



Dave Yost • Auditor of State



**LUCAS METROPOLITAN HOUSING AUTHORITY  
LUCAS COUNTY  
DECEMBER 31, 2016**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Lucas Metropolitan Housing Authority  
Lucas County  
435 Nebraska Avenue  
Toledo, Ohio 43604

To the Board of Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Lucas Metropolitan Housing Authority, Lucas 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 audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lucas Metropolitan Housing Authority, Lucas County, Ohio, 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.

### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, the January 1, 2015 balance has been restated to correct unrecorded capital contributions from the prior year. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

The Financial Data Schedules present additional analysis and are not a required part of the basic financial statements.

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

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules 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 September 11, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 11, 2017

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LUCAS METROPOLITAN HOUSING AUTHORITY  
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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Management's discussion and analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Lucas Metropolitan Housing Authority (Authority) financial activity, and (c) identify changes in the Authority's financial position for the fiscal year ended December 31, 2016. Please read it in conjunction with the Authority's financial statements.

**Overview of the Financial Statements**

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's accounting records are structured as an enterprise fund with revenues recognized when earned, rather than when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and depreciated over their estimated useful lives. The accounting for enterprise funds is similar to the accounting used by businesses. See the note to the financial statements for a summary of the Authority's significant accounting policies.

Following the MD&A are the basic financial statements of the Authority together with notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The **Statement of Net Position** presents information similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources of the Authority. The statement is presented in the format where assets and deferred outflows of resources, minus liabilities and deferred inflows of resources, equal net position. Assets and liabilities are presented in order of liquidity, and are classified as current and non-current.

Net position is reported in three broad categories:

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

**Restricted Net Position:** This component consists of assets that are constrained by limitations placed on their use by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

**Unrestricted Net Position:** This component consists of net position that is not restricted and does not meet the definition of Net Investment in Capital Assets.

LUCAS METROPOLITAN HOUSING AUTHORITY  
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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The **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing how the Authority's net position changed during the year. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenue and expenses, such as grant revenue, investment income, interest expense, and gains or losses from the sale or disposition of capital assets. The focus of the statement is the change in net position, which is similar to net income or loss for a business entity.

The **Statement of Cash Flows** reports net cash provided by or used by operating activities, non-capital financing activities, capital and related financing activities and investing activities.

The **Notes to Financial Statements** provide additional information that is essential to a full understanding of the information included in the financial statements.

In addition to the basic financial statements and accompanying notes, this report includes two types of supplementary information: required supplementary information and other supplementary information. Required supplementary information must be included to conform with generally accepted accounting principles. Management's discussion and analysis is the required supplementary information.

Other supplementary information is not required by generally accepted accounting principles but is presented for additional analysis purposes or to meet other requirements. The financial data schedule is required by the U.S. Department of Housing and Urban Development (HUD). The schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget.

**Program Information**

**Low Income Public Housing:** The Authority owns 2,709 units in Lucas County, Ohio. Under the low income public housing program, the Authority rents units that it owns to low-income households. The program is operated under an annual contributions contract with HUD, and HUD provides operating subsidy and capital funding to enable the Authority to provide housing at a rent that is based on a percentage of household income. The conventional public housing program includes the capital fund program, which is the primary funding source for physical improvements to the Authority's properties.

**Section 8 Housing Choice Vouchers:** The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the

LUCAS METROPOLITAN HOUSING AUTHORITY  
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
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difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family. The objective of the program is to assist in making tenant-based rental assistance more successful by helping increase housing choices for low-income families and assisting them in obtaining affordable housing. The Authority currently administers 4,663 vouchers among the various Section 8 Programs, including Housing Choice Voucher, Mainstream, Mod Rehab and Veterans Affairs Supportive Housing (VASH) programs.

**Capital Fund Grants:** The Authority receives additional funding from HUD for physical and management improvements to its units within the Low Income Public Housing Program, under the same Annual Contributions Contract. This program provides funding for large-scale improvements or unplanned emergencies that are not covered by the operating subsidy amount previously mentioned.

**Resident Service Grants:** The Authority administers this program through funding awarded by HUD to provide additional assistance to residents with special needs. The Authority also provides community outreach connections that provide such assistance, for improved quality of life within the Low Income Public Housing community.

**Shelter Plus Care Grant:** The Authority administers this program through funding awarded by HUD to assist community organizations that provide transitional housing for chronically homeless individuals with disabilities or special needs. The Authority administers the program for a sponsored service provider, assisting with the cost of housing, and allowing them to provide supportive services by coordinating their efforts with other organizations for the homeless, to improve their quality of life.

**Home Improvement Partnership Program:** The Authority administers this program through funding awarded by funding awarded by the City of Toledo that passed through funding from HUD. The grant from the City of Toledo provided a portion of the mixed financing agreement related to the Collingwood Green Phase I construction project. The objective of the Home Improvement Partnership Program is to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans.

**Non-HUD/Business Activities Programs:** This area includes programs such as: contract administration, a consortium with other housing authorities in Ohio to manage site-based properties for HUD; the Veterans Fund, a discretionary pool of funding from a variety of activities; the Homeownership Funds, proceeds from the old Turnkey III program, utilized to provide opportunities for low-income families to become homeowners; and the Central Office Cost Center, the management entity related to the operation of the Housing Authority created through the implementation of the asset management program.

LUCAS METROPOLITAN HOUSING AUTHORITY  
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Health Profession Opportunity Grants (HPOG):** The HOPG is administered by the Administration for Children and Families, U.S. Department of Health & Human Services, was created to provide education and training to TANF recipients and other low-income individuals for occupations in the health care field that pay well and are expected to either experience labor shortages or be in high demand. The LMHA has partnered with a third party to implement and manage a Northwest Ohio Pathways to Healthcare Careers Project, which utilizes the grant to fund Community and Success Coach positions that facilitate “Bridges Out of Poverty” trainings for LMHA resident clients participating in the Project.

**Component Units:**

*Westridge Apartments Development Corporation:* Through the Westridge Apartments Development Corporation, the Authority owns and operates a 190-unit apartment complex as a component unit of the Agency. This is a market rate rental site.

*Collingwood Green Phase I:* Through the Collingwood Green Phase I, LP, a 65 unit mixed-finance and mixed income apartment community was constructed in 2013. The development includes 65 units of housing owned by Collingwood Green Phase I, LP, of which 33 units are public housing units developed using Capital Funds received by the Authority from HUD, and a mixed-finance amendment to the Annual Contributions Contract.

*Collingwood Green Phase II:* Through the Collingwood Green Phase II, LP, another mixed-finance and mixed income townhome community was constructed in 2015. This development consists of 66 housing units, owned by Collingwood Green Phase II, LP, of which 33 units are public housing and were developed using Capital Funds received by the Authority from HUD, and a mixed-finance amendment to the Annual Contributions Contract.

*Lucas Housing Services Corporation:* Through the Lucas Housing Services Corporation, a wholly owned non-profit corporation, the Authority acquired 53 parcels in 2013, from the Lucas County Land Reutilization Company for the purpose of rehabilitating the single family dwellings to be resold to buyers who are unable to obtain conventional mortgages. To date, the Authority has successfully sold nine homes, and is currently working with another seven potential home buyers.

*Parqwood Apartments LP:* In October 2014, the Authority was awarded a new Rental Assistance Demonstration (RAD) project from HUD. This was the first award made with this new funding source, which allowed the Authority to renovate a former public housing development and lease it under the PBRA Section 8 housing assistance program. The Parqwood Apartments LP was created to manage this newly renovated 136 unit apartment building.

LUCAS METROPOLITAN HOUSING AUTHORITY  
 UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

**Financial Position and Analysis**

Table 1 compares the Authority's financial position for the fiscal years ended December 31, 2015 and 2016:

**Table 1 - Entity-Wide Balance Sheet Comparison**

	2016	2015	Increase (Decrease)	Percent Variance
<b><u>Assets</u></b>				
Current Assets	\$ 18,343,361	\$ 27,688,338	\$ (9,344,977)	-33.75%
Noncurrent Assets	87,428,754	83,835,642	3,593,112	4.29%
<b>Total Assets</b>	<b>105,772,115</b>	<b>111,523,980</b>	<b>(5,751,865)</b>	<b>-5.16%</b>
<b>Deferred Outflows of Resources</b>	<b>2,347,502</b>	<b>1,007,578</b>	<b>1,339,924</b>	<b>132.98%</b>
<b><u>Liabilities</u></b>				
Current Liabilities	10,383,352	21,274,804	(10,891,452)	-51.19%
Noncurrent Liabilities	35,747,929	27,811,579	7,936,350	28.54%
<b>Total Liabilities</b>	<b>46,131,281</b>	<b>49,086,383</b>	<b>(2,955,102)</b>	<b>-6.02%</b>
<b>Deferred Outflows of Resources</b>	<b>175,581</b>	<b>101,101</b>	<b>74,480</b>	<b>73.67%</b>
<b><u>Net Position</u></b>				
Net Investment in Capital Assets	68,032,301	59,239,436	8,792,865	14.84%
Restricted Net Position	2,755,165	5,083,807	(2,328,642)	-45.81%
Unrestricted Net Position	(8,974,711)	(979,169)	(7,995,542)	816.56%
<b>Total Net Position</b>	<b>\$ 61,812,755</b>	<b>\$ 63,344,074</b>	<b>\$ (1,531,319)</b>	<b>-2.42%</b>

**Current Assets** decreased by \$9,344,977 or 33.75 percent. This decrease is due mainly to the use of construction funds to complete CG Phase II.

**Current Liabilities** decreased by \$10,891,452 or 51.19 percent. This decrease is primarily due to payment and refinancing of notes and bonds payable. The Westridge Development Corporation note payable was refinanced in March 2016 which moved \$5,021,254 from current to noncurrent liabilities. Also, the Parqwood Apartments bond payable was paid in full in October 2016, \$5,500,000 principal paid in full.

LUCAS METROPOLITAN HOUSING AUTHORITY  
 UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Noncurrent Liabilities** increased by \$7,936,350 or 28.54 percent. This increase is primarily due to the aforementioned refinancing of Westridge debt, the increase of the net pension liability and additional note payable for Parqwood Apartments.

**Restricted Net Position** decreased by \$2,328,642 or 45.81 percent. This is due to a decrease in Homeownership Development Reserves.

Table 2 focuses on the changes in Net Position

**Table 2 - Entity-Wide Income Statement Comparison**

	2016	2015	Increase (Decrease)	Percent Variance
<b><u>Operating Revenue &amp; Expense</u></b>				
Operating Revenue	\$ 49,401,171	\$ 47,907,428	\$ 1,493,743	3.12%
Operating Expenses	<u>53,108,228</u>	<u>50,728,201</u>	<u>2,380,027</u>	4.69%
<b>Total Operating Loss</b>	(3,707,057)	(2,820,773)	(886,284)	31.42%
Non-Operating Revenues & Expenses, Net	<u>(979,793)</u>	<u>(679,287)</u>	<u>(300,506)</u>	44.24%
Capital Grants	2,205,493	7,122,755	(4,917,262)	-69.04%
Income (Loss) in Net Position	(2,481,357)	3,622,695	(6,104,052)	-168.49%
Prior Period Adjustment	950,038	(4,922,470)	5,872,508	-119.30%
Net Position, Beginning of year	<u>63,344,074</u>	<u>64,643,849</u>	<u>(1,299,775)</u>	<u>-2.01%</u>
<b>Net Position, End of year</b>	<u>\$ 61,812,755</u>	<u>\$ 63,344,074</u>	<u>\$ (1,531,319)</u>	<u>-2.42%</u>

LUCAS METROPOLITAN HOUSING AUTHORITY  
 UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

Table 3 presents a summary of the Authority's revenue by source:

**Table 3 - Entity-Wide Revenue Comparison**

	<u>2016</u>	<u>2015</u>	Increase (Decrease)	Percent Variance
<b><u>Operating Revenue</u></b>				
Tenant Revenue	\$ 7,899,127	\$ 6,826,481	\$ 1,072,646	15.71%
Government Operating Grants	38,760,761	38,224,853	535,908	1.40%
Other Income	<u>2,741,283</u>	<u>2,856,094</u>	<u>(114,811)</u>	<u>-4.02%</u>
<b>Total Operating Income</b>	<u>49,401,171</u>	<u>47,907,428</u>	<u>1,493,743</u>	<u>3.12%</u>
<b><u>Non-Operating Revenues</u></b>				
Gain on Sale of Capital Assets	10,513	32,537	(22,024)	-67.69%
Interest Income	<u>53,604</u>	<u>135,227</u>	<u>(81,623)</u>	<u>-60.36%</u>
	<u>64,117</u>	<u>167,764</u>	<u>(103,647)</u>	<u>-61.78%</u>
<b>Total Revenues</b>	<u>\$ 49,465,288</u>	<u>\$ 48,075,192</u>	<u>\$ 1,390,096</u>	<u>2.89%</u>

**Tenant Revenue** increased by \$1,072,646 or 15.71 percent due to increased occupancy and collection of rents

**Gain on Sale of Capital Assets** decreased by \$22,024 or 67.69 percent due to the prior year's sale of capital assets.

**Interest Income** decreased by \$81,623 or 60.36 percent due to the large decrease in investments.

LUCAS METROPOLITAN HOUSING AUTHORITY  
 UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

Table 4 presents a summary of the Authority's operating expenses:

**Table 4 - Entity-Wide Expense Comparison**

<b>Operating Expenses</b>	2016	2015	Increase (Decrease)	Percent Variance
Administrative	9,439,512	8,189,763	1,249,749	15.26%
Resident Services	807,211	918,856	(111,645)	-12.15%
Utilities	3,772,959	3,753,585	19,374	0.52%
Maintenance	8,129,743	8,224,049	(94,306)	-1.15%
Protective Services	1,081,189	1,073,200	7,989	0.74%
General Expenses	1,650,858	1,395,122	255,736	18.33%
Housing Assistance Payments	21,859,912	21,634,226	225,686	1.04%
Insurance and Other Expenses	939,388	782,780	156,608	20.01%
Depreciation Expense	5,427,456	4,756,620	670,836	14.10%
<b>Total Operating Expenses</b>	<b>\$ 53,108,228</b>	<b>\$ 50,728,201</b>	<b>2,380,027</b>	<b>4.69%</b>
<b>Non-Operating Expenses</b>				
Interest Expense	1,043,910	847,051	196,859	23.24%
<b>Total Expenses</b>	<b>\$ 54,152,138</b>	<b>\$ 51,575,252</b>	<b>\$ 2,576,886</b>	<b>5.00%</b>

**Administrative** expenses increased by \$1,249,749 or 15.26 percent primarily due to increases in Public Housing salaries & benefits expenses.

**General Expenses** increased by \$255,736 or 18.33 percent primarily due to an increase in compensated absences expense.

**Insurance and Other Expenses** increased by \$156,608 or 20.01% due to higher insurance premiums.

**Interest Expenses** increased by \$196,859 or 23.24% due to increases in long-term debt.



LUCAS METROPOLITAN HOUSING AUTHORITY  
 UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

**Budgetary Analysis**

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public Housing and Housing Choice Voucher are adopted on the basis of accounting described by HUD, which differs in some respects from generally accepted accounting principles.

The Authority is not required to follow the budgetary requirements of the Ohio Revised Code, however the Authority maintain a budget for managerial purposes. Budgetary data is not required for financial statement presentation.

**Capital Assets**

Table 5 summarizes the Authority's investment in capital assets.

**Table 5 - Summary of Entity-Wide of Capital Asset Activity**

	2016	2015	Increase (Decrease)	Percent Variance
Land	\$ 7,802,648	\$ 7,802,948	\$ (300)	0.00%
Buildings and Equipment	\$ 216,660,456	\$ 207,619,120	\$ 9,041,336	4.35%
	224,463,104	215,422,068	\$ 9,041,036	4.20%
Less: accumulated depreciation	(138,372,719)	(132,881,678)	(5,491,041)	4.13%
			-	
<b>Capital Assets, Net</b>	<b>\$ 86,090,385</b>	<b>\$ 82,540,390</b>	<b>\$ 3,549,995</b>	<b>4.30%</b>

Acquisitions are capitalized at cost and depreciated using the straight-line method of depreciation. Additional information and details can be found in the Notes to the Financial Statements.

LUCAS METROPOLITAN HOUSING AUTHORITY  
 UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

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Capital funding available for 2016 is as follows:

**Table 6 - Summary of Capital Fund Grants**

	<u>Total Budget</u>	Expended through 12/31/2016	Budget Remaining at 12/31/2016
Capital Fund Program 2012	\$ 3,885,253	\$ 3,423,999	\$ 461,254
Capital Fund Program 2013	4,168,712	3,735,659	433,053
Capital Fund Program 2014	4,204,629	3,725,643	478,986
Capital Fund Program 2015	4,124,123	2,531,401	1,592,722
Capital Fund Program 2016	4,200,668	-	4,200,668
RHFP 2010	4,634	-	4,634
RHFP 2012	3,681	-	3,681
RHFP 2013	3,833	-	3,833
RHFP 2014	4,042	-	4,042
			<u>\$ 7,182,873</u>

LUCAS METROPOLITAN HOUSING AUTHORITY  
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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**Analysis of Debt Activity**

The PHA's component unit, Westridge Apartments Development Corporation, has notes and loans outstanding payable totaling \$5,357,687 as of December 31, 2016.

The PHA's component unit, Collingwood Green Phase I LP, has a bond payable of \$4,655,000 as of December 31, 2016.

The PHA's component unit, Collingwood Green Phase II LP, has notes, bonds, and loans payable totaling \$6,360,000 as of December 31, 2016.

The PHA's component unit, Parqwood Apartments LP, has notes and loans payable totaling \$4,133,531 as of December 31, 2016.

Balance outstanding	\$20,506,218
Less portion classified as current	<u>(642,547)</u>
Long-term portion	<u>\$19,863,671</u>

**Significant Economic Factors Affecting the Authority**

- The Department of Housing and Urban Development (HUD) has historically been underfunded to meet the subsidy needs of Public Housing Authorities (PHAs). We do not expect this trend to change.
- Even if HUD were fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. Further, increased funding for the Departments of Defense and Homeland Security may result in reduced appropriations for all other domestic program spending.

LUCAS METROPOLITAN HOUSING AUTHORITY  
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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**Request for Information**

This financial report is designed to provide a general overview of the Authority's accountability for those interested. If you should have additional questions regarding the financial information, you can contact our offices by writing to the following address:

Lucas Metropolitan Housing Authority  
Attn: Director of Finance  
435 Nebraska Avenue  
Toledo, OH 43697

**LUCAS METROPLITAN HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 5,548,228
Cash and Cash Equivalents - Restricted	4,603,069
Investments - Restricted	5,263,340
Grants receivable	1,491,874
Tenant Accounts Receivables, Net of Allowance	97,316
Accounts Receivable - Other	1,083,368
Notes Receivable - Other Current	22,774
Other Current Assets	233,392
<b>Total Current Assets</b>	<u>18,343,361</u>
<b>NONCURRENT ASSETS</b>	
Notes Receivable - Noncurrent	627,867
Other Noncurrent Assets	710,502
Nondepreciable Capital Assets	21,225,483
Depreciable Capital Assets, Net	64,864,902
<b>Total Noncurrent Assets</b>	<u>87,428,754</u>
<b>TOTAL ASSETS</b>	<u>105,772,115</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	2,347,502
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>108,119,617</u>

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

<b>CURRENT LIABILITIES</b>	
Accounts Payable	2,505,511
Accrued Interest Payable	208,172
Accrued Wages and Payroll Taxes	565,982
Accrued Compensated Absences - Current	113,150
Tenant Security Deposits	337,192
Notes Payable - Current	166,800
Bonds Payable - Current	355,000
Loans Payable - Current	120,747
Capital Lease Payable	237,500
Other Current Liabilities	5,773,298
<b>Total Current Liabilities</b>	<u>10,383,352</u>
<b>NONCURRENT LIABILITIES</b>	
Notes Payable - Noncurrent	7,449,200
Bonds Payable - Noncurrent	9,310,000
Loans Payable - Noncurrent	3,104,471
Capital Lease Payable	6,979,366
Accrued Compensated Absences - Noncurrent	641,183
Net Pension Liability	8,083,379
Other Noncurrent Liabilities	180,330
<b>Total Noncurrent Liabilities</b>	<u>35,747,929</u>
<b>TOTAL LIABILITIES</b>	<u>46,131,281</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	175,581
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>46,306,862</u>

**NET POSITION**

Net Investment in Capital Assets	68,032,301
Restricted	2,755,165
Unrestricted (Deficit)	(8,974,711)
<b>TOTAL NET POSITION</b>	<u>61,812,755</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 108,119,617</u>

See accompanying notes to the basic financial statements.

**LUCAS METROPLITAN HOUSING AUTHORITY**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>OPERATING REVENUE</b>	
Government Operating Grants	\$ 38,760,761
Tenant Revenue	7,899,127
Other Revenue	2,741,283
<b>Total Operating Revenue</b>	<u>49,401,171</u>
<b>OPERATING EXPENSES</b>	
Administrative	9,439,512
Resident Services	807,211
Utilities	3,772,959
Maintenance	8,129,743
Protective Services	1,081,189
General	1,650,858
Housing Assistance Payments	21,859,912
Insurance and Other Expenses	939,388
Depreciation	5,427,456
<b>Total Operating Expenses</b>	<u>53,108,228</u>
<b>Operating Loss</b>	<u>(3,707,057)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Gain on Sale of Capital Assets	10,513
Interest Income	53,604
Interest Expense	(1,043,910)
<b>Total Non-operating Revenues (Expenses)</b>	<u>(979,793)</u>
<b>Loss Before Capital Contributions</b>	<u>(4,686,850)</u>
<b>CAPITAL CONTRIBUTIONS</b>	
Capital Grants	<u>2,205,493</u>
<b>Decrease in Net Position</b>	(2,481,357)
<b>Net Position, Beginning of the Year</b>	63,344,074
<b>Prior Period Adjustment</b>	950,038
<b>Net Position, End of the Year</b>	<u>\$ 61,812,755</u>

See accompanying notes to the basic financial statements.

**LUCAS METROPLITAN HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Operating Grants	\$ 37,634,732
Cash Received from Tenants	8,144,545
Cash Received from Other Receipts	3,200,183
Cash Payments for Housing Assistance	(21,859,912)
Cash Payments for Administrative Expenses	(9,461,566)
Cash Payments for Other Operating Expenses	(15,710,601)
<b>Net Cash Provided by Operating Activities</b>	<b>1,947,381</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Grants	2,205,493
Contributions Received	950,038
Principal and Interest Paid on Debt	(5,858,982)
Property and equipment purchases	(9,043,783)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(11,747,234)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Repayments on notes receivable	91,660
Redemption of investments	11,055,559
Investment Income on Investments	53,604
<b>Net Cash Provided by Investing Activities</b>	<b>11,200,823</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,400,970</b>
<b>Cash and Cash Equivalents Beginning</b>	<b>8,750,327</b>
<b>Cash and Cash Equivalents Ending</b>	<b>10,151,297</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>	
Net Operating Loss	(3,707,057)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation expense	5,504,301
Grants Receivable	(1,126,029)
Tenant Accounts Receivable	245,418
Other Accounts Receivable	674,936
Other Assets	(216,036)
Deferred Outflows of Resources	(1,339,924)
Accounts Payable	997,962
Accrued Wages and Payroll Taxes	211,015
Accrued Compensated Absences	(233,069)
Net Pension Liability	2,328,537
Other Liabilities	(1,467,153)
Deferred Inflows of Resources	74,480
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,947,381</b>

See accompanying notes to the basic financial statements.

**LUCAS METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**1. DESCRIPTION OF THE AUTHORITY, PROGRAMS AND REPORTING ENTITY**

Description of the Authority and Programs

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

A summary of the significant programs administered by the Authority is provided below:

Public Housing Program

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

Capital Fund Grants

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

Housing Choice Voucher Program

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

Reporting Entity

The accompanying financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 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.



**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

(continued)

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

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

Based upon the foregoing criteria, the Authority has included the operations of Westridge Apartments Development Corporation (WADC), Collingwood Green Phase I, LP, Collingwood Green Phase II, LP, Parqwood Apartments, LP and Lucas Housing Services Corporation as blended component units. WADC was established as a wholly owned for-profit corporation of the Authority in 2006 primarily for the purposes of owning and operating a mixed-income apartment complex. Collingwood Green Phase I, LP, was established as a wholly owned for-profit corporation which began operations in 2012, for the purpose of arranging for the mixed financing and construction of the Collingwood Green Senior Complex, a 65 unit community of which 33 units will be public housing units developed using Capital Funds received by LMHA from HUD, and a mixed-finance amendment to the Annual Contributions Contract between HUD and LMHA. Collingwood Green Phase II, LP, was established as a wholly owned for-profit corporation which began operations in 2014, for the purpose of arranging for the mixed financing and construction of the Collingwood Green Townhouse Complex, a 66 unit community of which 33 units will be public housing units developed using Capital Funds received by LMHA from HUD, and a mixed-finance amendment to the Annual Contributions Contract between HUD and LMHA. Lucas Housing Services Corporation was established as a wholly owned non-profit corporation of the Authority in 2013 primarily for the purposes of purchasing and rehabilitating 53 single family dwelling units for subsequent resale to buyers who are unable to obtain conventional mortgages. Parqwood Apartments LP was established in 2014. This development is the product of a new Rental Assistance Demonstration project (RAD) funding that was awarded to LMHA from HUD. This was the first award made with this new funding source, which allows LMHA to renovate a former public housing project and lease it under the Section 8 housing assistance program.

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

**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

**B. Fund Accounting**

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations.

For financial statement presentation purposes, the funds of the Authority are grouped into the following fund type.

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

*Enterprise Fund:* The enterprise fund is used to account for operations 1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to Enterprise funds.

**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(continued)

C. Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

D. Budgetary Data

The Authority is not required to follow the budgetary requirements of the Ohio Revised Code. However, the Authority does maintain a budget for management purposes. Budgetary data is not required for financial statement presentation.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less at the time of purchase are reported as cash equivalents on the financial statements.

F. Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents and investments represent amounts held in FSS escrow, other tenants' escrow accounts, employee Section 125 withholding accounts and construction accounts. Restricted investments consist of amounts whose use is restricted by HUD or debt requirements.

G. Investments

Investments are reported at fair value which is based on quoted market prices. For investments in open-end money market mutual funds, fair value is determined by the fund's current share price. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the statement of revenues, expenses, and changes in net position.

H. Tenant Receivables and Recognition of Bad Debts

Tenant receivables are stated at net rent amounts. Tenant accounts are generally collectible as long as the tenant is occupying the unit. 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. The allowance for uncollectable receivables was \$92,699 at December 31, 2016.

**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(continued)

I. Capital Assets

Capital assets are recorded at cost. Costs in excess of \$5,000 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Capital assets are depreciated using the straight-line method over the following useful lives:

- Buildings and improvements 20-40 years
- Land and improvements 10-20 years
- Furniture and fixtures, equipment, and moving vehicles 5-7 years

J. Capitalization of Interest

The Authority's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset

K. Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, and 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.

Compensated absences are expensed when earned with the amount reported as a fund liability.

L. Deferred Inflow/Outflow of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applied to a future period and will not be recognized as an outflow of resources

**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(continued)

(expense/expenditure) until then. For the Authority, deferred outflows or resources are reported for pension. The deferred outflows of resources related to pension are explained in Note 9.

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. Deferred inflows of resources related to pension are reported on the statement of net position. (See note 9)

M. Net Position

Net position represents the difference between assets and liabilities.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that have been used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

N. Operating Revenues and Expenses

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

O. Capital Contributions

Capital contributions arise from the contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction. During 2016, capital contributions totaled \$2,205,403 consisting of Capital Fund Grants.

**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(continued)

P. Pensions

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.

Q. Use of Estimates

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

**3. RESTATEMENT OF NET POSITION**

For 2016, the Authority's component units were audited which resulted in unrecorded capital contributions for the prior year. These adjustments totaled \$950,038 and resulted in a net increase in net position at December 31, 2015.

**4. DEPOSITS AND INVESTMENTS**

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

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

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

*Interim deposits* are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Authority or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At December 31, 2016, the carrying amount of the Authority's deposits was \$10,151,297 (including \$3,625 of petty cash). Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2016, \$6,706,104 of the Authority's bank balance of \$10,374,265 was covered by Federal Depository Insurance and \$6,510,040 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name.

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

Investments

HUD, state statute and board resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.



**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(continued)

The Authority's investments at December 31, 2016 were as follows:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 to 3</u>	<u>3 to 5</u>
Government Securities	\$ 3,490,256	\$ 3,490,256	\$ -	\$ -
Negotiable CDs	1,773,084	1,273,671	499,413	-
Total	<u>\$ 5,263,340</u>	<u>\$ 4,763,927</u>	<u>\$ 499,413</u>	<u>\$ -</u>

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The Authority's investment policy has no requirements beyond what the Ohio Revised Code requires.

*Credit Risk* – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has \$3,490,256 of government agency securities that are invested in Federal Treasury Obligations, which are government-sponsored agencies, and of which the principal and interest are implicitly guaranteed by the United States government. The Standard and Poor's credit rating for the Federal Treasury Obligations securities held is AAAM. The Authority also has \$1,773,084 in long term certificates of deposit, which are FDIC insured.

*Concentration of Credit Risk* – The Authority places no limit on the amount the Authority may invest with one issuer.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority has no policy beyond what the Ohio Revised Code requires for custodial credit risk.

**5. OTHER CURRENT AND NONCURRENT ASSETS**

A summary of other current and noncurrent assets as of December 31, 2016 is as follows:

	<u>Other Current</u>	<u>Other Noncurrent</u>
	<u>Assets</u>	<u>Assets</u>
Interest Receivable	\$ 5,443	\$ -
Prepaid Expenses	214,086	-
Assets Held for Resale	13,863	-
Collingwood I Unearned Fees	-	67,320
Collingwood II Unearned Fees	-	292,615
Parqwood Unearned Fees	-	350,567
Total	<u>\$ 233,392</u>	<u>\$ 710,502</u>

**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(continued)

**6. CAPITAL ASSETS**

A summary of capital assets by class is as follows:

Class	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 7,802,948	\$ -	\$ (300)	\$ 7,802,648
Construction in progress	7,381,414	8,285,715	(2,244,294)	13,422,835
Subtotal	<u>15,184,362</u>	<u>8,285,715</u>	<u>(2,244,594)</u>	<u>21,225,483</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	197,727,623	2,937,732	-	200,665,355
Furniture, fixtures and equipment	2,510,083	77,009	(14,826)	2,572,266
Subtotal	<u>200,237,706</u>	<u>3,014,741</u>	<u>(14,826)</u>	<u>203,237,621</u>
Total cost	<u>215,422,068</u>	<u>11,300,456</u>	<u>(2,259,420)</u>	<u>224,463,104</u>
<i>Accumulated depreciation:</i>				
Buildings and improvements	(131,594,944)	(5,448,923)	-	(137,043,867)
Furniture, fixtures and equipment	(1,286,734)	(55,378)	13,260	(1,328,852)
Total depreciation	<u>(132,881,678)</u>	<u>(5,504,301)</u>	<u>13,260</u>	<u>(138,372,719)</u>
Net Value	<u>\$ 82,540,390</u>	<u>\$ 5,796,155</u>	<u>\$ (2,246,160)</u>	<u>\$ 86,090,385</u>

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**7. COMPENSATED ABSENCES**

Vacation and sick leave policies are established by agreement between the Authority and the American Federation of State, County and Municipal Employees, AFL-CIO, for members of the bargaining unit, and by personnel policy for management employees not covered by the labor agreement.

For both union and nonunion employees, these agreements provide for two weeks of paid vacation after one year of service, with an additional week for every five years of service thereafter, to a maximum of six weeks per year. Vacation time relating to a maximum of two years of service may be accumulated before it is lost.

For union personnel, the labor agreement provides for sick leave pay to be credited at a rate of eight hours per month, up to a maximum of 249 days. By limiting the use of sick leave during the fiscal year, an employee may receive an incentive bonus, to a maximum of \$500. Nonunion personnel have the same provisions under the personnel policies.

For union personnel, in the event of voluntary termination of employment after 10 consecutive years of service or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 204 days accumulated, with a maximum payout of 102 days). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

For employees not covered under the labor agreement, in the event of voluntary termination of employment after five consecutive years of service, or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 249 days accumulated, with a maximum payout of 124.5 days). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

All employees hired prior to December 1, 2001 became eligible for longevity pay at the end of five years of service, at which time longevity pay begins to accrue from their anniversary date. Union personnel hired on December 1, 2001 and thereafter are not eligible for longevity pay. Union personnel receive longevity pay at their 1995 pay levels at the rate of 2 percent, 4 percent, 6 percent, and 8 percent for five years, 10 years, 15 years, and 20 years, respectively, of service. All nonunion personnel are eligible for longevity pay and receive longevity pay at their current pay levels at the rate of 1 percent, 2 percent, 3 percent, and 4 percent for five years, 10 years, 15 years, and 20 years, respectively, of service.

At December 31, 2016, \$754,333 of vested vacation, sick leave, and longevity was accrued by the Authority for both union and nonunion personnel. Of this amount, \$113,150 is due within one year as and is reported as a current liability. Non-vested amounts are not material to the financial statements and have not been accrued. A change of (\$233,069) in the balance accrued at December 31, 2016 compared to December 31, 2015, represents amounts earned in 2016 less amounts paid out.

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**8. DEBT**

Changes in long-term debt for the year ended December 31, 2016 are as follows:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016	Amount Due within One Year
Westridge Apartments Development Corporation, Note Payable	\$ 5,021,254	\$ -	\$ (5,021,254)	\$ -	\$ -
Westridge Apartments Development Corporation, Note Payable	-	4,905,000	(139,000)	4,766,000	166,800
Collingwood Green Phase II, OHFA, Notes Payable	-	350,000	-	350,000	-
Parqwood Apartments LP, HDAP, Note Payable	-	1,000,000	-	1,000,000	-
RTCAP, Note Payable	1,500,000	-	-	1,500,000	-
Total Notes Payable	<u>6,521,254</u>	<u>6,255,000</u>	<u>(5,160,254)</u>	<u>7,616,000</u>	<u>166,800</u>
Collingwood Green Phase I, LP, Capital Fund Housing Revenue Bonds, Series 2012	4,835,000	-	(180,000)	4,655,000	190,000
Collingwood Green Phase II, LP, Capital Fund Housing Revenue Bonds, Series 2014	5,165,000	-	(155,000)	5,010,000	165,000
Parqwood Apartments LP, Multifamily Housing Revenue Bonds, Series 2014	5,500,000	-	(5,500,000)	-	-
Total Bonds Payable	<u>15,500,000</u>	<u>-</u>	<u>(5,835,000)</u>	<u>9,665,000</u>	<u>355,000</u>
Westridge Apartments Development Corporation Loan Payable	717,298	-	(717,298)	-	-
Westridge Apartments Development Corporation Loan Payable	-	694,159	(102,472)	591,687	102,471
Collingwood Green Phase II, Bridge Loan Payable, Red Capital	1,000,000	-	-	1,000,000	-
Parqwood Apartments LP, Building Loan Payable	1,583,579	66,425	(16,473)	1,633,531	18,276
Total Loans Payable	<u>3,300,877</u>	<u>760,584</u>	<u>(836,243)</u>	<u>3,225,218</u>	<u>120,747</u>
Capital Lease Payable	7,105,000	-	(39,166)	7,065,834	237,500
Premium on Capital Lease	152,302	-	(1,270)	151,032	-
Total Capital Lease Payable	<u>7,257,302</u>	<u>-</u>	<u>(40,436)</u>	<u>7,216,866</u>	<u>237,500</u>
Net Pension Liability	5,754,842	2,328,537	-	8,083,379	-
Compensated absences	987,402	411,497	(644,568)	754,331	113,150
TOTAL	<u>\$ 39,321,677</u>	<u>\$ 9,755,618</u>	<u>\$(12,516,501)</u>	<u>\$ 36,560,794</u>	<u>\$ 993,197</u>

See Note 9 for information on the Authority's net pension liability

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*Westridge Apartments Development Corporation*

During 2006, the Westridge Apartments Development Corporation issued a note payable for \$5,885,600 to fund the acquisition of the Westridge Apartments Development apartment complex. The note bears an interest rate of 5.99 percent and requires monthly payments of \$35,249 through February 1, 2016. On February 29, 2016, the Westridge Apartments Development Corporation issued a term note payable in the amount of \$4,905,000 to refinance the outstanding balance on a note issued during 2006 that funded the acquisition of the apartment complex (outstanding balance at December 31, 2015 of \$5,021,254). The newly issued note carries a variable interest rate equal to the Libor rate plus 2.3%. The note matures on March 1, 2021 with the option of accelerated retirement by the Corporation.

During 2013, the Authority obtained a loan for \$925,545 to fund acquisition and improvements to the Westridge Apartments Development Corporation apartment complex. The loan maintains a floating variable interest rate equal to the Libor Rate plus 1.65 percent, rounded up to the next 1/8th of 1 percent. The loan requires quarterly principal payments of \$23,139 plus interest. On March 21, 2016, the Westridge Apartments Development Corporation issued a term note payable in the amount of \$717,298 to refinance the outstanding balance on a loan issued during 2013 that funded the acquisition and improvements to the apartment complex. The newly issued note carries a variable interest rate equal to the Libor rate plus 1.71%. The note matures on March 21, 2023 with the option of accelerated retirement by the Corporation.

*Collingwood Green Phase I, LP*

During 2012, the Authority issued \$5,475,000 of Capital Fund Housing Revenue Bonds, Series 2012, for the development of the Collingwood Green Senior Complex. The bonds mature on September 1, 2031, and bear an interest rate of 5.25 percent and are secured with no more than 33 percent of LMHA's future capital funds, as addressed in Amendment 2012-01 to the Annual Contributions Contract (ACC) with HUD.

*Collingwood Green Phase II, LP*

During 2014 the Authority issued \$5,315,000 of Capital Fund Housing Revenue Bonds, Series 2014, for the development of the Collingwood Green II project. The bonds mature on September 1, 2033, and bear an interest rate of 5.00 percent.

During 2015 the Authority secured a bridge loan from the Red Capital Group for the development of the Collingwood Green II project, in the amount of \$1,000,000. The loan carries an interest rate of 2.00%, with eight annual payments in the amount of \$135,304 beginning in April 2017.

During 2016 the Authority secured a mortgage payable from Ohio Housing Finance Agency (OHFA), in the amount of \$350,000 for the Collingwood Green II project. The loan carries an interest rate of 2.00%, with payments being due in the amount of 50% of net cash flow as defined by the Partnership Agreements beginning in 2016.

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*Parqwood Apartments LP*

During 2014 the Authority issued \$5,500,000 of Multifamily Housing Revenue Bonds, Series 2014, for the development of the Parqwood Apartments project. The bonds mature on October 1, 2016, and bear an interest rate of 0.60 percent. Interest is payable in April and October of 2016, with full principal payable at maturity. This amount was fully paid off in 2016.

During 2014 Parqwood Apartments LP issued a RTCAP note payable of \$1,500,000 for the development of the Parqwood Apartments project. The interest free loan is payable in four equal installments through August 31, 2024.

During 2014 Parqwood Apartments LP entered into a building loan agreement to provide interim financing during construction. The loan, which has a maximum amount limited to \$1,700,000 provides for draws to be made against the available amount as needed during construction of the project. As of December 31, 2016, \$1,633,531 of the available loan balance has been drawn down. The loan bears an interest rate of 4.55 percent. Due to the interim nature of the project a formal repayment amortization schedule has not been finalized.

During 2016 Parqwood Apartments LP entered into a Housing Development Assistance Program (HDAP) note payable of \$1,000,000. The note bears interest at 2% with payments permitted by cash flows as defined in the Partnership Agreement. The HDAP note payable does not have an amortization schedule, all remaining outstanding principal is due at maturity in 2054.

During 2015, the Authority entered into a capital lease agreement with Grant Capital Management for the development of energy efficiencies within public housing units. The total value of the lease is \$7,105,000, with payments beginning in year 2017 and ending in year 2036.

Future minimum principal and interest payments related to the Westridge Apartments Development Corporation, Loan Payable are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 102,471	\$ 12,444	\$ 114,915
2018	102,471	11,010	113,481
2019	102,471	8,269	110,740
2020	102,471	7,517	109,988
2021	102,471	5,719	108,190
2022	79,332	3,254	82,586
Total	<u>\$ 591,687</u>	<u>\$ 48,213</u>	<u>\$ 639,900</u>

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Future minimum principal and interest payments related to the Westridge Apartments Development Corporation, Note Payable are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 166,800	\$ 135,816	\$ 302,616
2018	179,000	135,816	314,816
2019	186,000	135,816	321,816
2020	193,200	135,816	329,016
2021	4,041,000	33,954	4,074,954
Total	<u>\$ 4,766,000</u>	<u>\$ 577,218</u>	<u>\$ 5,343,218</u>

Future minimum principal and interest payments related to the Collingwood Green Phase I, LP, Capital Fund Housing Revenue Bonds, Series 2012, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 190,000	\$ 244,387	\$ 434,387
2018	200,000	234,412	434,412
2019	210,000	223,912	433,912
2020	225,000	212,887	437,887
2021	235,000	201,154	436,154
2022-2026	1,380,000	806,138	2,186,138
2027-2031	2,215,000	404,513	2,619,513
Total	<u>\$ 4,655,000</u>	<u>\$ 2,327,403</u>	<u>\$ 6,982,403</u>

Future minimum principal and interest payments related to the Collingwood Green Phase II, LP, Capital Fund Housing Revenue Bonds, Series 2014, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 165,000	\$ 250,500	\$ 415,500
2018	175,000	242,250	417,250
2019	185,000	233,500	418,500
2020	195,000	224,250	419,250
2021	205,000	215,500	420,500
2022-2026	1,230,000	905,250	2,135,250
2027-2031	1,625,000	496,250	2,121,250
2032-2033	1,230,000	106,000	1,336,000
Total	<u>\$ 5,010,000</u>	<u>\$ 2,673,500</u>	<u>\$ 7,683,500</u>

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Future minimum principal and interest payments related to the Collingwood Green Phase II, LP, bridge loan are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 124,948	\$ 10,356	\$ 135,304
2018	117,635	17,669	135,304
2019	120,011	15,293	135,304
2020	122,436	12,868	135,304
2021	124,908	10,396	135,304
2022-2024	<u>390,062</u>	<u>15,852</u>	<u>405,914</u>
Total	<u>\$ 1,000,000</u>	<u>\$ 82,434</u>	<u>\$ 1,082,434</u>

Future minimum principal and interest payments related to the Parqwood Apartments LP, RTCAP, Note Payable are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 375,000	\$ -	\$ 375,000
2018	-	-	-
2019	-	-	-
2020	375,000	-	375,000
2021	-	-	-
2022-2024	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Total	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>

Future minimum payments related to the capital lease are as follows:

<u>Years Ending December 31,</u>	<u>Capital Lease</u>
2017	\$ 523,208
2018	552,654
2019	556,992
2020	560,271
2021	559,552
2022-2026	2,786,832
2027-2031	2,789,708
2032-2036	<u>2,690,666</u>
Minimum Lease Payments	11,019,883
Less: Amount representing interest at the Authority's incremental borrowing rate of interest	<u>3,954,050</u>
Present value of minimum lease payments	<u>\$ 7,065,833</u>



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**9. 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.

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 the accrual basis of accounting.

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

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traditional plan with a few employees being members of the combined or member-directed plans; therefore, the following disclosure focuses only on the traditional plan.

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

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

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or 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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirement</b>	<b>Age and Service Requirement</b>	<b>Age and Service Requirement</b>
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	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.

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

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.00%
Employee	10.00%
<b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.00%
Post-employment Health Care Benefits	2.00%
Total Employer	<u>14.00%</u>
Total Employee	<u>10.00%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution was \$936,917 for 2016. The full amount was contributed during the year.

***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 the contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportionate Share of the Net Pension Liability	\$ 8,083,379
Proportion of the Net Pension Liability	0.046904%
Pension Expense	\$ 1,141,545

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

	Total
<b>Deferred Outflows of Resources</b>	
Net difference between projected and actual investment earnings on pension plan investments	\$ 2,347,502
Authority contributions subsequent to the measurement date	936,917
Total Deferred Outflows of Resources	\$ 3,284,419
<b>Deferred Inflows of Resources</b>	
Difference between Expected and Actual Experience	\$ 175,582

The \$936,917 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31,	Traditional
2017	\$ 522,321
2018	560,507
2019	607,928
2020	481,164
Total	\$ 2,171,920

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.

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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:

<u>Actuarial Information</u>	<u>Traditional Plan</u>
Valuation Date	December 31, 2015
Experience Study	5 year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	8.00%
Wage Inflation	3.75%
Projected Salary Increases	4.25%-10.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	3.00% Simple

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the 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.

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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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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%
<b>Total</b>	<b>100.00%</b>	<b>5.27%</b>

***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:

<b>Authority's proportionate share of the net pension liability (asset)</b>	<b>1% Decrease (7.0%)</b>	<b>Discount Rate (8.0%)</b>	<b>1% Increase (9.0%)</b>
Traditional Plan	\$ 12,944,097	\$ 8,083,379	\$ 4,059,072

**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(continued)

*Changes Between Measurement Date and Report Date*

In October 2016, the OPERS Board adopted certain assumption changes which will impact the annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Authority's net pension liability is expected to be significant.

**10. POST EMPLOYMENT BENEFITS**

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

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

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

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 issue a standalone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-2227377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014-2015, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines

**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(continued)

the portion of the employer contribution rate that will be set aside for funding of post- employment health care benefits. The portion of employer contribution allocated to the health care plan was 2.0 percent during calendar 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. 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. The Authority's actual employer contributions for December 31, 2016, 2015 and 2014 which were used to fund post- employment benefits were \$133,845, \$122,850, and \$119,808, respectively; 100 percent has been contributed for 2016, 2015 and 2014.

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

**11. OTHER LIABILITIES**

A summary of other current and noncurrent liabilities as of December 31, 2016 is as follows:

	<u>Other Current Liabilities</u>	<u>Other Noncurrent Liabilities</u>
Collingwood I construction and development fees payable	\$ 106,368	\$ -
Collingwood II construction and development fees payable	203,359	-
Parqwood construction and development fees payable	105,453	-
EPC Payables	1,851,232	-
Contract Retentions	465,120	-
Accrued Vendor Liabilities	234,796	-
Contingency Liability	100,889	-
Family Self Sufficiency Program escrow liability	476,628	180,330
Unearned revenues	<u>2,229,453</u>	<u>-</u>
Total	<u>\$ 5,773,298</u>	<u>\$ 180,330</u>



**LUCAS METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
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**12. NET INVESTED IN CAPITAL ASSETS**

A summary of the portion of net position that represents net invested in capital assets as of December 31, 2016 is as follows:

Capital assets, net of accumulated depreciation	\$	86,090,385
Less: Total capital related debt		<u>(18,058,084)</u>
Total	\$	<u>68,032,301</u>

**13. RESTRICTED NET POSITION**

A summary of restricted net position as of December 31, 2016 is as follows:

Home Ownership Reserves	\$	1,406,407
Required Capital Reserves		443,855
Housing Choice Voucher Program Reserves		273,496
Collingwood I Required Project Reserves		469,708
Collingwood II Lease-up Reserves		33,988
Parqwood Required Project Reserves		117,052
Parqwood RAD Reserves		<u>10,659</u>
Total	\$	<u>2,755,165</u>

**14. RISK MANAGEMENT**

The Authority maintains 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.

No insurance settlements have exceeded coverage in any of the past three fiscal years and there has not been any significant reduction in insurance coverage in the current year.

**15. CONTINGENCIES**

The Authority receives financial assistance from federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2016.

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2016, the Authority was involved in several such matters. While the outcome of the above matters cannot presently be determined, management believes that their ultimate resolution will not have a material effect on the financial statements.

LUCAS METROPOLITAN HOUSING AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of the Authority's Proportionate Share of the Net Pension Liability**

**Ohio Public Employees Retirement System-  
Traditional Plan Last Three Fiscal Years (1)**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Authority's Proportion of the Net Pension Liability	0.05%	0.05%	0.05%
Authority's Proportionate Share of the Net Pension Liability	\$8,083,379	\$5,754,842	\$5,624,859
Authority's Covered Employee Payroll	\$5,837,642	\$5,573,475	\$5,966,762
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	139.24%	103.25%	94.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

*(1) Information prior to 2013 is not available*

Amounts presented are as of the Authority's measurement date, which is December 31 of the previous year.

LUCAS METROPOLITAN HOUSING AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of the Authority's Contributions**

**Ohio Public Employees Retirement System-  
 Traditional Plan Last Four Years (1)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 936,917	\$ 700,517	\$ 690,417	\$ 775,679
Contributions in Relation to the Contractually Required Contribution	(936,917)	(700,517)	(690,417)	(775,679)
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority Covered-Employee Payroll	\$6,692,267	\$5,837,642	\$5,573,475	\$5,966,762
Contributions as a Percentage of Covered-Employee Payroll	14.00%	12.00%	12.00%	13.00%

*(1) Information prior to 2013 is not available*

Lucas Metropolitan Housing Authority  
 Financial Data Schedule - Entity Wide Balance Sheet  
 December 31, 2016

Line Item No.	Description	14.871 HCV Total	Business Activities Total	Blended Comp Unit Total	14.181 Mainstream Total	14.870 ROSS Total	14.896 FSS Coord Total	Fund 054 State / Local Total	Fund 052 14.256 NSP Total	Fund 051 14.239 HOME Invest Total	14.856 MR004 Total	14.238 Shelter Plus Total	COCB Total	All AMP Total Total	Subtotal Total	Elimination	Entity Wide Total
111	Cash-unrestricted	269,950	449,508	309,246	70,202	0	0	0	0	0	79,255	0	130,045	4,240,022	5,548,228		5,548,228
112	Cash-restricted-modernization and development	0	0	41,367	0	0	0	0	0	0	0	0	0	0	41,367		41,367
113	Cash-other restricted	419,792	0	620,748	0	0	0	0	0	0	0	0	0	477,889	1,518,429		1,518,429
114	Cash-tenant security deposits	0	0	98,284	0	0	0	0	0	0	0	0	0	238,908	337,192		337,192
115	Cash - Restricted for payment of current liability	2,492,017	0	28,063	48,893	0	0	0	0	0	95,240	6,309	0	35,559	2,706,081		2,706,081
100	<b>Total Cash</b>	<b>3,181,759</b>	<b>449,508</b>	<b>1,097,708</b>	<b>119,095</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>174,495</b>	<b>6,309</b>	<b>130,045</b>	<b>4,992,378</b>	<b>10,151,297</b>	<b>0</b>	<b>10,151,297</b>
121	Accounts receivable - PHA projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
122	Accounts receivable - HUD other projects	0	0	433,071	0	47,689	17,585	0	0	0	0	0	0	689,485	1,187,830		1,187,830
124	Account receivable - other government	0	0	0	0	0	0	0	0	304,044	0	0	0	0	304,044		304,044
125	Account receivable - miscellaneous	0	6,667,400	2,854,366	0	71,529	0	1,375,320	0	0	0	0	1,285,803	7,689,353	19,943,771	(18,860,403)	1,083,368
126	Accounts receivable - tenants	0	0	6,234	0	0	0	0	0	0	0	0	0	117,103	123,337		123,337
126.1	Allowance for doubtful accounts - tenants	0	0	0	0	0	0	0	0	0	0	0	0	(34,769)	(34,769)		(34,769)
126.2	Allowance for doubtful accounts - other	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
127	Notes, Loans, & Mortgages Receivable - Current	0	21,308	1,466	0	0	0	0	0	0	0	0	0	0	22,774		22,774
128	Fraud recovery	49,578	0	0	0	0	0	0	0	0	0	0	0	17,100	66,678		66,678
128.1	Allowance for doubtful accounts - fraud	(49,578)	0	0	0	0	0	0	0	0	0	0	0	(8,352)	(57,930)		(57,930)
129	Accrued interest receivable	0	4,476	0	0	0	0	0	0	0	0	0	967	0	5,443		5,443
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>0</b>	<b>6,693,184</b>	<b>3,295,137</b>	<b>0</b>	<b>119,218</b>	<b>17,585</b>	<b>1,375,320</b>	<b>0</b>	<b>304,044</b>	<b>0</b>	<b>0</b>	<b>1,286,770</b>	<b>8,469,920</b>	<b>21,561,178</b>	<b>(18,860,403)</b>	<b>2,700,775</b>
131	Investments - unrestricted	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
132	Investments - restricted	0	2,044,038	10,859	0	0	0	0	0	0	0	0	521,571	2,576,268	2,576,268		2,576,268
135	Investments - Restricted for payment of current liability	0	0	0	0	0	0	0	0	0	0	0	0	2,687,072	2,687,072		2,687,072
142	Prepaid expenses and other assets	0	0	137,747	0	0	0	0	0	0	0	0	76,339	0	214,086		214,086
143	Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
143.1	Allowance for obsolete inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
144	Inter program - due from	0	1,893,308	306,287	0	0	0	0	0	0	0	0	0	0	2,199,595	(2,199,595)	0
145	Assets held for sale	0	0	13,863	0	0	0	0	0	0	0	0	0	0	13,863		13,863
150	<b>Total Current Assets</b>	<b>3,181,759</b>	<b>11,080,038</b>	<b>4,861,401</b>	<b>119,095</b>	<b>119,218</b>	<b>17,585</b>	<b>1,375,320</b>	<b>0</b>	<b>304,044</b>	<b>174,495</b>	<b>6,309</b>	<b>2,014,725</b>	<b>16,149,370</b>	<b>39,403,359</b>	<b>(21,059,998)</b>	<b>18,343,361</b>
161	Land	0	11,000	1,130,010	0	0	0	0	0	0	0	0	47,320	6,614,318	7,802,648		7,802,648
162	Buildings	0	559,010	42,561,439	0	0	0	0	0	0	0	0	4,562,015	152,982,891	200,665,355		200,665,355
163	Furniture, equipment and machinery - dwellings	0	0	1,177,131	0	0	0	0	0	0	0	0	0	0	1,177,131		1,177,131
164	Furniture, equipment and machinery - administration	56,498	65,958	17,783	0	0	0	0	0	0	0	0	997,058	257,838	1,395,135		1,395,135
165	Leasehold improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
166	Accumulated depreciation	(49,201)	(183,842)	(5,228,779)	0	0	0	0	0	0	0	0	(4,865,609)	(128,045,288)	(138,372,719)		(138,372,719)
167	Construction in progress	0	343,264	1,031,823	0	0	0	0	0	0	0	0	0	12,047,748	13,422,835		13,422,835
168	Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>7,297</b>	<b>795,390</b>	<b>40,689,407</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>740,784</b>	<b>43,857,507</b>	<b>86,090,385</b>	<b>0</b>	<b>86,090,385</b>
171	Notes, Loans, & mortgages receivable – Non-current	0	565,589	62,278	0	0	0	0	0	0	0	0	0	0	627,867		627,867
172	Notes, Loans, & mortgages receivable – Non-current - past due	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
173	Grants receivable – Non-current	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
174	Other assets	0	0	2,250,681	0	0	0	0	0	0	0	0	0	0	2,250,681	(1,540,179)	710,502
176	Investment in joint venture	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
180	<b>Total Non-current Assets</b>	<b>7,297</b>	<b>1,360,979</b>	<b>43,002,366</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>740,784</b>	<b>43,857,507</b>	<b>88,968,933</b>	<b>(1,540,179)</b>	<b>87,428,754</b>
190	<b>Total Assets</b>	<b>3,189,056</b>	<b>12,441,017</b>	<b>47,863,767</b>	<b>119,095</b>	<b>119,218</b>	<b>17,585</b>	<b>1,375,320</b>	<b>0</b>	<b>304,044</b>	<b>174,495</b>	<b>6,309</b>	<b>2,755,509</b>	<b>60,006,877</b>	<b>128,372,292</b>	<b>(22,600,177)</b>	<b>105,772,115</b>
200	Deferred Outflow of Resources	323,248	0	0	0	0	0	0	0	0	0	0	877,465	1,146,789	2,347,502		2,347,502
290	<b>Total Assets and Deferred Outflow of Resources</b>	<b>3,512,304</b>	<b>12,441,017</b>	<b>47,863,767</b>	<b>119,095</b>	<b>119,218</b>	<b>17,585</b>	<b>1,375,320</b>	<b>0</b>	<b>304,044</b>	<b>174,495</b>	<b>6,309</b>	<b>3,632,974</b>	<b>61,153,666</b>	<b>130,719,794</b>	<b>(22,600,177)</b>	<b>108,119,617</b>

Lucas Metropolitan Housing Authority  
 Financial Data Schedule - Entity Wide Balance Sheet  
 December 31, 2016

Line Item No.	Description	14.871 HCV Total	Business Activities Total	Blended Comp Unit Total	14.181 Mainstream Total	14.870 ROSS Total	14.896 FSS Coord Total	Fund 054 State / Local Total	Fund 052 14.256 NSP Total	Fund 051 14.239 HOME Invest Total	14.856 MR004 Total	14.238 Shelter Plus Total	COCOC Total	All AMP Total Total	Subtotal Total	Elimination	Entity Wide Total
311	Bank overdraft	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
312	Accounts payable <= 90 days	76,906	1,938	360,849	0	919	0	0	0	2,373	0	0	353,119	1,199,672	1,995,776	0	1,995,776
313	Accounts payable > 90 days past due	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
321	Accrued wage/payroll taxes payable	31,156	0	3,764	0	17,627	0	0	0	0	0	0	398,487	114,948	565,982	0	565,982
322	Accrued compensated absences - current portion	15,883	0	0	0	0	0	0	0	0	0	0	43,156	54,111	113,150	0	113,150
324	Accrued contingency liability	0	0	0	0	0	0	0	0	0	0	0	100,889	0	100,889	0	100,889
325	Accrued interest payable	0	0	6,119	0	0	0	25,320	0	0	0	0	0	176,733	208,172	0	208,172
331	Accounts payable - HUD PHA Programs	0	282,214	0	0	0	0	0	0	0	0	0	0	0	282,214	0	282,214
332	Accounts payable - PHA Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
333	Accounts payable - other government	0	6,685	126,138	0	0	0	0	0	0	0	0	0	94,698	227,521	0	227,521
341	Tenant security deposits	0	0	98,284	0	0	0	0	0	0	0	0	0	238,908	337,192	0	337,192
342	Unearned revenue	2,030,026	0	28,063	48,893	0	0	0	0	95,240	6,309	0	0	20,922	2,229,453	0	2,229,453
343	Current portion of long-term debt - capital projects/mortgage reve	0	0	287,547	0	0	0	0	0	0	0	0	0	237,500	525,047	0	525,047
344	Current portion of long-term debt - operating borrowings	0	0	0	0	0	0	0	0	0	0	0	0	355,000	355,000	0	355,000
345	Other current liabilities	461,991	0	0	0	0	0	0	0	0	0	0	0	14,637	476,628	0	476,628
346	Accrued liabilities - other	2,509	0	18,012,642	0	0	0	1,350,000	0	0	0	0	0	2,461,580	21,826,731	(18,860,403)	2,966,328
347	Inter program - due to	0	0	1,680,961	0	100,672	17,585	0	0	285,408	0	0	114,969	0	2,199,595	(2,199,595)	0
348	Loan liability - current	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
310	<b>Total Current Liabilities</b>	<b>2,618,471</b>	<b>290,837</b>	<b>20,604,367</b>	<b>48,893</b>	<b>119,218</b>	<b>17,585</b>	<b>1,375,320</b>	<b>0</b>	<b>287,781</b>	<b>95,240</b>	<b>6,309</b>	<b>1,010,620</b>	<b>4,968,709</b>	<b>31,443,350</b>	<b>(21,059,998)</b>	<b>10,383,352</b>
351	Capital Projects/ Mortgage Revenue Bonds	0	0	10,553,671	0	0	0	0	0	0	0	0	0	6,979,366	17,533,037	0	17,533,037
352	Long-term debt, net of current - operating borrowings	0	0	0	0	0	0	0	0	0	0	0	0	9,310,000	9,310,000	0	9,310,000
353	Non-current liabilities - other	146,296	0	0	0	0	0	0	0	0	0	0	0	34,034	180,330	0	180,330
354	Accrued compensated absences- Non-current	90,001	0	0	0	0	0	0	0	0	0	0	244,550	306,632	641,183	0	641,183
355	Loan liability - Non-current	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
356	FASB 5 Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
357	Accrued Pension and OPEB Liability	1,113,070	0	0	0	0	0	0	0	0	0	0	3,021,459	3,948,850	8,083,379	0	8,083,379
350	<b>Total Non-current liabilities</b>	<b>1,349,367</b>	<b>0</b>	<b>10,553,671</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,266,009</b>	<b>20,578,882</b>	<b>35,747,929</b>	<b>0</b>	<b>35,747,929</b>
300	<b>Total Liabilities</b>	<b>3,967,838</b>	<b>290,837</b>	<b>31,158,038</b>	<b>48,893</b>	<b>119,218</b>	<b>17,585</b>	<b>1,375,320</b>	<b>0</b>	<b>287,781</b>	<b>95,240</b>	<b>6,309</b>	<b>4,276,629</b>	<b>25,547,591</b>	<b>67,191,279</b>	<b>(21,059,998)</b>	<b>46,131,281</b>
400	Deferred Inflow of Resources	24,177	0	0	0	0	0	0	0	0	0	0	65,632	1,625,951	1,715,760	(1,540,179)	175,581
508.3	Nonspendable Fund Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
508.4	Net Investment in Capital Assets	7,297	795,390	29,848,189	0	0	0	0	0	0	0	0	740,784	36,640,641	68,032,301	0	68,032,301
509.3	Restricted Fund Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
510.3	Committed Fund Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
511.3	Assigned Fund Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
511.4	Restricted Net Position	273,496	1,406,407	631,407	0	0	0	0	0	0	0	0	0	443,855	2,755,165	0	2,755,165
512.3	Unassigned Fund Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
512.4	Unrestricted Net Position	(760,504)	9,948,383	(13,773,867)	70,202	0	0	0	0	16,263	79,255	0	(1,450,071)	(3,104,372)	(8,974,711)	0	(8,974,711)
513	<b>Total Equity - Net Assets / Position</b>	<b>(479,711)</b>	<b>12,150,180</b>	<b>16,705,729</b>	<b>70,202</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,263</b>	<b>79,255</b>	<b>0</b>	<b>(709,287)</b>	<b>33,980,124</b>	<b>61,812,755</b>	<b>0</b>	<b>61,812,755</b>
600	<b>Total Liab., Def. Inflow of Res., and Equity - Net Assets / Posi</b>	<b>3,512,304</b>	<b>12,441,017</b>	<b>47,863,767</b>	<b>119,095</b>	<b>119,218</b>	<b>17,585</b>	<b>1,375,320</b>	<b>0</b>	<b>304,044</b>	<b>174,495</b>	<b>6,309</b>	<b>3,632,974</b>	<b>61,153,666</b>	<b>130,719,794</b>	<b>(22,600,177)</b>	<b>108,119,617</b>
	Balance Sheet Proof	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Line Item No.	Description	14.871 HCV Total	Business Activities Total	Blended Comp Unit Total	14.181 Mainstream Total	14.870 ROSS Total	14.896 FSS Coord Total	Fund 054 State / Local Total	14.256 NSP Total	14.239 HOME Invest Total	14.856 MR004 Total	14.238 Shelter Plus Total	COCC Total	All AMP Total	Subtotal Total	Elimination	Entity Wide Total
70300	Net tenant rental revenue	0	0	2,790,350	0	0	0	0	0	0	0	0	0	4,854,151	7,644,501		7,644,501
70400	Tenant revenue - other	0	0	0	0	0	0	0	0	0	0	0	0	254,626	254,626		254,626
70500	<b>Total Tenant Revenue</b>	0	0	2,790,350	0	0	0	0	0	0	0	0	0	5,108,777	7,899,127	0	7,899,127
70600	<b>HUD PHA operating grants</b>	23,681,126	0	0	600,926	136,103	191,899	0	0	0	196,133	91,539	0	12,839,254	37,736,980		37,736,980
70610	Capital grants	0	0	0	0	0	0	0	0	0	0	0	0	2,205,493	2,205,493		2,205,493
70710	Management Fee	0	0	0	0	0	0	0	0	0	0	0	2,483,270	0	2,483,270	(2,483,270)	0
70720	Asset Management Fee	0	0	0	0	0	0	0	0	0	0	0	309,120	0	309,120	(309,120)	0
70730	Book-Keeping Fee	0	0	0	0	0	0	0	0	0	0	0	506,972	0	506,972	(506,972)	0
70740	Front Line Service Fee	0	0	0	0	0	0	0	0	0	0	0	1,630,974	0	1,630,974	(1,630,974)	0
70750	Other Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70700	<b>Total Fee Revenue</b>	0	0	0	0	0	0	0	0	0	0	0	4,930,336	0	4,930,336	(4,930,336)	0
70800	Other government grants	0	69,910	135,000	0	220,680	0	0	0	598,191	0	0	0	0	1,023,781		1,023,781
71100	Investment income - unrestricted	3,751	1,190	73	0	0	0	0	0	0	0	0	12,852	589	18,255		18,255
71200	Mortgage interest income	0	5,135	1,124	0	0	0	0	0	0	0	0	0	6,259	6,259		6,259
71300	Proceeds from disposition of assets held for sale	0	0	112,500	0	0	0	0	0	0	0	0	0	0	112,500		112,500
71310	Cost of sale of assets	0	0	(2,166)	0	0	0	0	0	0	0	0	0	0	(2,166)		(2,166)
71400	Fraud recovery	59,547	0	0	0	0	0	0	0	0	0	0	0	0	59,547		59,547
71500	Other revenue	27,677	2,109,898	27,724	0	0	0	25,320	0	0	0	0	135,774	360,054	2,686,447	(115,045)	2,571,402
71600	Gain or loss on sale of capital assets	0	0	0	0	0	0	0	0	0	0	0	11,059	(546)	10,513		10,513
72000	Investment income - restricted	0	21,322	7,768	0	0	0	0	0	0	0	0	0	0	29,090		29,090
70000	<b>Total Revenue</b>	23,772,101	2,207,455	3,072,373	600,926	356,783	191,899	25,320	0	598,191	196,133	91,539	5,089,821	20,513,621	56,716,162	(5,045,381)	51,670,781
91100	Administrative salaries	660,941	0	236,110	22,450	0	0	0	0	0	7,034	0	2,164,261	657,799	3,748,595		3,748,595
91200	Auditing fees	14,344	2,064	47,324	487	0	0	0	0	0	153	0	7,182	14,982	86,536		86,536
91300	Management Fee	481,707	0	53,667	16,362	0	0	0	0	5,127	0	0	1,926,407	2,483,270	(2,483,270)		0
91310	Book-Keeping Fee	267,831	0	0	9,098	0	0	0	0	2,851	0	0	227,192	506,972	(506,972)		0
91400	Advertising and Marketing	7,391	0	20,061	229	0	0	0	0	79	0	0	114,025	2,200	143,985		143,985
91500	Employee benefit contributions - administrative	386,939	0	4,312	8,171	0	0	0	0	2,560	0	0	1,012,365	750,182	2,164,529		2,164,529
91600	Office Expenses	156,492	42,069	67,011	5,836	0	0	1,666	0	1,666	0	0	945,125	281,112	1,499,311	(44,819)	1,454,492
91700	Legal Expense	574	50	13,991	20	0	0	0	0	6	0	0	12,929	46,305	73,875		73,875
91800	Travel	2,779	0	94	94	0	0	0	0	30	0	0	65,841	3,731	72,475		72,475
91810	Allocated Overhead	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
91900	Other	213,215	85,068	288,342	6,745	0	0	0	0	2,267	0	0	640,792	1,138,388	2,374,817	(679,792)	1,695,025
91000	<b>Total Operating-Administrative</b>	2,192,213	129,251	730,818	69,492	0	0	0	0	21,773	0	0	4,962,520	5,046,298	13,154,365	(3,714,853)	9,439,512
92000	Asset Management Fee	0	0	0	0	0	0	0	0	0	0	0	0	309,120	309,120	(309,120)	0
92100	Tenant services - salaries	0	0	0	0	217,260	191,899	0	0	0	0	0	124,258	0	533,417		533,417
92200	Relocation Costs	0	0	1,967	0	0	0	0	0	0	0	0	0	11,674	13,641		13,641
92300	Employee benefit contributions - tenant services	0	0	0	0	30,262	0	0	0	0	0	0	62,158	0	92,420		92,420
92400	Tenant services - other	0	0	7,232	0	109,261	0	0	0	0	0	0	23,129	358,549	498,171	(330,438)	167,733
92500	<b>Total Tenant Services</b>	0	0	9,199	0	356,783	191,899	0	0	0	0	0	209,545	370,223	1,137,649	(330,438)	807,211
93100	Water	2,064	3,403	178,441	70	0	0	0	0	0	22	0	9,029	1,539,187	1,732,216		1,732,216
93200	Electricity	16,383	2,304	76,361	556	0	0	0	0	174	0	0	58,872	1,165,421	1,320,071		1,320,071
93300	Gas	3,916	2,261	39,596	133	0	0	0	0	42	0	0	118,837	555,887	720,672		720,672
93400	Fuel	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
93500	Labor	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
93600	Sewer	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
93700	Employee benefit contributions - utilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
93800	Other utilities expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
93000	<b>Total Utilities</b>	22,363	7,968	294,398	759	0	0	0	0	0	238	0	186,738	3,260,495	3,772,959	0	3,772,959

Line Item No.	Description	14.871 HCV Total	Business Activities Total	Blended Comp Unit Total	14.181 Mainstream Total	14.870 ROSS Total	14.896 FSS Coord Total	Fund 054 State / Local Total	14.256 NSP Total	14.239 HOME Invest Total	14.856 MR004 Total	14.238 Shelter Plus Total	COCC Total	All AMP Total Total	Subtotal Total	Elimination	Entity Wide Total
94100	Ordinary maintenance and operations - labor	0	0	107,274	0	0	0	0	0	0	0	0	222,244	1,843,942	2,173,460		2,173,460
94200	Ordinary maintenance and operations - materials and other	392	0	79,008	0	0	0	0	0	0	0	4	119,581	596,045	795,030		795,030
94300-010	Ordinary Maintenance and Operations Contracts - Garbage	889	571	11,032	30	0	0	0	0	0	0	9	2,491	169,346	184,368		184,368
94300-020	Ordinary Maintenance and Operations Contracts - Heating	4,063	200	12,115	138	0	0	0	0	0	43	0	13,617	521,470	551,646	(537,841)	13,805
94300-030	Ordinary Maintenance and Operations Contracts - Snow Rd	0	1,260	21,863	0	0	0	0	0	0	0	0	35,073	282,156	340,352		340,352
94300-040	Ordinary Maintenance and Operations Contracts - Elevator	0	0	0	0	0	0	0	0	0	0	0	870	44,137	45,007		45,007
94300-050	Ordinary Maintenance and Operations Contracts - Landscap	1,422	46,350	112,583	48	0	0	0	0	0	15	0	10,087	539,153	709,658		709,658
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turn	0	0	3,024	0	0	0	0	0	0	0	0	0	311,793	314,817		314,817
94300-070	Ordinary Maintenance and Operations Contracts - Electrical	0	0	0	0	0	0	0	0	0	0	0	0	26,416	26,416		26,416
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing	0	0	376	0	0	0	0	0	0	0	0	2,147	177,401	179,924		179,924
94300-090	Ordinary Maintenance and Operations Contracts - Extermin	15	0	4,024	1	0	0	0	0	0	0	0	39	455,045	459,124		459,124
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial	0	0	23,313	0	0	0	0	0	0	0	0	26,620	94,275	144,208		144,208
94300-110	Ordinary Maintenance and Operations Contracts - Routine	159,692	1,092	192,510	5,778	0	0	0	0	0	1,700	0	264,238	925,886	1,550,896		1,550,896
94300-120	Ordinary Maintenance and Operations Contracts - Misc Cot	10,014	0	50,306	0	0	0	0	0	0	107	0	73,668	436,379	570,474	(137,058)	433,416
94300	<b>Ordinary Maintenance and Operations Contracts</b>	<b>176,095</b>	<b>49,473</b>	<b>431,146</b>	<b>5,995</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,874</b>	<b>0</b>	<b>428,850</b>	<b>3,983,457</b>	<b>5,076,890</b>	<b>(674,899)</b>	<b>4,401,991</b>
94500	Employee benefit contribution - ordinary maintenance	0	0	17,477	0	0	0	0	0	0	0	0	77,460	660,656	755,593		755,593
94000	<b>Total Maintenance</b>	<b>176,487</b>	<b>49,473</b>	<b>634,905</b>	<b>5,995</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,878</b>	<b>0</b>	<b>848,135</b>	<b>7,084,100</b>	<b>8,800,973</b>	<b>(674,899)</b>	<b>8,126,074</b>
95100	Protective services - labor	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
95200	Protective services - other contract costs	0	0	147,813	0	0	0	0	0	0	0	0	0	163,535	311,348		311,348
95300	Protective services - other	0	0	0	0	0	0	0	0	0	0	0	0	769,841	769,841		769,841
95500	Employee benefit contributions - protective services	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
95000	<b>Total Protective Services</b>	<b>0</b>	<b>0</b>	<b>147,813</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>933,376</b>	<b>1,081,189</b>	<b>0</b>	<b>1,081,189</b>
96110	Property Insurance	1,677	16,802	114,560	57	0	0	0	0	0	18	0	2,904	285,161	421,179		421,179
96120	Liability Insurance	56,288	2,645	26,334	1,912	0	0	0	0	0	599	0	2,815	140,173	230,766		230,766
96130	Workmen's Compensation	17,884	0	1,091	607	0	0	0	0	0	190	0	65,696	66,884	152,352		152,352
96140	All other insurance	0	0	0	0	0	0	0	0	0	0	0	14,668	14,668	14,668		14,668
96100	<b>Total Insurance Premiums</b>	<b>75,849</b>	<b>19,447</b>	<b>141,985</b>	<b>2,576</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>807</b>	<b>0</b>	<b>86,083</b>	<b>492,218</b>	<b>818,965</b>	<b>0</b>	<b>818,965</b>
96200	Other general expenses	61,030	498,558	3,584	1,485	0	0	0	0	0	465	0	24,306	66,599	656,027		656,027
96210	Compensated absences	49,868	0	0	1,694	0	0	0	0	0	531	0	118,667	240,737	411,497		411,497
96300	Payments in lieu of taxes	0	11,727	189,610	0	0	0	0	0	0	0	0	0	189,422	390,759		390,759
96400	Bad debt - tenant rents	0	0	28,870	0	0	0	0	0	0	0	0	0	163,705	192,575		192,575
96500	Bad debt - mortgages	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
96600	Bad debt - other	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
96800	Severance expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
96000	<b>Total Other General Expenses</b>	<b>110,898</b>	<b>510,285</b>	<b>222,064</b>	<b>3,179</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>996</b>	<b>0</b>	<b>142,973</b>	<b>660,463</b>	<b>1,650,858</b>	<b>0</b>	<b>1,650,858</b>
96710	Interest of Mortgage (or Bonds) Payable	0	0	407,459	0	0	0	25,320	0	0	0	0	0	563,931	996,710		996,710
96720	Interest on Notes Payable (Short and Long Term)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
96730	Amortization of Bond Issue Costs	0	0	47,200	0	0	0	0	0	0	0	0	0	47,200	47,200		47,200
96700	<b>Total Interest Expense and Amortization Cost</b>	<b>0</b>	<b>0</b>	<b>454,659</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,320</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>563,931</b>	<b>1,043,910</b>	<b>0</b>	<b>1,043,910</b>
96900	<b>Total Operating Expenses</b>	<b>2,577,810</b>	<b>716,424</b>	<b>2,635,841</b>	<b>82,001</b>	<b>356,783</b>	<b>191,899</b>	<b>25,320</b>	<b>0</b>	<b>0</b>	<b>25,692</b>	<b>0</b>	<b>6,435,994</b>	<b>18,722,224</b>	<b>31,769,988</b>	<b>(5,029,310)</b>	<b>26,740,678</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>21,194,291</b>	<b>1,491,031</b>	<b>436,532</b>	<b>518,925</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>598,191</b>	<b>170,441</b>	<b>91,539</b>	<b>(1,346,173)</b>	<b>1,791,397</b>	<b>24,946,174</b>	<b>(16,071)</b>	<b>24,930,103</b>
97100	Extraordinary maintenance	0	0	0	0	0	0	0	0	0	0	0	0	3,669	3,669		3,669
97200	Casualty losses - Non-capitalized	0	0	0	0	0	0	0	0	0	0	0	1,687	118,736	120,423		120,423
97300	Housing assistance payments	21,138,632	0	0	487,667	0	0	0	0	0	142,074	91,539	0	21,859,912	21,859,912		21,859,912
97350	HAP Portability-in	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
97400	Depreciation expense	4,135	50,459	1,597,355	0	0	0	0	0	0	0	0	147,569	3,627,938	5,427,456		5,427,456
97500	Fraud losses	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
97800	Dwelling units rent expense	0	0	16,071	0	0	0	0	0	0	0	0	0	16,071	16,071	(16,071)	0
90000	<b>Total Expenses</b>	<b>23,720,577</b>	<b>766,883</b>	<b>4,249,267</b>	<b>569,668</b>	<b>356,783</b>	<b>191,899</b>	<b>25,320</b>	<b>0</b>	<b>0</b>	<b>167,766</b>	<b>91,539</b>	<b>6,585,250</b>	<b>22,472,567</b>	<b>59,197,519</b>	<b>(5,045,381)</b>	<b>54,152,138</b>

Line Item No.	Description	14.871 HCV Total	Business Activities Total	Blended Comp Unit Total	14.181 Mainstream Total	14.870 ROSS Total	14.896 FSS Coord Total	Fund 054 State / Local Total	14.256 NSP Total	14.239 HOME Invest Total	14.856 MR004 Total	14.238 Shelter Plus Total	COCC Total	All AMP Total	Subtotal Total	Elimination	Entity Wide Total
10010	Operating transfer in	0	0	598,191	0	0	0	0	0	0	0	0	0	1,183,627	1,781,818	(1,781,818)	0
10020	Operating transfer out	0	(358,804)	0	0	0	0	0	0	(598,191)	0	0	0	(824,823)	(1,781,818)	1,781,818	0
10030	Operating transfers from / to primary government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10040	Operating transfers from / to component unit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10070	Extraordinary items, net gain/loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10080	Special items, net gain/loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10091	Inter Project Excess Cash Transfer In	0	0	0	0	0	0	0	0	0	0	0	0	598,927	598,927	(598,927)	0
10092	Inter Project Excess Cash Transfer Out	0	0	0	0	0	0	0	0	0	0	0	0	(598,927)	(598,927)	598,927	0
10093	Transfers between Programs and Projects - in	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10094	Transfers between Programs and Projects - out	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10100	<b>Total other financing sources (uses)</b>	0	(358,804)	598,191	0	0	0	0	0	(598,191)	0	0	0	358,804	0	0	0
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	51,524	1,081,768	(578,703)	31,258	0	0	0	0	0	28,367	0	(1,495,429)	(1,600,142)	(2,481,357)	0	(2,481,357)
11020	Required Annual Debt Principal Payments		0	483,336										335,000	818,336		818,336
11030	Beginning equity	(531,235)	812,220	15,814,168	38,944	0	0	0	1,121,579	50,888	0	786,142	45,251,368	63,344,074			63,344,074
11040	Prior period adjustments, equity transfers, and correcti	0	10,256,192	1,470,264	0	0	0	0	(1,105,316)	0	0	0	(9,671,102)	950,038			950,038
11170	Administrative Fee Equity	(753,207)													(753,207)		(753,207)
11180	Housing Assistance Payments Equity	273,496													273,496		273,496
11190	Unit Months Available	52,056		5,868	1,800						564	300		30,912	91,500		91,500
11210	Unit Months Leased	48,187		5,275	1,518						564	287		30,191	86,022		86,022
11610	Land Purchases													0	0		0
11620	Building Purchases													2,205,493	2,205,493		2,205,493
11630	Furniture & Equipment-Dwelling Purchases													0	0		0
11640	Furniture & Equipment-Administrative Purchases													0	0		0
11650	Leasehold Improvements Purchases													0	0		0
11660	Infrastructure Purchases													0	0		0
13510	CFFP Debt Service Payments													841,355	841,355		841,355
13901	Replacement Housing Factor Funds													0	0		0
	Equity Per Balance Sheet - Line 513	(479,711)	12,150,180	16,705,729	70,202	0	0	0	0	16,263	79,255	0	(709,287)	33,980,124	61,812,755	0	61,812,755
	Equity Per Income Statement	(479,711)	12,150,180	16,705,729	70,202	0	0	0	0	16,263	79,255	0	(709,287)	33,980,124	61,812,755	0	61,812,755
	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



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

FEDERAL GRANTOR/ <i>Pass Through Grantor</i>	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	<b>Federal Expenditures</b>
<b>U. S. Department of Housing and Urban Development</b>				
<i>Direct Programs:</i>				
Public and Indian Housing	14.850			\$ 10,799,370
<i>Housing Voucher Cluster:</i>				
Section 8 Housing Choice Voucher Program	14.871			<u>23,681,126</u>
Housing Voucher Cluster				<u>23,681,126</u>
<i>Section 8 Project-Based Cluster</i>				
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	14.856			<u>196,133</u>
Section 8 Project-Based Cluster				<u>196,133</u>
Supportive Housing for Persons with Disabilities	14.181			600,926
Public Housing Capital Fund	14.872			4,245,377
Shelter Plus Care	14.238			91,539
Resident Opportunity and Supportive Services - Service Coordinators	14.870			136,103
Family Self-Sufficiency Program	14.896			191,899
Total Direct Programs				<u>39,942,473</u>
<i>Programs Passed through the City of Toledo:</i>				
Home Investment Partnerships Program	14.239			598,191
<b>Total U.S. Department of Housing and Urban Development</b>				<u>40,540,664</u>
<b>U.S. Department of Health &amp; Human Services</b>				
<i>Pass-through Zepf Center Grant</i>				
Health Profession Opportunity Grant	93.093	90-FX0042-01-00		212,282
<b>Total of U.S. Department of Health &amp; Human Services</b>				<u>212,282</u>
Total Expenditures of Federal Awards				<u>\$ 40,752,946</u>

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

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**1. Basis of Presentation**

The Schedule of Federal Awards Expenditures has been prepared using the basis of accounting described in the notes to the financial statements.

**2. Public Housing Capital Funds (CFDA Number 14.872)**

Expenditures for the Public Housing Capital Fund were from the following grants.

OH12P006501-12	\$134,228
OH12P006501-13	183,002
OH12P006501-14	1,479,766
OH12P006501-15	<u>2,448,381</u>
Total	<u><u>\$4,245,377</u></u>

**3. Program Passed Through the City of Toledo (CFDA Number 14.239)**

The Home Investment Partnerships Program funds (CFDA 14.239) were provided to the Authority as part of the financing arrangement for the Parqwood Apartments project and for a rehabilitation project administered by the Lucas Housing Services Corporation. The grant was provided by the City of Toledo, Department of Neighborhoods as a pass-through award of funds received from HUD. The grant documents do not provide a pass through entity identification number.



# Dave Yost • Auditor of State

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

Lucas Metropolitan Housing Authority  
Lucas County  
435 Nebraska Avenue  
Toledo, Ohio 43604

To the Board of Commissioners

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the of Lucas Metropolitan Housing Authority, Lucas 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 and have issued our report thereon dated September 11, 2017, wherein we noted the Authority restated their beginning balances to correct unrecorded capital contributions.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 11, 2017



# Dave Yost • Auditor of State

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

Lucas Metropolitan Housing Authority  
Lucas County  
435 Nebraska Avenue  
Toledo, Ohio 43604

To the Board of Commissioners

### ***Report on Compliance for Each Major Federal Program***

We have audited Lucas Metropolitan Housing Authority, Lucas County, Ohio's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Lucas Metropolitan Housing Authority's major federal programs for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

***Basis for Qualified Opinion on Public Indian Housing***

As described in finding 2016-001 in the accompanying schedule of findings, the Authority did not comply with requirements regarding Eligibility applicable to its: CFDA 10.850 Public and Indian Housing major federal program. Compliance with this requirement is necessary, in our opinion, for the Authority to comply with requirements applicable to this program.

***Qualified Opinion on Public Indian Housing***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on Public Indian Housing paragraph, the Lucas Metropolitan Housing Authority, Lucas County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Public Indian Housing Program* for the year ended December 31, 2016.

***Unmodified Opinion on Other Major Federal Program***

In our opinion, Lucas Metropolitan Housing Authority, Lucas County, Ohio complied in all material respect with the requirements referred to above that could directly and materially affect its other major federal program Identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings 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 the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2016-001.

The Authority's response to our internal control over compliance finding is described in the accompanying corrective action plan. We did not audit the Authority's response and, accordingly, we express no opinion on it.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 11, 2017

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**LUCAS METROPOLITAN HOUSING AUTHORITY  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2016**

**1. SUMMARY OF AUDITOR'S 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?	Yes
<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 for all major program except for Public and Indian Housing, which we qualified.
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA# 14.850 Public and Indian Housing  CFDA# 14.872 Public Housing Capital Fund
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 1,222,588 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**

**NonCompliance /Material Weakness**

<b>Finding Number</b>	2016-001		
<b>CFDA Title and Number</b>	CFDA# 14.850 Public and Indian Housing		
<b>Federal Award Identification Number / Year</b>	2016		
<b>Federal Agency</b>	U. S. Department of Housing and Urban Development		
<b>Repeat Finding from Prior Audit?</b>	No	<b>Finding Number? (if repeat)</b>	n/a

**24 CFR §§ 5.212, 5.230, and 5.601 through 5.615** require the Public Housing Authority to devise its own application forms that are filled out by the Public Housing Authority staff during an interview with the tenant. The head of household signs (a) a certification that the information provided to the Public Housing Authority is correct; (b) one or more release forms to allow the Public Housing Authority to get information from third parties; (c) a federally prescribed general release form for employment information; and (d) a privacy notice. Under some circumstances, other members of the family may be required to sign these forms.

Additionally the Public Housing Authority must do the following:

- a. As a condition of admission or continued occupancy, require the tenant and other family members to provide necessary information, documentation, and releases for the Public Housing Authority to verify income eligibility. (24 CFR §§ 5.230, 5.609, and 960.259).
- b. For both family income examinations and reexaminations, obtain and document in the family file third-party verification of: (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent. (24 CFR § 960.259).

Eight out of sixty (13.33%) tenants tested did not have the appropriate eligibility forms signed or included within their tenant file, contrary to HUD guidelines.

Failure to complete the proper eligibility forms could result in ineligible tenants receiving federal assistance.

For compliance with HUD guidelines, we recommend the Public Housing Authority complete, file, and sign all eligibility forms for all tenants receiving federal assistance.

**Officials' Response**

See Corrective Action Plan for the Officials' response.

**LUCAS METROPOLITAN HOUSING AUTHORITY  
LUCAS COUNTY**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
December 31, 2016**

**Eligibility**

Planned corrective actions for LMHA eligibility findings:

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	LMHA Occupancy Department will review the files that had the eligibility findings and ensure the files have the corrected forms and signatures.	10/1/2017	Manager of Occupancy & Leasing
2016-001	Ten (10) percent of all applications for LMHA units will be audited monthly to avoid errors and ensure the proper forms are in the folders and signed. This action is done for quality control.	On-going	Manager of Occupancy & Leasing
2016-001	Implement a checklist to be used to ensure all required forms are in the resident's folders and signed.	10/1/2017	Property Manager
2016-001	Ten (10) percent of the completed resident re-certifications folders will be audited quarterly to ensure the proper forms are in the folder and signed.	On-going	Property Manager
2016-001	The resident re-certification folders that were audited and had findings will be reviewed and corrected.	10/1/2017	Property Manager

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

September 24, 2017

Lucas Metropolitan Housing Authority  
Lucas County  
435 Nebraska Avenue  
Toledo, Ohio 43604

We have performed the procedure described in the second paragraph, which was agreed to by Lucas Metropolitan Housing Authority, Lucas County, Ohio (the Housing Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents included within the Title 2, U.S. Code of Federal Regulations, Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with the Uniform Guidance of the financial statements for the Housing Authority as of and for the year ended December 31, 2016, and have issued our reports thereon dated September 11, 2017. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the Financial Data Schedule (FDS) dated September 11, 2017, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the financial statement package required by the Uniform Guidance, which includes the auditor's reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the

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Lucas Metropolitan Housing Authority  
Lucas County  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures  
Page 2

expression of an opinion or conclusion, respectively, on the subject matter of this report. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is for the use of the specified parties in determining whether the electronic submission of certain information agrees with related hard copy documents included within the Title 2, U.S. Code of Federal Regulations, Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) reporting package for the year ended December 31, 2016 and is not suitable for any other purpose.

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**Dave Yost**  
Auditor of State

Columbus, Ohio

September 24, 2017

ATTACHMENT TO INDEPENDENT ACCOUNTANTS' REPORT ON  
 APPLYING AGREED-UPON PROCEDURES

<b>UFRS Rule Information</b>	<b>Hard Copy Document(s)</b>	<b>Findings</b>
Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDAs	Agrees
Footnotes (data element G5000-010)	Footnotes to audited basic financial statements.	Agrees
Type of opinion on FDS (data element GJI00-040)	Auditor's supplemental report on FDS	Agrees
Audit Findings Narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	Agrees
General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees
Financial statement report information (data element GJ000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part I and OMB Data Collection Form	Agrees
Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part I and OMB Data Collection Form	Agrees
Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

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# Dave Yost • Auditor of State

LUCAS COUNTY METROPOLITAN HOUSING AUTHORITY

LUCAS COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 28, 2017