outside of the scope of the conventional and housing choice voucher programs.

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 all non-negotiable certificates of deposits regardless of maturity.

Accounting and Reporting for Nonexchange Transactions

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

1. Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
2. Imposed non-exchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).
3. 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).
4. 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).

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

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting and Reporting for Nonexchange Transactions (Continued)

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

1. 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.
2. 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, authority's that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

Investments

Investments are restricted by the provisions of the HUD regulations (See Note 3). Investments are valued at market value. At December 31, 2016, The Authority did not have any investments.

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 year. At December 31, 2016, the Authority believed \$5,865 of the accounts receivable to be uncollectible.

Prepaid Expenses

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

Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is stated at cost and uses the Moving Average Costing flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used. The allowance for obsolete inventory was \$847 at December 31, 2016.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. 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 expensed as incurred. The Authority's capitalization threshold is \$750. The following are the useful lives used for depreciation purposes:

Buildings	40 years
Building improvements	15 years
Furniture and Equipment	3-7 years

Restricted Cash

Restricted cash represents amounts held in FSS escrow on behalf of tenants and HAP funds received.

Accrued Liabilities

All payables and accrued liabilities are reported in the basic financial statements.

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 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.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflow and Inflows of Resources

In addition to assets, the statement of net 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) until then. For the Authority, deferred outflows of resources are reported for pension, explained further in note 7.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension and HAP funding for January 2017. Deferred inflows of resources related to pension and HAP funding are reported on the government-wide statement of net position. The deferred inflows of resources related to pension are explained in Note 7.

Deferred Inflows:

-	Pension	\$19,427
-	Housing Assistance subsidy for January 2017	115,917
	Total Deferred Inflows	\$135,344

Pension

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.

Changes in Accounting Principals

For fiscal year 2016, the Authority implemented GASB Statement No. 72, Fair Value Measurement and Application, GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and GASB Statement No. 79, Certain External Investment Pools and Pool Participants.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Authority.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports for state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Authority.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in Accounting Principals (Continued)

GASB Statement No. 76 identified – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Authority.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Authority.

Unearned Revenue

Represent tenant's prepayment of rent.

Net Position

Net position represents the difference between all other elements of the statements of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions. The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted amounts are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grant from HUD and other miscellaneous revenue. Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debt and housing assistance payments.

Capital Grant

This represents grants provided by HUD that the Authority spends on capital assets.

Budgetary Accounting

The Authority annually prepares its program budgets as prescribed by the Department of Housing and Urban Development. These budgets are adopted by the Board of the Authority and submitted to the Federal agencies, as applicable.

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.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3. DEPOSITS AND INVESTMENTS

Deposits

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

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

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

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

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

The carrying amount of the Authority's deposits was \$252,464 at December 31 2016, including \$300 petty cash. The corresponding bank balances were \$285,946. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," as of December 31, 2016, \$279,237 was covered by federal depository insurance. No balance was exposed to custodial risk.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivision of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk - The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's practice to limit its investments to three years or less.

Credit Risk - HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

The Authority had no investments at December 31, 2016.

4. CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended December 31, 2016, follows:

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LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

4. CAPITAL ASSETS (Continued)

	Balance	Rounding			Balance
	12/31/2015	Adjustment	Additions	Deletions	12/31/2016
Capital Assets Not Being Depreciated:					
Land and Land Easements	\$ 730,371	\$ -	\$ -	\$ -	\$ 730,371
Total Capital Assets Not Being Depreciated:	730,371	-	-	-	730,371
Capital Assets Being Depreciated:					
Buildings	9,394,988	1	14,292	-	9,409,281
Furniture and Equipment	594,745	-	-	(20,484)	574,261
Total Capital Assets Being Depreciated	9,989,733	1	14,292	(20,484)	9,983,542
Less Accumulated Depreciation:					
Buildings	(5,030,801)	1	(304,697)	-	(5,335,497)
Furniture and Equipment	(547,444)	-	(17,217)	20,484	(544,177)
Total Accumulated Depreciation:	(5,578,245)	1	(321,914)	20,484	(5,879,674)
Total Capital Assets Being Depreciated, Net	4,411,488	2	(307,622)	-	4,103,868
Total Capital Assets, Net	\$5,141,859	\$ 2	\$(307,622)	\$ -	\$4,834,239

5. LONG-TERM OBLIGATIONS

Changes in activity in Long-Term Obligations is as follows:

	Balance			Balance	Due In	
	12/31/2015	Additions	Retired	12/31/2016	One Year	Interest
512 Walker	\$ 59,999	\$ -	\$ 6,211	\$ 53,788	\$ 6,384	4.75%
229 Walker	81,970	-	2,817	79,153	2,815	2.50%
Pratt/Seymour	86,864	-	6,260	90,604	6,527	8.00%
Net Pension Liability	251,832	101,771	-	353,603	-	
	<u>\$ 480,665</u>	<u>\$ 101,771</u>	<u>\$ 15,288</u>	<u>\$ 577,148</u>	<u>\$ 15,726</u>	

On September 2, 2015, Logan Belle Home and Neighborhood Development (HAND), a Not-for-Profit agency, transferred its real estate holdings and the associated debt to the Authority. The property was recorded at its depreciated value on the date of transfer. At that time, HAND owed the Authority a debt of \$60,000. The Authority agreed to accept the real estate in lieu of cash to satisfy this debt. Therefore, the HAND debt was removed from the Authority's books. The net position of HAND at September 2, 2015, is recorded in the Statement of Revenues, Expenses, and Changes in Net Position as Special Item – Logan Belle Home and Neighborhood Development.

The long-term debt consists of two mortgages and on construction Line of Credit that were assumed by the Authority on September 2, 2015. This debt is associated with several rental properties that were transferred to the Authority by the Not-for-Profit agency, (HAND), on that date. The principal amount owed at the time of transfer was \$242,223. The property and associated debt were recorded on the Authority's Business Activities Ledger.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

5. LONG-TERM OBLIGATIONS (Continued)

The original amount of the mortgage for 512 Walker is \$71,250. Monthly payments of \$747 started in 2014 and are required until the maturity date in 2024.

The original amount of the mortgage for 229 Walker is \$120,000 in 2014. Due at the variable interest rate, Citizens Federal notifies the Authority of the yearly interest rate and monthly payment amount to begin in June each year. As of June 1, 2015, \$432 is due monthly. This mortgage matures in 2037.

The original amount of the line of credit for Pratt/Seymour is \$34,917 in 2008. Additional draws were made on the line of credit until the maximum of \$120,000 was reached and the line of credit was terminated and converted into a permanent loan. No maturity date has been established.

Amortization of the above debt is scheduled as follows:

Year ending	512	229	Pratt/
December 31:	Walker	Walker	Seymour
2017	6,384	2,815	6,527
2018	8,964	4,979	13,860
2019	8,964	4,979	13,860
2020	8,964	4,979	13,860
2121	8,964	4,979	13,860
2022-2026	11,548	24,895	28,637
2027-2031	-	24,895	-
2032-2036	-	6,632	-
	<u>53,788</u>	<u>79,153</u>	<u>90,604</u>

6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year ended December 31, 2016, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. 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 years.

Also, during 2016, the Authority was insured through the State Housing Authority Risk Pool Association, Inc. (SHARP), a public entity risk pool operating a common risk management and insurance program for its housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through commercial insurance companies.

On June 1, 2013, the Authority in conjunction with other entities jointly contracted with a commercial insurance carrier for risk of loss for employee health and accident insurance. Prior to June 1st the Authority was part of the Ohio Public Healthcare Risk Pool Joint Self Insurance Association, which was a member of the Jefferson Health plan. The OPHRP withdrew from the Jefferson plan prior to the expiration of their contract. At the time of their withdrawal, The Jefferson Health plan alleges that the OPHRP has a claims deficit of \$769,159 plus additional charges and penalties of \$519,936.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

6. RISK MANAGEMENT (Continued)

On July 23, 2015, The Ohio Public Health Care Risk Pool Joint Self Insurance Association and the Jefferson Health Plan reached a settlement agreement. The agreement requires the Ohio Public Healthcare Risk Pool Joint Self Insurance Association to pay \$450,000.00 in total over a 4-year period, with \$150,000.00 due by August 7, 2015 and \$100,000.00 annual payments due on August 1 of 2016, 2017, and 2018.

The settlement amount was divided amongst the Ohio Public Healthcare Risk Pool Joint Self Insurance Association member organizations based on the number of participants each organization had enrolled in the plan in June of 2013, at a cost of \$4,500.00 per member.

Logan County Metropolitan Housing Authority had 5 participants enrolled in the plan and therefore was allocated \$22,500 of the settlement costs. This amount was charged to Employee Benefits expense and a liability in that amount was recorded in 2015. LCMHA made their second payment of \$5,000 in 2016, leaving an outstanding balance of \$10,000.

7. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

GASB 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.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

7. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability (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 year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Authority participates in OPERS, a cost-sharing multiple-employer public employee retirement system that provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. OPERS administers three separate pension plans as described below:

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

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.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

7. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability (Continued)

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will 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 Statutory Maximum Contribution Rates	
Employer	14.00%
Employee	10.00%
2016 Actual Contribution Rates	
Employer:	
Pension	12.00%
Post-Employment Healthcare Benefits	2.00%
Total Employer	<u>14.00%</u>
Total Employee	<u>10.00%</u>

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

7. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$44,051 for 2016.

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

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share 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:

	Traditional Plan	Combined Plan	Total
Proportionate Share of Net Pension Liability	\$ 368,596	\$ (14,993)	\$ 353,603
Percentage of Proportionate Share of Net Pension Liability	0.002128%	0.308100%	
Change in Proportion from Prior Measurement Date	0.000065%	-0.002093%	

	Traditonal Plan	Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earning on pension plan investments	\$ 108,344	\$ 6,473	\$ 114,817
Change in proportionate share and difference between employer contributions and proportionate share of contributions	351	544	895
Authority contributions subsequent to the measurement date	44,051	-	44,051
Total Deferred Outflows of Resources	\$ 152,746	\$ 7,017	\$ 159,763
Deferred Inflows of Resources			
Difference between expected and actual experience	7,122	6,841	13,963
Change in proportionate share and difference between employer contributions and proportionate share of contributions	5,464	-	5,464
Total Deferred Inflows of Resources	\$ 12,586	\$ 6,841	\$ 19,427

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

7. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability (Continued)

\$44,051 reported as deferred outflows of resources relate to pension resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows and deferred inflows related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:		
2017		\$ 22,197
2018		23,982
2019		28,131
2020		25,172
2021		(829)
Thereafter		(2,368)
Total		<u>\$ 96,285</u>

Actuarial Assumptions

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

	Traditional Plan	Combined Plan
Valuation Date	December 31, 2015	December 31, 2015
Experience Study	5 year ended 12/31/15	5 year ended 12/31/15
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
Projected salary increase	4.25%-10.05%	4.25%-8.05%
Cost-of-living adjustments	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.80% Simple	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.80% Simple

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

7. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

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

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

The allocation of investment assets 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 2015 and the long-term expected real rates of return:

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 2015 and the long-term expected real rates of return:

	Target Allocation	Weighted Average Long-Term Expected
Asset Class	for 2015	Real Rate of Return
Fixed Income	23.00%	2.31%
Domestic Equities	20.70%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	18.30%	7.40%
Other Investments	18.00%	4.59%
Total	100.00%	5.27%

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

7. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

Authority's proportionate share of net pension liability	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
Traditional Plan	\$ 587,264	\$ 368,596	\$ 184,157
Combined Plan	\$ (308)	\$ (14,993)	\$ (26,805)

8. POST-EMPLOYMENT BENEFITS

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Pension 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 No. 45.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.html> or by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

8. POST-EMPLOYMENT BENEFITS (Continued)

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

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2016 and 2015, the employer contributions allocated to the health care plan was two percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended December 31, 2016, 2015, 2014, and 2013 amounted to \$7,338, \$5,540, \$7,091, and \$3,595, respectively. All required contributions have been made through December 31, 2016.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0% of the employer contributions toward the health care fund after the end of the transition period.

9. COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners.

Annual vacation leave is given to all full time permanent employees on a pro-rate basis; two weeks per year of service one through five years, three weeks for six to ten years of service and four weeks for ten years of service or more. The annual leave does not accumulate for longer than a one-year period and must be schedule in the year earned.

Sick leave accrues for full time permanent employees on the basis of 10 hours per month, cumulative to 120 days or 960 hours. An Employee at the time of retirement from active service with the authority may elect to be paid cash for (1/4) of the value of accrued unused sick leave credit at the employee's rate of pay at the time of retirement. The Authority's policy is to begin to accrue sick leave for employees five (5) years before they are eligible for retirement. At December 31, 2016, the Authority had \$23,246 sick and vacation leave accrued. The following is a summary of changes in compensated absences for the year ended December 31, 2016:

	Balance	Net	Balance	Due Within
	12/31/2015	Change	12/31/2016	One Year
Compensated Absences Payable	\$ 22,623	\$ 623	\$ 23,246	\$ 7,749

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

10. RESTRICTED ASSETS

The Authority's restricted assets are as follows:

Tenant Security Deposits	\$ 32,234
Housing Assistance Payments funds	141,177
Family Self-Sufficiency Program	20,691
Total	<u>\$ 194,102</u>

11. CONTINGENCIES

Grants

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

Commitments and Contingencies

The Authority has, under its normal operations, entered into commitments for the purchase of maintenance, cleaning, and other services. Such commitments are monthly and annually.

Litigations

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

12. FAMILY SELF-SUFFICIENCY PROGRAM

The Logan County Metropolitan Housing Authority has a Family Self-Sufficiency Program (FSSP). This program is designed to assist families to become self-sufficient through an escrowed savings plan provided by the Authority. Upon completion of the objectives, the family receives their escrow balance. At December 31, 2016, the Authority held in escrow \$20,691 for the Family Self Sufficiency Program. The Authority recognizes the escrow as cash and FSS liability on the balance sheet.

13. PAYMENT IN LIEU OF TAXES

The Authority has cooperation agreements with certain municipalities under which it makes payment in lieu of real estate taxes for various public services. Expense recognized for payment in lieu of taxes for the year ended December 31, 2016 totaled \$15,078.

14. FINANCIAL DATA SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2016, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenue and expenses and changes in net position, and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by HUD.

15. ECONOMIC DEPENDENCY

Both the Low Rent Public Housing Program and the Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD.

Required Supplementary Information

**Logan County Metropolitan Housing Authority
Required Supplementary Information
Schedule of Authority's Proportionate Share of Net Pension Liability
For the Year Ended December 31, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability			
Traditional Plan	0.002128%	0.002193%	0.002193%
Combined Plan	0.030810%	0.032903%	0.032903%
Authority's Proportionate Share of the Net Pension Liability (Asset)			
Traditional Plan	\$ 368,596	\$ 264,500	\$ 258,526
Combined Plan	(14,993)	(12,668)	(3,453)
Authority's covered-employee payroll	367,070	389,917	338,069
Authority's Proportionate share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	96.33%	64.59%	75.45%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability			
Traditional Plan	81.08%	86.45%	86.36%
Combined Plan	116.90%	114.83%	104.33%

Information prior to fiscal year 2014 is not available.

**Logan County Metropolitan Housing Authority
Required Supplementary Information
Schedule of Authority's Contributions
For the Year Ended December 31, 2016**

	2016	2015	2014	2013
Contractually Required Contribution	\$ 44,051	\$ 46,090	\$ 46,790	\$ 43,949
Contributions in Relation to Contractually Required Contribution	<u>(44,051)</u>	<u>(46,090)</u>	<u>(46,790)</u>	<u>(43,949)</u>
Contribution deficit (surplus)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 367,070	\$ 384,083	\$ 389,917	\$ 338,069
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%

Information prior to 2013 is not available.

Total contributions reported include any amounts contributed to other post employment benefits in addition to the Traditional and Combined Plans.

Supplementary Information

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY
FINANCIAL DATA SCHEDULE
AS OF DECEMBER 31, 2016

	Business Activities	14,871 Housing Choice Vouchers	Project Total	Subtotal	ELIM	TOTAL
111 Cash - Unrestricted	\$13,257	\$43,302	\$1,803	\$58,362	\$0	\$58,362
113 Cash - Other Restricted	\$0	\$161,868	\$0	\$161,868	\$0	\$161,868
114 Cash - Tenant Security Deposits	\$5,785	\$0	\$26,449	\$32,234	\$0	\$32,234
100 Total Cash	\$19,042	\$205,170	\$28,252	\$252,464	\$0	\$252,464
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$5,461	\$5,461	\$0	\$5,461
124 Accounts Receivable - Other Government	\$4,994	\$0	\$0	\$4,994	\$0	\$4,994
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$1,442	\$0	\$3,650	\$5,092	\$0	\$5,092
126.1 Allowance for Doubtful Accounts - Tenants	-\$901	\$0	\$0	-\$901	\$0	-\$901
128 Fraud Recovery	\$0	\$5,865	\$0	\$5,865	\$0	\$5,865
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$5,865	-\$230	-\$6,095	\$0	-\$6,095
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$5,535	\$0	\$8,881	\$14,416	\$0	\$14,416
142 Prepaid Expenses and Other Assets	\$1,631	\$565	\$22,003	\$24,199	\$0	\$24,199
143 Inventories	\$0	\$0	\$29,545	\$29,545	\$0	\$29,545
143.1 Allowance for Obsolete Inventories	\$0	\$0	-\$847	-\$847	\$0	-\$847
144 Inter Program Due From	\$0	\$0	\$46,500	\$46,500	-\$46,500	\$0
150 Total Current Assets	\$26,208	\$205,735	\$134,334	\$366,277	-\$46,500	\$319,777
161 Land	\$47,170	\$0	\$683,201	\$730,371	\$0	\$730,371
162 Buildings	\$1,222,714	\$0	\$8,186,567	\$9,409,281	\$0	\$9,409,281
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$141,958	\$141,958	\$0	\$141,958
164 Furniture, Equipment & Machinery - Administration	\$0	\$101,619	\$330,684	\$432,303	\$0	\$432,303
166 Accumulated Depreciation	-\$59,283	-\$101,619	-\$5,718,772	-\$5,879,674	\$0	-\$5,879,674
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,210,601	\$0	\$3,623,638	\$4,834,239	\$0	\$4,834,239
180 Total Non-Current Assets	\$1,210,601	\$0	\$3,623,638	\$4,834,239	\$0	\$4,834,239
200 Deferred Outflow of Resources	\$0	\$44,483	\$115,280	\$159,763	\$0	\$159,763
290 Total Assets an Deferred Outflow of Resources	\$1,236,809	\$250,218	\$3,873,252	\$5,360,279	-\$46,500	\$5,313,779
190 Total Assets	\$1,236,809	\$205,735	\$3,757,972	\$5,200,516	-\$46,500	\$5,154,016
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$1,927	\$3,102	\$30,239	\$35,268	\$0	\$35,268
321 Accrued Wage/Payroll Taxes Payable	\$0	\$8,996	\$17,028	\$26,024	\$0	\$26,024
322 Accrued Compensated Absences - Current Portion	\$0	\$2,310	\$5,439	\$7,749	\$0	\$7,749
325 Accrued Interest Payable	\$1,042	\$0	\$0	\$1,042	\$0	\$1,042
331 Accounts Payable - HUD PHA Programs	\$0	\$1,114	\$0	\$1,114	\$0	\$1,114
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0
341 Tenant Security Deposits	\$5,785	\$0	\$26,449	\$32,234	\$0	\$32,234
342 Unearned Revenues	\$847	\$13,120	\$2,781	\$16,748	\$0	\$16,748
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$15,726	\$0	\$0	\$15,726	\$0	\$15,726
345 Other Current Liabilities	\$0	\$8,235	\$3,850	\$12,085	\$0	\$12,085
346 Accrued Liabilities - Other	\$0	\$0	\$21,991	\$21,991	\$0	\$21,991
347 Inter Program - Due To	\$46,500	\$0	\$0	\$46,500	-\$46,500	\$0
310 Total Current Liabilities	\$71,827	\$36,877	\$107,777	\$216,481	-\$46,500	\$169,981
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$207,820	\$0	\$0	\$207,820	\$0	\$207,820
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$20,691	\$3,850	\$24,541	\$0	\$24,541
354 Accrued Compensated Absences - Non Current	\$0	\$4,619	\$10,878	\$15,497	\$0	\$15,497
357 Accrued Pension and OPEB Liabilities	\$0	\$99,009	\$254,594	\$353,603	\$0	\$353,603
350 Total Non-Current Liabilities	\$207,820	\$124,319	\$269,322	\$601,461	\$0	\$601,461
300 Total Liabilities	\$279,647	\$161,196	\$377,099	\$817,942	-\$46,500	\$771,442
400 Deferred Inflow of Resources	\$0	\$119,828	\$15,516	\$135,344	\$0	\$135,344
508.4 Net Investment in Capital Assets	\$987,055	\$0	\$3,623,638	\$4,610,693	\$0	\$4,610,693
511.1 Restricted Net Position	\$0	\$25,259	\$0	\$25,259	\$0	\$25,259
512.1 Unrestricted Net Position	-\$29,893	-\$56,065	-\$143,001	-\$228,959	\$0	-\$228,959
513 Total Equity - Net Assets/Position	\$957,162	-\$30,806	\$3,480,637	\$4,406,993	\$0	\$4,406,993
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,236,809	\$250,218	\$3,873,252	\$5,360,279	-\$46,500	\$5,313,779

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2016

	14.870						
	Business	14.870 Resident Opportunity & Supportive	14.871 Housing Choice	Project			
	Activities	Services	Vouchers	Total	Subtotal	ELIM	TOTAL
70300 Net Tenant Rental Revenue	\$77,894	\$0	\$0	\$136,920	\$214,814	\$0	\$214,814
70400 Tenant Revenue - Other	\$455	\$0	\$0	\$0	\$455	\$0	\$455
70500 Total Tenant Revenue	\$78,349	\$0	\$0	\$136,920	\$215,269	\$0	\$215,269
70600 HUD PHA Operating Grants	\$0	\$37,903	\$1,546,210	\$413,339	\$1,997,452	\$0	\$1,997,452
70610 Capital Grants	\$0	\$0	\$0	\$14,292	\$14,292	\$0	\$14,292
71100 Investment Income - Unrestricted	\$3	\$0	\$4	\$3	\$10	\$0	\$10
71400 Fraud Recovery	\$0	\$0	\$6,160	\$0	\$6,160	\$0	\$6,160
71500 Other Revenue	\$12,065	\$0	\$0	\$19,369	\$31,434	\$0	\$31,434
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$11,268	\$8,950	\$20,218	\$0	\$20,218
70000 Total Revenue	\$90,417	\$37,903	\$1,563,642	\$592,873	\$2,284,835	\$0	\$2,284,835
91100 Administrative Salaries	\$16,727	\$0	\$72,483	\$111,233	\$200,443	\$0	\$200,443
91200 Auditing Fees	\$0	\$0	\$2,224	\$5,445	\$7,669	\$0	\$7,669
91400 Advertising and Marketing	\$0	\$0	\$282	\$196	\$478	\$0	\$478
91500 Employee Benefit contributions - Administrative	\$6,091	\$0	\$69,997	\$55,076	\$131,164	\$0	\$131,164
91600 Office Expenses	\$0	\$0	\$4,192	\$13,416	\$17,608	\$0	\$17,608
91700 Legal Expense	\$298	\$0	\$0	\$4,646	\$4,944	\$0	\$4,944
91800 Travel	\$0	\$0	\$740	\$3,327	\$4,067	\$0	\$4,067
91900 Other	\$1,063	\$0	\$12,611	\$34,965	\$48,639	\$0	\$48,639
91000 Total Operating - Administrative	\$24,179	\$0	\$162,529	\$228,304	\$415,012	\$0	\$415,012
92100 Tenant Services - Salaries	\$0	\$37,903	\$0	\$0	\$37,903	\$0	\$37,903
92400 Tenant Services - Other	\$0	\$0	\$0	\$944	\$944	\$0	\$944
92500 Total Tenant Services	\$0	\$37,903	\$0	\$944	\$38,847	\$0	\$38,847
93100 Water	\$99	\$0	\$0	\$4,255	\$4,354	\$0	\$4,354
93200 Electricity	\$789	\$0	\$0	\$9,568	\$10,357	\$0	\$10,357
93300 Gas	\$1	\$0	\$0	\$5,248	\$5,249	\$0	\$5,249
93600 Sewer	\$95	\$0	\$0	\$7,955	\$8,050	\$0	\$8,050
93000 Total Utilities	\$984	\$0	\$0	\$27,026	\$28,010	\$0	\$28,010
94100 Ordinary Maintenance and Operations - Labor	\$5,215	\$0	\$0	\$118,864	\$124,079	\$0	\$124,079
94200 Ordinary Maintenance and Operations - Materials and Other	\$5,684	\$0	\$0	\$53,614	\$59,298	\$0	\$59,298
94300 Ordinary Maintenance and Operations Contracts	\$7,860	\$0	\$0	\$56,395	\$64,255	\$0	\$64,255
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$48,746	\$48,746	\$0	\$48,746
94000 Total Maintenance	\$18,759	\$0	\$0	\$277,619	\$296,378	\$0	\$296,378
96110 Property Insurance	\$1,648	\$0	\$0	\$19,898	\$21,546	\$0	\$21,546
96120 Liability Insurance	\$55	\$0	\$564	\$1,780	\$2,399	\$0	\$2,399
96130 Workmen's Compensation	\$0	\$0	\$3,106	\$9,122	\$12,228	\$0	\$12,228
96140 All Other Insurance	\$0	\$0	\$0	\$4,509	\$4,509	\$0	\$4,509
96100 Total insurance Premiums	\$1,703	\$0	\$3,670	\$35,309	\$40,682	\$0	\$40,682

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2016

	14.870		14.871			
	Business	Resident	Opportunity &	Housing	Project	
	Activities	Supportive	Services	Choice	Total	ELIM
		Vouchers				TOTAL
96210 Compensated Absences	\$0	\$0	\$3,069	\$4,483	\$0	\$7,552
96300 Payments in Lieu of Taxes	\$4,089	\$0	\$0	\$10,989	\$0	\$15,078
96400 Bad debt - Tenant Rents	\$1,351	\$0	\$6,227	\$9,589	\$0	\$17,167
96000 Total Other General Expenses	\$5,440	\$0	\$9,296	\$25,061	\$0	\$39,797
96710 Interest of Mortgage (or Bonds) Payable	\$11,849	\$0	\$0	\$0	\$0	\$11,849
96700 Total Interest Expense and Amortization Cost	\$11,849	\$0	\$0	\$0	\$0	\$11,849
96900 Total Operating Expenses	\$62,914	\$37,903	\$175,495	\$594,263	\$0	\$870,575
97000 Excess of Operating Revenue over Operating Expenses	\$27,503	\$0	\$1,388,147	-\$1,390	\$0	\$1,414,260
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$10,886	\$0	\$1,373,658	\$0	\$0	\$1,384,544
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$0	\$0
97400 Depreciation Expense	\$44,462	\$0	\$0	\$277,452	\$0	\$321,914
90000 Total Expenses	\$118,262	\$37,903	\$1,549,153	\$871,715	\$0	\$2,577,033
10010 Operating Transfer In	\$0	\$0	\$0	\$56,066	\$0	\$56,066
10020 Operating transfer Out	\$0	\$0	\$0	-\$56,066	\$0	-\$56,066
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$3,000	\$0	\$3,000
10094 Transfers between Project and Program - Out	-\$3,000	\$0	\$0	\$0	\$0	-\$3,000
10100 Total Other financing Sources (Uses)	-\$3,000	\$0	\$0	\$3,000	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$30,845	\$0	\$14,489	-\$275,842	\$0	-\$292,198
11020 Required Annual Debt Principal Payments	\$15,726	\$0	\$0	\$0	\$0	\$15,726
11030 Beginning Equity	\$988,007	\$0	-\$45,295	\$3,756,479	\$0	\$4,699,191
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	\$0	-\$56,065	\$0	\$0	-\$56,065
11180 Housing Assistance Payments Equity	\$0	\$0	\$25,259	\$0	\$0	\$25,259
11190 Unit Months Available	0	0	3553	1197	0	4750
11210 Number of Unit Months Leased	0	0	3512	1141	0	4653
11270 Excess Cash	\$0	\$0	\$0	-\$71,207	\$0	-\$71,207
11650 Leasehold Improvements Purchases	\$0	\$0	\$0	\$14,292	\$0	\$14,292

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

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	2016 FEDERAL EXPENDITURES
<i>DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</i>		
Public and Indian Housing	14.850	\$ 332,341
Resident Opportunity and Supportive Services	14.870	37,903
Section 8 Housing Choice Vouchers	14.871	1,546,210
Public Housing Capital Fund	14.872	<u>95,290</u>
TOTAL FEDERAL AWARDS EXPENDITURES		<u><u>\$ 2,011,744</u></u>

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE A – SUMMARY FOR SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirement 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 operation of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

The Authority has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE B – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended December 31, 2016.

NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2016.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2016.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2016**

ACTUAL MODERNIZATION COST CERTIFICATES

MODERNIZATION PROJECT NUMBER: OH16-P072-501-11

Original Funds Approved:	\$152,353
Funds Disbursed:	\$152,353
Funds Expended (Actual Modernization Cost):	\$152,353
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

MODERINATION PROJECT NUMBER: OH16-P072-501-12

Original Funds Approved:	\$141,028
Funds Disbursed:	\$141,028
Funds Expended (Actual Modernization Cost):	\$141,028
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

MODERINATION PROJECT NUMBER: OH16-P072-502-13

Original Funds Approved:	\$135,504
Funds Disbursed:	\$135,504
Funds Expended (Actual Modernization Cost):	\$135,504
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable

MODERINATION PROJECT NUMBER: OH16-P072-501-14

Original Funds Approved:	\$140,607
Funds Disbursed:	\$140,607
Funds Expended (Actual Modernization Cost):	\$140,607
Amount to be Recaptured:	Not Applicable
Excess of Funds Disbursed:	Not Applicable



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

June 30, 2017

Logan County Metropolitan Housing Authority
Logan County
119 North Everett Street
Bellefontaine, Ohio 45402

To the Director and 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 **Logan County Metropolitan Housing Authority**, Logan County, (the Authority) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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

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

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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*.

We did note a certain matter not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated June 30, 2017.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



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**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**

June 30, 2017

Logan County Metropolitan Housing Authority
Logan County
119 North Everett Street
Bellevue, Ohio 45402

To the Director and Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the **Logan County Metropolitan Housing Authority's**, Logan County, (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 Authority's major federal program for the year ended December 31, 2016. The *Summary of Audit Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants 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 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 Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with 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 compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
LOGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. SUMMARY OF AUDIT RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR§200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Section 8 Housing Choice Vouchers, CFDA # 14.871
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	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.

**LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PRIOR AUDIT FINDINGS**

FOR THE YEAR ENDED DECEMBER 31, 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2015-001	Filing Annual Financial Report	No	Not Corrected; Per AOS for the 2016 reporting period, financial information filed after the due date is a verbal recommendation to file by the required due date. The financial information was filed on June 8, 2017.



Dave Yost • Auditor of State

LOGAN COUNTY METROPOLITAN HOUSING AUTHORITY

LOGAN 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
AUGUST 29, 2017