313 Second St.
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1907 Grand Central Ave.
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104 South Sugar St.
St. Clairsville, OH 43950
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1310 Market Street, Suite 300
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Perry & Associates
Certified Public Accountants, A.C.

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

Dave Yost · Auditor of State

Board of Directors
Ashtabula Metropolitan Housing Authority
PO Box 2350
Ashtabula, OH 44004

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

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

Dave Yost

Dave Yost
Auditor of State

September 7, 2017

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

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INDEPENDENT AUDITOR'S REPORT

August 23, 2017

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions 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 supplemental financial data schedule presented on pages 33 through 35 is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

The Schedule of Federal Awards Expenditures 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 derived 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 August 23, 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.

Perry & Associates CPA's A.C.

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

As management of Ashtabula Metropolitan Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Special Conditions and Economic Factors

Management is not aware of any facts, decisions, or conditions that would have a significant effect on the future operation of the Authority.

Contacting The Authority

This financial report is designed to provide a general overview of the authority's finances for all those with an interest.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director of the Ashtabula Metropolitan Housing Authority.

Overview of the Financial Statements

During 2015, the Authority adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions*, which significantly revises accounting for pension costs and liabilities, most notably employers are now required to report a net pension liability or asset, along with deferred outflows and inflows. Many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

There is no repayment schedule for the net pension liability. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

The financial statements included in this annual audit report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

The Statement of Net Position
This statement reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

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

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

Statement of Revenue, Expenses, and Change in Net Position
Reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions.

This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

Statement of Cash Flows
Presents information on the effects changes in assets and liabilities have on cash during the course of the Fiscal Year.

Notes to the Financial Statements
Provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

Analysis of the Housing Activity
Our overall analysis of the Authority as a whole begins on the following pages. The most important question asked about the Authorities finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of net position, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in them. One can think of the Authority's net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities).

The change in net position analysis will assist the reader with measuring the health or financial position of the Authority. Over time, significant changes in the Authorities net position are an indicator of whether its financial health is improving or deteriorating.

To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authorities capital assets.

To fully understand the financial statements of the Housing Authority, one must start with an understanding of what the Authority actual does.

The following is a brief description of the programs and services that the Authority provides for the residents of Ashtabula County, Ohio:

Analysis of the Housing Activity (Continued)

Housing Authority Programs

Low Income Public Housing (LIPH)

The Housing Authority has 555 units in its Public Housing inventory. The Authority is responsible for the management, maintenance, and utilities costs for all units. The units must be maintained in accordance with HUD established housing quality standards. An annual inspection of each unit must be performed by the Housing Authority to assure that they meet or exceed these standards.

Each Housing Authority Public Housing building, and the units that comprise those buildings, are subject to random third party inspections as directed by HUD. In addition, the Housing Authority must annually recertify each of the tenants' family composition and their respective household income.

On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has a Project Expense Level (PEL). The PEL reflects estimated allowable operating expenditures and is calculated by HUD in accordance with the results of the Harvard Cost Study which was performed for HUD.

HUD funds the difference between these allowable costs incurred for all units leased units and the actual tenant revenue generated. Tenant rent is based on 30% of their adjusted household income. Actual funding received from HUD is made by the results of this formula calculation, subject to pro-ration in accordance with total funds actually appropriated by Congress. Actual funding is made by HUD, by formula, in accordance with total funds appropriated by Congress.

Section 8 Housing Choice Vouchers (HCV)

HUD has contracted with the Housing Authority to provide support for the Housing Choice Voucher Program. The Authority pays a Housing Assistance Payments to Landlords for Low Income tenants.

The Housing Assistance Payment matches the difference between the total rent that the Landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay based on 30% of their respective adjusted income.

For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Housing Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program, however, they are responsible for annually inspecting the units to assure that they meet or exceed HUD established Housing quality standards.

Rural Housing and Economic Development Program

This program consists of grants that are meant to meet rural communities' housing and economic development needs. Recent appropriations acts have provided funding for this program, which is used to encourage new and innovative approaches to serving the housing and economic development needs of the nation's rural communities.

Business Activities

This Housing Authority assists the local mental health group in administering a Shelter Plus Care program. This program provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immune deficiency syndrome (AIDS), and related diseases. Rental assistance must be matched by an equal value in cash or in-kind provided by the grantee from federal or private sources to be used for supportive services.

Capital Fund Program

Tenant Revenues generated by the Housing Authority are supplemented by operating subsidy from HUD. These two amounts combined are intended to cover only day to day routine expenses. This leaves the Housing Authority with little funding for modernizing of the structures and/or for the completion of non-routine maintenance.

The purpose of the Capital Fund grants is to give funds to the Housing Authority for improvement of the sites, to complete non-routine maintenance, and to assist with the improvement of the management of the Authority.

This grant program is awarded by HUD, by formula allocation, on an annual basis. The Housing Authority generally has two years to obligate the funds from these capital fund grants, and three to years to fully expend them. As formal contracts are awarded from this program, funds are requisitioned from HUD to pay periodic requests from the contractors.

Work completed under this grant program is temporarily charged to construction in process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and audited, the work items are moved from construction in process and placed into the Capital Assets. Depreciation begins at this point.

Supportive Housing Program

Grants offered through a competitive process for new construction, acquisition, rehabilitation, or leasing of buildings to provide transitional or permanent housing, as well as supportive services to homeless individuals and families; grants to fund a portion of annual operating costs; and grants for technical assistance.

Condensed Comparative Financial Statements

Analysis of Net Position (Statement of Net Position)

Total Net Position for FY 2016 was $12,150,599 and for FY 2015 the amount was $12,871,352. This represents an overall net decrease of $720,753, or 5.6%

Cash and Cash Equivalents (Including Investments) decreased to $2,743,990 in FY 2016 from $3,048,735 in FY 2015, or by $304,745, or 10.0%. The downward change in the authority's cash balance is primarily due to a decrease in CFP operations.

Receivables increased to $187,744 in FY 2016 from $64,189 in FY 2015. This represents an increase of $123,555, or 192.5%. This change was the result of an increase in subsidy owed for South Ridge Program and the authority's interprogram receivables.

Analysis of Net Position (Statement of Net Position) (Continued)

Other Current Assets decreased to $154,831 in FY 2016 from $168,231 in FY 2015, or by $13,400, or 8.0%. This change was primarily due to a decrease in inventory.

Capital Assets decreased to $11,047,443 in FY 2016 from $11,245,195 in FY 2015, or by $197,752, or 1.8%. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities increased to $519,882 in FY 2016 from $327,817 in FY 2015, or by $192,065, or 58.6%. This change is primarily the result of HCV Subsidies for 2017 received in 2016.

Non Current Liabilities increased to $2,204,264 in FY 2016 from $1,539,671 in FY 2015, or by $664,593, or 43.2%. This change was a result of the Net Pension Liability.

The table below illustrates the changes in net position between December 31, 2016 and 2015 for the Authority as a whole:

	2016	2015	Net Change	% Variance
Cash & Cash Equivalents	$ 2,743,990	$ 3,048,735	$ (304,745)	-10.0%
Receivables	187,744	64,189	123,555	192.5%
Other Current Assets	154,831	168,231	(13,400)	-8.0%
Capital Assets	11,047,443	11,245,195	(197,752)	-1.8%
Total Assets	**14,134,008**	**14,526,350**	**(392,342)**	**-2.7%**
Deferred Outflows	778,024	235,772	542,252	
Total Assets and Deferred Outflows	**14,912,032**	**14,762,122**		
Current Liabilities	519,882	327,817	192,065	58.6%
Non Current Liabilities	2,204,264	1,539,671	664,593	43.2%
Total Liabilities	**2,724,146**	**1,867,488**	**856,658**	**45.9%**
Deferred Inflows	37,287	23,282	14,005	N/A
Net Investment in Capital Assets	11,010,932	11,207,443	(196,511)	-1.8%
Restricted Net Position	187,094	115,192	71,902	62.4%
Unrestricted Net Position	952,573	1,548,717	(596,144)	-38.5%
Total Net Assets/Equity	**12,150,599**	**12,871,352**	**(720,753)**	**-5.6%**
Total Liabilities, Deferred Inflows, and Net Position	**$ 14,912,032**	**$ 14,762,122**	**$ 149,910**	**1.0%**

Analysis of Entity-Wide Revenues (Statement of Revenues, Expenses, and Changes in Net Position)

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2016 were as follows:

Program	Revenues Generated
Low Income Public Housing (LIPH)	$3,317,903
Section 8 Housing Choice Vouchers (HCV)	2,964,942
Public Housing Capital Fund Program (CFP)	958,374
Rural Housing & Economic Development (RH)	332,728
Central Office Cost Center (COCC)	17,428
Shelter plus Care (SPC)	21,477
Supportive Housing for Persons w/disabilities (SH)	258,457
Total Revenue	$7,871,309

Total revenues for FY 2016 were $7,871,309 as compared to $8,024,417 of total revenues for FY 2015. Comparatively, FY 2015 revenues exceeded FY 2016 revenues by $153,108, or 1.9%. The primary reason for this change was the result of decreased funding from HUD capital fund grants.

	2016	2015	Net Change	Percentage Change
Total Tenant Revenue	1,329,199	1,318,677	10,522	0.8%
HUD Operating Grants	5,735,183	5,748,330	-13,147	-0.2%
HUD Capital Grants	745,028	882,320	-137,292	-15.6%
Investment Income	3,450	3,400	50	1.5%
Other Revenue	58,449	71,690	-13,241	-18.5%
Total Revenue	**7,871,309**	**8,024,417**	**-153,108**	**-1.9%**

Analysis of Entity-Wide Expenditures

Total Expenditures for FY 2016 were $8,589,582 as compared to the $8,513,625 of total expenditures for FY 2015. This represents an increase of $75,957, or 0.9%.

Administrative expenditures for FY 2016 were $1,886,445 as compared to $1,610,760 in FY 2015. This represents an increase of $275,685, or 17.1%. This change is primarily the result of an increase in salaries and benefits.

Utilities expenditures for FY 2016 were $831,209 as compared to $755,483 in FY 2015. This represents an increase of $75,726, or 10.0%. The cause for this change is due to increases in electric and water costs from the prior fiscal year. The electric company was reading the new meters incorrectly.

Maintenance expenditures for FY 2016 were $1,788,773 as compared to $1,795,537 in FY 2015. This represents a decrease of $6,674, or 0.4%. The main reason for this change was due to slight decreases in maintenance contract costs.

Analysis of Entity-Wide Expenditures (Continued)

Insurance and General expenditures for FY 2016 were $166,463 as compared to $182,345 for FY 2015. This represents a decrease of $15,882, or 8.7%. The main cause for this change was due to decreases in compensated absences expense.

The table below illustrates the change in expenses for the Authority for fiscal year 2016 compared to fiscal year 2015:

	2016	2015	Net Change
Administrative	$1,886,445	$1,610,760	$ 275,685
Tenant Services	5,316	5,881	(565)
Utilities	831,209	755,483	75,726
Maintenance	1,788,773	1,795,537	(6,764)
Protective Services	61,273	76,164	(14,891)
Insurance and General Expense	166,463	182,345	(15,882)
Housing Assistance Payments	2,762,634	2,942,084	(179,450)
Depreciation Expense	1,087,469	1,145,371	(57,902)
Total Expenses	**$8,589,582**	**$8,513,625**	**$ 75,957**

ANALYSIS OF CAPITAL ASSET ACTIVITY

The table below illustrates the changes in Capital Assets experienced from January 1, 2016 through December 31, 2016.

	2016	2015	Net Change
Land	$ 1,116,241	$ 1,116,241	$ -
Buildings	32,448,563	31,822,387	626,176
Furniture, Equip., & Mach. - Dwelling	546,247	543,185	3,062
Furniture, Equip., & Mach. - Administrative	1,014,195	993,472	20,723
Construction in Process	1,782,141	1,542,385	239,756
Total Fixed Assets	**36,907,387**	**36,017,670**	**889,717**
Accumulated Depreciation	25,859,944	24,772,475	1,087,469
Net Fixed Assets	**$11,047,443**	**$11,245,195**	**$ (197,752)**

As previously mentioned, work completed under the capital fund grant program is temporarily charged to Construction in Process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and audited, the work items are moved from Construction in Process and placed into the Capital Assets.

Increases in the various capital asset accounts, in the amount of $889,717, have been offset by the net change to accumulated depreciation, in the amount of $1,087,469. This reflects a net decrease in Capital Assets in the amount of $197,752, or by 1.8%.

Debt

The Authority had one loan payable to the Rural Economic and Community Development Services. The total balance due on the loan at December 31, 2016 was $36,511. Further detailed information is available in Note 11 to the financial statements.

Contacting the Authority

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director of the Ashtabula Metropolitan Housing Authority.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2016

ASSETS		
Current assets:		
Cash and Cash Equivalents - Unrestricted	$	2,052,886
Cash and Cash Equivalents - Restricted		238,783
Accounts Receivable, Net		187,744
Investments - Unrestricted		452,321
Inventory, Net		121,550
Prepaid Expenses		33,281
Total Current Assets		**3,086,565**
Non-Current Assets:		
Non-Depreciable Capital Assets		2,898,382
Depreciable Capital Assets, Net		8,149,061
Total Non-Current Assets		**11,047,443**
Total Assets		**14,134,008**
Deferred Outflows		
Net difference between projected and actual investment earnings on pension plan investments		567,229
Changes in proportion and differences between contributions and proportionate share of contributions		28,648
Employer contributions to pension plan subsequent to measurement date		182,147
Total Deferred Outflows of Resources		**778,024**
Total Assets and Deferred Outflows of Resources	**$**	**14,912,032**
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	78,912
Accrued Compensated Absences, Current		26,651
Interest Payable		202
Accounts Payable - Other Government		41,817
Tenant Security Deposits		75,735
Unearned Revenues		258,113
Current Portion of Long-Term Debt		1,873
Other current liabilities		36,579
Total Current Liabilities		**519,882**
Non-Current Liabilities:		
Long-Term Debt, Net of Current		34,638
Net Pension Liability		1,929,761
Accrued Compensated Absences, Net of Current Portion		239,865
Total Non-Current Liabilities		**2,204,264**
Total Liabilities		**2,724,146**
Deferred Inflows		
Differences between expected and actual experience		37,287
Total Deferred Inflows of Resources		37,287
NET POSITION:		
Net Investment in Capital Assets		11,010,932
Restricted Net Position		187,094
Unrestricted Net Position		952,573
Total Net Position		**12,150,599**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$**	**14,912,032**

See accompanying notes to the financial statements.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES:	
Governmental Grants	$ 5,735,183
Tenant Revenue	1,329,199
Other Revenue	58,449
Total Operating Revenues	**7,122,831**
OPERATING EXPENSES:	
Administrative	1,886,445
Tenant Services	5,316
Utilities	831,209
Maintenance	1,788,773
Protective Services	61,273
Insurance & General	166,463
Housing Assistance Payments	2,762,634
Depreciation	1,087,469
Total Operating Expenses	**8,589,582**
Operating (Loss)	**(1,466,751)**
NON-OPERATING REVENUES / (EXPENSES):	
Interest and Investment Revenue	3,450
Interest Expense	(2,478)
Total Non-Operating Revenue / (Expense)	**972**
Change in Net Position before Capital Grants and Contributions	(1,465,779)
Capital Grants	745,028
Change in Net Position	**(720,751)**
Total Net Position - Beginning	12,871,350
Total Net Position - Ending	**$ 12,150,599**

See accompanying notes to the financial statements.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Flows from Operating Activities	
Cash Received from HUD	$ 5,736,596
Cash Received from Tenants	1,448,861
Cash Received from Other Sources	58,449
Cash Payment for Housing Assistance	(2,762,634)
Cash Payment for Administrative and Operating Expenses	(4,641,059)
Net Cash Flows Provided/(Used) by Operating Activities	**(159,787)**
Cash Flows from Investing Activities	
Sale of Investments	345,707
Cash Received for Interest Income	3,450
Net Cash Flows Provided/(Used) by Investing Activities	**349,157**
Cash Flows from Capital and Related Financing Activities	
Capital Grant Funding Received from HUD	745,028
Property and Equipment Purchased	(889,717)
Payments of Related Debt	(1,241)
Payments for Interest Expense	(2,478)
Net Cash Flows Provided/(Used) by Capital and Related Financing	**(148,408)**
Increase/(Decrease) in Cash and Cash Equivalents	40,962
Cash - Beginning of Period	2,250,707
Cash - End of Period	**$ 2,291,669**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating Loss	(1,466,751)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	1,087,469
- (Increase) Decrease in Receivables	(123,555)
- (Increase) Decrease in Inventories	10,367
- (Increase) Decrease in Prepaid Expenses and Other Assets	(539,221)
- (Decrease) Increase in Accounts Payable	7,190
- (Decrease) Increase in Accrued Liabilities	(60,539)
- (Decrease) Increase in Intergovernmental Payables	1,413
- (Decrease) Increase in Tenant Security Deposits	(2,309)
- (Decrease) Increase in Unearned Revenue	245,526
- (Decrease) Increase in Other Current Liabilities	50,584
- (Decrease) Increase Pension Liability	629,452
- (Decrease) Increase in Interest Payable	28
- (Decrease) Increase in Accrued Compensated Absences	559
Net Cash Provided by Operating Activities	**$ (159,787)**

See accompanying notes to the financial statements.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Reporting Entity
The Ashtabula Metropolitan Housing Authority (the Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U.S. Department of Housing and Urban Development (HUD) under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability are the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units based on the above considerations.

Basis of Presentation
The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board. The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows.

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

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

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include 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.

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.

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight line method based on the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Land Improvements	15 years
Equipment	7 years
Autos	5 years
Computers	3 years

Capitalization of Interest

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

Investments

Investments are stated at fair value. Cost based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

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.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Compensated Absences (Continued)

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: **(1)** the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee; 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.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 8.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and deferred debt charges. The deferred outflows of resources related to pension are explained in Note 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension. The deferred inflows of resources related to pension are explained in Note 6.

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.

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

At December 31, 2016, the carrying amount of the Authority's cash deposits was $2,743,990 and its bank balance was $2,901,757. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2016, deposits totaling $341,473 were covered by Federal Depository Insurance and deposits totaling $2,560,284 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, in the Authority's name.

Custodial credit 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. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 110 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 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.

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

Cash on Hand

At December 31, 2016, the Authority had un-deposited cash on hand, including petty cash, of $300.

Investments

The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. However, at December 31, 2016, the Authority investments were limited to non-negotiable certificate of deposits.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

The credit risks of the Authority's investments are in the table below. The Authority has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one insurer. The Authority's deposits in financial institutions represent 100 percent of its deposits.

Cash and investments at year-end were as follows:

Cash and Investment Type	Fair Value	Investment Maturities (in years) <1
Carrying amount of deposits	$2,743,990	$ 2,743,990
Petty cash	300	300
Totals	$2,744,290	$ 2,744,290

NOTE 3: CAPITAL ASSETS

A summary of capital assets at December 31, 2016 by class is as follows:

	1/1/2016	Transfer	Additions	Deletions	12/31/2016
Capital Assets Not Being Depreciated					
Land	$ 1,116,241	$ -	$ -	$ -	$ 1,116,241
Construction in Progress	1,542,385	(505,272)	745,028	-	1,782,141
Total Capital Assets Not Being Depreciated	2,658,626	(505,272)	745,028	-	2,898,382
Capital Assets Being Depreciated					
Buildings and Improvements	31,822,387	505,272	120,904	-	32,448,563
Furniture, Equipment, and Machinery - Dwellings	543,185	-	3,062	-	546,247
Furniture, Equipment, and Machinery - Administrative	993,472	-	20,723	-	1,014,195
Subtotal Capital Assets Being Depreciated	33,359,044	505,272	144,689	-	34,009,005
Accumulated Depreciation					
Buildings and Improvements	(23,312,797)	-	(1,055,647)	-	(24,368,444)
Furniture, Equipment, and Machinery - Dwellings	(501,398)	-	(15,512)	-	(516,910)
Furniture, Equipment, and Machinery - Administrative	(958,280)	-	(16,310)	-	(974,590)
Total Accumulated Depreciation	(24,772,475)	-	(1,087,469)	-	(25,859,944)
Depreciation Assets, Net	8,586,569	505,272	(942,780)	-	8,149,061
Total Capital Assets, Net	$ 11,245,195	$ -	$ (197,752)	$ -	$ 11,047,443

NOTE 4: RESTRICTED NET ASSETS

The Authority's restricted net assets are as follows:

Cash Held for South Ridge Village Reserve for Replacement	$ 91,471
Unspent Funding Provided by HUD to pay Section 8 Housing Choice Voucher Housing Assistance Payments & Mainstream	95,623
Total Restricted Net Assets	$ 187,094

NOTE 5: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - 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, all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

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

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

	State and Local
2016 Statutory Maximum Contribution Rates:	
Employer	14%
Employee	10%
2016 Actual Contribution Rates:	
Employer	
Pension	12%
Post-employmnt Health Care Benefits	2%
Total Employer	14%
Total Employee	10%

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority's contractually required contribution to the Traditional plan was $182,147 for the year ended December 31, 2016. Of this amount, $25,386 is reported as an intergovernmental payable.

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

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional Plan
Proportionate Share of the Net Pension Liability / (Asset)	$ 1,929,761
Proportion of the Net Pension Liability / (Asset)	0.011141%
Pension Expense	$ 283,352
Change in Proportionate Share	0.000360%

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

	Deferred Outflows	Deferred Inflows
Deferred Outflows of Resources		
Differences between expected and actual experience	$ -	$ 37,287
Net difference between projected and actual earnings on pension plan investments	567,229	-
Changes in proportion and differences between contributions and proportionate share of contributions	28,648	-
Authority contributions subsequent to the measurement date	182,147	-
Total Deferred Resources	$ 778,024	$ 37,287

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

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

$182,147 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:

Year Ending December 31:	
2017	$ 137,277
2018	146,347
2019	146,602
2020	128,364
Total	$ 558,590

Actuarial Assumptions - OPERS

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

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:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple; Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

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

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

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

Actuarial Assumptions – OPERS (Continued)

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.

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:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

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

Authority's proportionate share of the net pension liability	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Traditional Plan	$3,074,582	$1,929,761	$964,142

NOTE 6: **POST-EMPLOYMENT BENEFITS**

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 postretirement health care benefits.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The employer contributions allocated to health care was raised to 2.00 percent for both plans for calendar year 2014 as recommended by the OPERS Actuary.

Effective January 1, 2015, the portion of the employer contributions allocated to healthcare remains at 2.00 percent for both plans, as recommended by the OPERS Actuary. While this 401(h) health care plan will continue to be used to fund health care expenses, employer contributions to this plan ceased in September 2014 upon the establishment of the 115 Health Care Trust.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, the Authority contributed at a rate of 14.00 percent of covered payroll, 2.00 percent was used to fund health care for the Traditional and Combined Plans, and 4.50 percent was used to fund the VEBA for the Member-Directed Plan. 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.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended December 31, 2016, 2015, and 2014, which were used to fund post-employment benefits were $25,386, $27,732, and $26,714, respectively.

NOTE 7: COMPENSATED ABSENCES

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn 10 hours sick leave per month of service. Unused sick leave may be accumulated without limit. At the time of separation, union employees receive payment for thirty (30) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time earned must be used in the year earned without accumulation.

At December 31, 2016, based on the vesting method, $266,516 was accrued by the Authority for unused vacation and sick time. The current portion is $26,651 and the long term portion is $239,865.

NOTE 8: INSURANCE

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the Housing Authority Insurance Group. (HAI Group). HAI Group is a public housing authority-owned organization dedicated to providing reliable insurance solutions and related services to the public and affordable housing community in a manner which exceeds expectations. Deductibles and coverage limits are summarized below:

Type of Coverage	Coverage Deductible	Limits
Property	$ 1,000	$250,000,000 (Per occurrence)
Boiler and Machinery	1,000	50,000,000
General Liability	0	6,000,000
Automobile	500/0	ACV/6,000,000
Public Officials	0	6,000,000
Employee Dishonesty	0	500,000

NOTE 9: CONTINGENCIES

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 10: LONG-TERM DEBT

Changes in the Authority's long-term debt during fiscal year 2016 are as follows:

	Balance at 1/1/2016	Additions	Deletions	Balance at 12/30/2016	Due Within One Year
Loan Payable - Rural Economic and Community Development - 8% Interest, $37,926 dated January 1, 2016	$ -	$ 37,926	$ (1,415)	$ 36,511	$ 1,873
Total Loans Payable	-	37,926	(1,415)	36,511	1,873
Compensated Absences	265,957	559	-	266,516	26,651
Net Pension Liability	1,300,309	629,452	-	1,929,761	-
Total Long-Term Liabilities	$1,566,266	$ 667,937	$ (1,415)	$2,232,788	$ 28,524

Long-term debt consists of one term loan payable in the amount of $37,926 at 8 percent, with the Rural Economic and Community Development Services, payable over a period of 15 years. Monthly payments are $335. Interest incurred during 2016 was $2,276. The Rural Economic and Community Development Services interest credit is reduced by rent collections by the Authority in excess of maximum contract rates. The balance due at December 31, 2016, was $36,511, of which $1,873 was the current portion.

The following is a summary of the Authority's future debt service requirements for mortgages payable as of December 31, 2016:

For the Year Ended December 31	Principal	Interest	Total Payments
2017	$ 1,666	$ 2,360	$ 4,026
2018	1,804	2,222	4,026
2019	1,954	2,072	4,026
2020	2,116	1,910	4,026
2021	2,291	1,735	4,026
2022-2026	14,644	5,486	20,130
2027-2029	12,036	381	12,417
Total	$ 36,511	$ 16,166	$ 52,677

NOTE 11: CONSTRUCTION AND OTHER COMMITMENTS

The Authority had no material construction commitments at December 31, 2016.

NOTE 12: ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2016 consisted of the following:

HUD	$ 33,994
Tenants - (net of allowance of $5,000)	31,378
A/R Other	121,424
Interest	948
Total Accounts Receivable	$ 187,744

ASHTABULA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
DECEMBER 31, 2016

Ohio Public Employees Retirement System

Last 10 Fiscal Years

	2016	2015	2014
Authority's proportion of the net pension liability (asset) (percentage)	0.011141%	0.010781%	0.010781%
Authority's proportionate share of the net pension liability (asset)	$ 1,929,761	$ 1,300,309	$ 1,270,939
Authority's covered-employee payroll	$ 1,386,591	$ 1,322,926	$ 1,297,373
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	139.17%	98.29%	97.96%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	86.45%	86.36%

Information prior to fiscal year 2013 is not available.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF CONTRIBUTIONS
DECEMBER 31, 2016

Ohio Public Employees Retirement System
Last 10 Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	$ 182,147	$ 166,391	$ 158,495	$ 168,658	$ 120,938	$ 113,666	$ 97,948	$ 87,236	$ 64,681	$ 73,578
Contributions in relation to contractually required contribution	(182,147)	(166,391)	(158,495)	(168,658)	(120,938)	(113,666)	(97,948)	(87,236)	(64,681)	(73,578)
Contribution deficit (surplus)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 1,517,886	$ 1,386,591	$ 1,322,926	$ 1,297,373	$ 1,209,379	$ 1,136,663	$ 1,097,117	$ 1,069,574	$ 924,011	$ 884,028
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	11.98%	13.00%	10.00%	10.00%	8.93%	8.16%	7.00%	8.32%

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs:		
Public Housing Programs:		
Public Housing Operating Subsidy	14.850	$ 2,120,791
Public Housing Capital Fund	14.872	958,374
Total Public Housing Programs		3,079,165
Section 8 Programs:		
Section 8 Project Based Cluster:		
Rural Housing & Economic Development	14.250*	198,485
Total Section 8 Project Based Cluster		198,485
Supportive Housing for Persons with Disabilities	14.181	258,457
Housing Choice Vouchers	14.871	2,944,104
Total Section 8 Programs		3,401,046
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		6,480,211
TOTAL FEDERAL AWARDS EXPENDITURES		$ 6,480,211

* Represents rental assistance for South Ridge Village Rural Housing Project #41-004-341031866

The accompanying notes to this schedule are an integral part of this schedule.

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures, the "Schedule," is a summary of the activity of the Authority's federal award programs. The Schedule has been prepared on the accrual basis of accounting as required by accounting principles generally accepted in the United States of America. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Line Item No.	Description	14.871 HCV Fund 004 Total	14.181 Mainstream Fund 004 Total	14.238 Shelter Plus Fund 004 Total	14.250 SRV Fund 300 Total	*COCC Fund 100 Total*	All AMP Total Total	Subtotal Total	Elimination	Entity Wide Total
111	Cash-unrestricted	135,803	0	0	326,213	*136,263*	1,454,607	2,052,886		2,052,886
113	Cash-other restricted	71,577	0	0	91,471	*0*	0	163,048		163,048
114	Cash-tenant security deposits	0	0	0	7,577	*0*	68,158	75,735		75,735
100	**Total Cash**	207,380	0	0	425,261	*136,263*	1,522,765	2,291,669	0	2,291,669
122	Accounts receivable - HUD other projects	0	0	0	33,994	*0*	0	33,994		33,994
125	Account receivable - miscellaneous	0	0	84,845	0	*36,579*	0	121,424		121,424
126	Accounts receivable - tenants	0	0	0	1,023	*0*	35,208	36,231		36,231
126.1	Allowance for doubtful accounts - tenants	0	0	0	0	*0*	(4,853)	(4,853)		(4,853)
129	Accrued interest receivable	157	0	0	0	*791*	0	948		948
120	**Total receivables, net of allowance for doubtful accounts**	157	0	84,845	35,017	*37,370*	30,355	187,744	0	187,744
131	Investments - unrestricted	201,803	0	0	0	*250,518*	0	452,321		452,321
142	Prepaid expenses and other assets	2,171	0	0	904	*966*	29,240	33,281		33,281
143	Inventories	0	0	0	0	*17,794*	107,515	125,309		125,309
143.1	Allowance for obsolete inventories	0	0	0	0	*(534)*	(3,225)	(3,759)		(3,759)
144	Inter program - due from	0	134,792	0	0	*0*	0	134,792	(134,792)	0
145	Assets held for sale	0	0	0	0	*0*	0	0		0
150	**Total Current Assets**	411,511	134,792	84,845	461,182	*442,377*	1,686,650	3,221,357	(134,792)	3,086,565
161	Land	10,243	0	0	128,500	*116,940*	860,558	1,116,241		1,116,241
162	Buildings	0	0	0	1,286,725	*3,082,127*	28,079,711	32,448,563		32,448,563
163	Furniture, equipment and machinery - dwellings	0	0	0	50,457	*68,700*	427,090	546,247		546,247
164	Furniture, equipment and machinery - administration	48,613	0	0	0	*158,102*	807,480	1,014,195		1,014,195
166	Accumulated depreciation	(27,340)	0	0	(1,167,933)	*(2,606,146)*	(22,058,525)	(25,859,944)		(25,859,944)
167	Construction in progress	0	0	0	0	*0*	1,782,141	1,782,141		1,782,141
168	Infrastructure	0	0	0	0	*0*	0	0		0
160	**Total capital assets, net of accumulated depreciation**	31,516	0	0	297,749	*819,723*	9,898,455	11,047,443	0	11,047,443
180	**Total Non-current Assets**	31,516	0	0	297,749	*819,723*	9,898,455	11,047,443	0	11,047,443
190	**Total Assets**	443,027	134,792	84,845	758,931	*1,262,100*	11,585,105	14,268,800	(134,792)	14,134,008
200	Deferred Outflow of Resources	140,044	15,560	7,780	46,681	*202,286*	365,671	778,024		778,024
290	**Total Assets and Deferred Outflow of Resources**	583,071	150,352	92,625	805,612	1,464,386	11,950,776	15,046,824	(134,792)	14,912,032
312	Accounts payable <= 90 days	70	0	0	1,145	*46,299*	31,398	78,912		78,912
322	Accrued compensated absences - current portion	6,881	0	0	1,779	*8,026*	9,965	26,651		26,651
325	Accrued interest payable	0	0	0	202	*0*	0	202		202
333	Accounts payable - other government	0	0	0	0	*0*	41,817	41,817		41,817
341	Tenant security deposits	0	0	0	7,577	*0*	68,158	75,735		75,735
342	Deferred revenue	224,453	21,440	0	2,004	*0*	10,216	258,113		258,113
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	0	0	0	1,873	*0*	0	1,873		1,873
345	Other current liabilities	0	0	0	36,579	*0*	0	36,579		36,579
347	Inter program - due to	52,997	0	81,795	0	*0*	0	134,792	(134,792)	0
310	**Total Current Liabilities**	284,401	21,440	81,795	51,159	*54,325*	161,554	654,674	(134,792)	519,882
351	Capital Projects/ Mortgage Revenue Bonds	0	0	0	34,638	*0*	0	34,638		34,638
354	Accrued compensated absences- Non-current	61,928	0	0	16,013	*72,236*	89,688	239,865		239,865
357	Accrued Pension and OPEB Liability	347,357	38,595	19,298	115,786	*501,737*	906,988	1,929,761		1,929,761
350	**Total Non-current liabilities**	409,285	38,595	19,298	166,437	*573,973*	996,676	2,204,264	0	2,204,264
300	**Total Liabilities**	693,686	60,035	101,093	217,596	*628,298*	1,158,230	2,858,938	(134,792)	2,724,146
400	Deferred Inflow of Resources	6,712	746	373	2,237	*9,695*	17,525	37,287		37,287
508.1	Invested in capital assets, net of related debt	31,516	0	0	261,238	*819,723*	9,898,455	11,010,932		11,010,932
511.1	Restricted Net Assets	71,577	24,046	0	91,471	*0*	0	187,094		187,094
512.1	Unrestricted Net Assets	(220,419)	65,526	(8,841)	233,070	6,671	876,566	952,573		952,573
513	**Total Equity/Net Assets**	(117,326)	89,572	(8,841)	585,779	*826,394*	10,775,021	12,150,599	0	12,150,599
600	**Total Liabilities and Equity/Net assets**	583,071	150,352	92,625	805,612	1,464,386	11,950,776	15,046,824	(134,792)	14,912,032

Ashtabula Metropolitan Housing Authority
Financial Data Schedule - Entity Wide Income Statement
December 31, 2016

Line Item No.	Description	14.871 HCV Fund 004 Total	14.181 Mainstream Fund 004 Total	14.238 Shelter Plus Fund 004 Total	14.250 SRV Fund 300 Total	COCC Fund 100 Total	All AMP Total Total	0 Subtotal Total	Elimination	Entity Wide Total
70300	Net tenant rental revenue	0	0	0	123,292	0	1,047,342	1,170,634		1,170,634
70400	Tenant revenue - other	0	0	0	8,795	0	149,770	158,565		158,565
70500	Total Tenant Revenue	0	0	0	132,087	0	1,197,112	1,329,199	0	1,329,199
70600	**HUD PHA operating grants**	2,944,104	258,457	0	198,485	0	2,334,137	5,735,183	0	5,735,183
										0
70610	Capital grants	0	0	0	0	0	745,028	745,028	0	745,028
70710	Management Fee	0	0	0	0	414,180	0	414,180	(414,180)	0
70720	Asset Management Fee	0	0	0	0	66,600	0	66,600	(66,600)	0
70730	Book-Keeping Fee	0	0	0	0	49,538	0	49,538	(49,538)	0
70700	**Total Fee Revenue**	**0**	**0**	**0**	**0**	**530,318**	**0**	**530,318**	**(530,318)**	**0**
71100	Investment income - unrestricted	397	0	0	0	3,044	0	3,441		3,441
71400	Fraud recovery	9,345	0	0	0	0	0	9,345		9,345
71500	Other revenue	11,096	0	21,476	2,147	14,384	0	49,103		49,103
72000	Investment income - restricted	0	0	0	9	0	0	9		9
70000	**Total Revenue**	2,964,942	258,457	21,476	332,728	547,746	4,276,277	8,401,626	(530,318)	7,871,308
91100	Administrative salaries	289,239	36,359	14,256	76,219	395,939	230,233	1,042,245	0	1,042,245
91200	Auditing fees	0	0	0	0	1,150	10,350	11,500		11,500
91300	Management Fee	0	0	0	0	0	414,180	414,180	(414,180)	0
91310	Book-Keeping Fee	0	0	0	0	0	49,538	49,538	(49,538)	0
91500	Employee benefit contributions - administrative	150,846	17,849	8,347	42,737	184,084	179,900	583,763		583,763
91600	Office Expenses	12,626	1,587	622	2,094	37,426	50,570	104,925		104,925
91700	Legal Expense	0	0	0	0	52,334	6,152	58,486		58,486
91900	Other	917	388	154	448	82,915	704	85,526		85,526
91000	**Total Operating-Administrative**	453,628	56,183	23,379	121,498	753,848	941,627	2,350,163	(463,718)	1,886,445
92000	Asset Management Fee	0	0	0	0	0	66,600	66,600	(66,600)	0
92400	Tenant services - other	0	0	0	0	0	5,316	5,316		5,316
92500	**Total Tenant Services**	0	0	0	0	0	5,316	5,316	0	5,316
93100	Water	0	0	0	14,760	1,242	294,315	310,317		310,317
93200	Electricity	0	0	0	21,554	10,017	249,786	281,357		281,357
93300	Gas	0	0	0	12,716	1,011	48,699	62,426		62,426
93600	Sewer	0	0	0	20,502	243	156,364	177,109		177,109
93000	**Total Utilities**	0	0	0	69,532	12,513	749,164	831,209	0	831,209
94100	Ordinary maintenance and operations - labor	0	0	0	20,618	0	453,942	474,560		474,560
94200	Ordinary maintenance and operations - materials and other	729	92	36	10,712	49,489	193,960	255,018		255,018
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	0	0	0	2,210	9,345	73,441	84,996		84,996
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	0	0	0	0	0	433	433		433
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	0	0	0	0	0	17,306	17,306		17,306
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	0	0	0	0	0	514	514		514
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	0	0	0	0	0	512	512		512
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	0	0	0	1,150	0	25,711	26,861		26,861
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	0	0	0	2,422	0	270	2,692		2,692
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	3,279	412	162	48,840	66,869	598,350	717,912		717,912
94300	**Ordinary Maintenance and Operations Contracts**	3,279	412	162	54,622	76,214	716,537	851,226	0	851,226
94500	Employee benefit contribution - ordinary maintenance	0	0	0	9,035	0	198,934	207,969		207,969
94000	**Total Maintenance**	4,008	504	198	94,987	125,703	1,563,373	1,788,773	0	1,788,773
95200	Protective services - other contract costs	0	0	0	600	26,217	34,456	61,273		61,273
95000	**Total Protective Services**	0	0	0	600	26,217	34,456	61,273	0	61,273
96140	All other Insurance	0	0	0	347	107,078	11,222	118,647		118,647
96100	**Total Insurance Premiums**	0	0	0	347	107,078	11,222	118,647	0	118,647
96210	Compensated absences	3,726	0	0	1,157	1,262	0	6,145		6,145
96300	Payments in lieu of taxes	0	0	0	0	0	41,817	41,817		41,817
96400	Bad debt - tenant rents	0	0	0	0	0	(147)	(147)		(147)
96000	**Total Other General Expenses**	3,726	0	0	1,157	1,262	41,670	47,815	0	47,815

Ashtabula Metropolitan Housing Authority
Financial Data Schedule - Entity Wide Income Statement
December 31, 2016

Line Item No.	Description	14.871 HCV Fund 004 Total	14.181 Mainstream Fund 004 Total	14.238 Shelter Plus Fund 004 Total	14.250 SRV Fund 300 Total	COCC Fund 100 Total	All AMP Total Total	0 Subtotal Total	Elimination	Entity Wide Total
96720	Interest on Notes Payable (Short and Long Term)	0	0	0	2,478	0	0	2,478		2,478
96700	**Total Interest Expense and Amortization Cost**	0	0	0	2,478	0	0	2,478	0	2,478
96900	**Total Operating Expenses**	461,362	56,687	23,577	290,599	1,026,621	3,413,428	5,272,274	(530,318)	4,741,956
97000	**Excess Revenue Over Operating Expenses**	2,503,580	201,770	(2,101)	42,129	(478,875)	862,849	3,129,352	0	3,129,352
97300	Housing assistance payments	2,536,477	215,793	0	0	0	0	2,752,270		2,752,270
97350	HAP Portability-in	10,364	0	0	0	0	0	10,364		10,364
97400	Depreciation expense	9,723	0	0	34,836	59,106	983,804	1,087,469		1,087,469
90000	**Total Expenses**	3,017,926	272,480	23,577	325,435	1,085,727	4,397,232	9,122,377	(530,318)	8,592,059
10010	Operating transfer in	0	0	0	0	0	142,230	142,230	(142,230)	0
10020	Operating transfer out	0	0	0	0	0	(142,230)	(142,230)	142,230	0
10100	**Total other financing sources (uses)**	0	0	0	0	0	0	0	0	0
10000	**Excess (Deficiency) of Revenue Over (Under) Expenses**	(52,984)	(14,023)	(2,101)	7,293	(537,981)	(120,955)	(720,751)	0	(720,751)
11020	Required Annual Debt Principal Payments				1,873		0	1,873		1,873
11030	Beginning equity	(64,342)	103,595	(6,741)	578,486	1,364,375	10,895,977	12,871,350		12,871,350
11040	**Prior period adjustments, equity transfers, and correction of errors**	0	0	0	0	0	0	0		0
11170-001	Administrative Fee Equity- Beginning Balance	(64,342)	79,865					15,523		15,523
11170-010	Administrative Fee Revenue	314,365	42,348					356,713		356,713
11170-040	Investment Income	397	0					397		397
11170-045	Fraud Recovery Revenue	4,673	0					4,673		4,673
11170-050	Other Revenue	37,454	0					37,454		37,454
11170-060	Total Admin Fee Revenues	356,889	42,348					399,237		399,237
11170-080	Total Operating Expenses	461,362	56,687					518,049		518,049
11170-090	Depreciation	9,723	0					9,723		9,723
11170-095	Housing Assistance Portability In	10,364	0					10,364		10,364
11170-110	Total Expenses	481,449	56,687					538,136		538,136
11170-002	Net Administrative Fee	(124,561)	(14,339)					(138,900)		(138,900)
11170-003	Administrative Fee Equity- Ending Balance	(188,903)	65,526					(123,377)		(123,377)
11170	**Administrative Fee Equity**	(188,903)	65,526					(123,377)		(123,377)
11180-001	Housing Assistance Payments Equity - Begining Balance	0	23,730					23,730		23,730
11180-010	Housing Assistance Payment Revenues	2,629,739	216,109					2,845,848		2,845,848
11180-015	Fraud Recovery Revenue	4,672	0					4,672		4,672
11180-030	Total HAP Revenues	2,634,411	216,109					2,850,520		2,850,520
11180-080	Housing Assistance Payments	2,536,477	215,793					2,752,270		2,752,270
11180-090	Other Expenses	26,357						26,357		26,357
11180-100	Total Housing Assistance Payments Expenses	2,562,834	215,793					2,778,627		2,778,627
11180-002	Net Housing Assistance Payments	71,577	316					71,893		71,893
11180-003	Housing Assistance Payments Equity-Ending Balance	71,577	24,046					95,623		95,623
11180	**Housing Assistance Payments Equity**	71,577	24,046					95,623		95,623
11190	**Unit Months Available**	5,988	720	800	480	0	6,660	14,648		14,648
11210	**Unit Months Leased**	5,242	720	768	470	0	6,605	13,805		13,805
11270	**Excess Cash**									
11630	Furniture & Equipment-Dwelling Purchases						745,028	745,028		745,028

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

August 23, 2017

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

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 **Ashtabula Metropolitan Housing Authority,** Ashtabula County, (the Authority) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 23, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated August 23, 2017.

Authority's Response to Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of audit findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Perry & Associates CPA's A.C.

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Certified Public Accountants, A.C.
Marietta, Ohio

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

August 23, 2017

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

Auditor's Responsibility (Continued)

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

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Perry & Associates CPA's A.C.

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

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Section 8 Housing Choice Voucher CFDA #14.871
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

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

Finding Number 2016-001

Material Weakness

During our testing of disbursements, we noted certain errors relating to credit card transactions. The Authority has a credit card policy that states "Use of Authority credit cards by employees shall be restricted by the Authority in writing by the Executive Director or Director of Operations…Review of all credit card bills and applicability to the requirements of this policy are to be conducted monthly by the Executive Director and Director of Operations.

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

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

Finding Number 2016-001 (Continued)

Material Weakness (Continued)

Each time a credit card is paid by the Authority, that payment shall be reviewed by the signatories, comprised of one member of Management and one member of the Board. Use of Authority credit cards by Management and the Board shall be subject to the Fiscal Policies of the Authority. A Committee of two (2) Board members shall periodically (but not less than annually) review credit card use. The Committee shall certify in writing their findings, if any, after each review. The purpose of using Authority credit cards is restricted to travel, training, and Authority business".

As a part of our control testing over disbursements, we noted several items tested did not meet the control attributes tested. Voucher packets for credit card payments did not always contain a supporting receipt for every transaction. We also noted voucher packets did not always conform to the Authority's control process for disbursement transactions; voucher packets should contain an "ok to pay" stamp with the signature or initials of the Executive Director or Deputy Director. We noted 4 credit card voucher packets contained an "ok to pay stamp", however did not contain a signature, and we also noted 3 voucher packets (1 of these was relating to a credit card) did not contain an "ok to pay" stamp and did not contain a signature of approval for payment. We also noted the Authority did not appoint a Committee to review credit card usage per their approved credit card policy.

Failure to follow the Authority's implemented controls and maintain supporting documentation for all expenditures could result in unauthorized purchases, potential loss of Authority funds and could lead to potential personal liability of the Authority's Officials.

We recommend the Authority ensure policies and procedures are appropriately followed by all employees and all disbursements are supported with adequate documentation and follow through the appropriate approval processes.

Official's Response: See corrective action plan.

3. FINDINGS FOR FEDERAL AWARDS

None

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	Revision to the current credit card policy is as follows: Review of all credit card bills and applicability to the requirements of this policy are to be conducted each billing by the Executive Director. He may be assisted by applicable staff in the regular performance of their duties. Each time a credit card is paid by the Authority that payment shall be reviewed by the signatories, generally comprised of one member of Management and one member of the Board (unless an emergency exists, properly documented). Use of Authority credit cards by Management and the Board shall be subject to the Fiscal Policies of the Authority. **The monthly bills / invoices shall be included in that month's (or the following month's if timing is an issue) of the Financial Report to the *entire* Board of Commissioners.** Those bills / invoices may be commented upon by the Board if an issue exists with policy or method, and appropriate action taken if required.	August 31st, 2017	Jim Noyes, Executive Director

ASHTABULA METROPOLITAN HOUSING AUTHORITY

ASHTABULA 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 21, 2017