

**GREENE METROPOLITAN
HOUSING AUTHORITY**

**BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT**

**FOR THE FISCAL YEAR
ENDED MARCH 31, 2017**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Members of the Board
Greene Metropolitan Housing Authority
538 N. Detroit Street
Xenia, Ohio 45385

We have reviewed the *Independent Auditor's Report* of the Greene Metropolitan Housing Authority, Greene County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2016 through March 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

November 21, 2017

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**GREENE METROPOLITAN HOUSING AUTHORITY
BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Greene Metropolitan Housing Authority
Xenia, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Greene Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Greene Metropolitan Housing Authority as of March 31, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with 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 that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Financial Data Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive, flowing style.

James G. Zupka, CPA, Inc.
Certified Public Accountants

October 20, 2017

**GREENE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(Unaudited)**

The Greene Metropolitan Housing Authority’s (the “Authority”) Management’s Discussion and Analysis is designed to **a)** assist the reader in focusing on significant financial issues, **b)** provide an overview of the Authority’s financial activity, **c)** identify changes in the Authority’s financial position (its ability to address the next and subsequent fiscal year challenges), and **d)** identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Authority’s financial statements, which begin on page 11.

Financial Highlights

During the fiscal year ending March 31, 2017:

- The Authority’s net position decreased by \$269,579 a 3 percent decrease from the prior year.
- Total liabilities increased by \$365,651 or 15 percent.
- The Authority’s revenue increased by \$697,339 or 7 percent.
- The total expenses of the Authority increased by \$694,293 or 7 percent.

Using This Annual Report

This report includes three major sections, the Management’s Discussion and Analysis (MD&A), the Basic Financial Statements, and Other Required Supplementary Information.

MD&A

Management’s Discussion and Analysis

Basic Financial Statements

Authority-Wide Financial Statements
Notes to the Basic Financial Statements

Other Required Supplementary Information

Required Supplementary Information - Schedule of Expenditures and Federal Awards

The primary focus of the Authority’s financial statement is on the Authority as a whole (Authority-wide).

**GREENE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(Unaudited)**

Overview of the Financial Statements

The financial statements provide information about the Authority's overall financial position and results of operations. These statements, which are presented on the accrual basis, consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. The basic financial statements also include a "Notes to the Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the Authority-wide statements.

The statements report information about the Authority as a whole using accounting methods similar to those used by private sector business.

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Net position is reported in three broad categories (as applicable):

- *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 Net Position* This component of net position consists of restricted assets on which constraints are placed by grantors, contributors, laws, regulations, etc.
- *Unrestricted Net Position* Consists of net position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The Statement of Revenues, Expenses, and Changes in Net Position include all of the revenues and expenses of the Authority regardless of when the cash is received or paid.

The Statement of Cash Flows discloses net cash provided by or used for operating activities, investing activities and capital and related financing activities.

The Authority administers several programs that are presented as a single business activity enterprise.

**GREENE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(Unaudited)**

The Authority's Programs

Significant programs consist of the following:

Public and Indian Housing - Under the conventional Public Housing Program, the Authority rents units it owns to low-income households. This program is operated under an Annual Contribution Contract (ACC) with HUD, and HUD provides an Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30 percent of adjusted gross household income.

Section 8 Housing Choice Voucher Program - Under the Section 8 Housing Choice Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low-income families in the private market. The Authority earns an administrative fee from HUD to cover the program's operating costs.

Section 8 New Construction - The Authority administers Section 8 rental assistance programs where the Department of Housing and Urban Development enters into annual contribution contracts with a private owner. The owner rents housing to eligible low-income families who typically pay rent of 30 percent of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority acts as the middleman between HUD and the private owner and ascertains that the owner is operating the program in compliance with HUD requirements. The Authority earns an administrative fee for the services rendered.

Capital Fund Program (CFP) - the Capital Fund Program provides funding to improve the physical conditions and upgrade management of operations to ensure that properties continue to be available to service low-income families. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

Sensible Shelter Inc. - Sensible Shelter assumed the assets and liabilities of Wise Manor Partnership which rented townhouses and homes to low income families. The homes were later sold below cost to long term renters who were given credit for time rented. Loans to Wise Manor Partnership were forgiven. The original funding for the loans was made possible by grants to Sensible Shelter, Inc. in prior years. The housing tax credit project was structured this way so that Sensible Shelter, Inc. could assume ownership and sell the homes below market value to the renters.

**GREENE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(Unaudited)**

Business Activities - The Authority purchased sixteen single-family homes to preserve affordable housing, which are being rented to low-income families. The Authority also purchased a property located at 514 N. Detroit Street which is adjacent to the current Authority offices.

Notes to the Financial Statements

The notes to the basic financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements. Notes to the basic financial statements can be found on pages 14 through 33 of this report.

Authority-Wide Statements

The following is a condensed **Statement of Net Position** compared to the prior year-end. Greene Metropolitan Housing Authority is engaged only in business-type activities.

Table 1 - Condensed Statement of Net Position Compared to Prior Year

	2017	2016
<u>Assets</u>		
Current and Other Assets	\$ 3,014,068	\$ 2,894,507
Capital Assets	6,763,853	6,962,353
Deferred Outflows of Resources	643,673	484,922
Total Assets and Deferred Outflows of Resources	<u>\$10,421,594</u>	<u>\$10,341,782</u>
<u>Liabilities</u>		
Current Liabilities	\$ 335,283	\$ 773,961
Long-term Liabilities	2,543,830	1,739,501
Deferred Inflows of Resources	47,238	63,498
Total Liabilities and Deferred Inflows of Resources	<u>2,926,351</u>	<u>2,576,960</u>
<u>Net Position</u>		
Net Investment in Capital Assets	6,249,831	6,379,014
Restricted	197,934	146,131
Unrestricted	1,047,478	1,239,677
Total Net Position	<u>7,495,243</u>	<u>7,764,822</u>
Total Liabilities and Net Position	<u>\$10,421,594</u>	<u>\$10,341,782</u>

**GREENE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(Unaudited)**

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present the operating results of the Authority, as well as the non-operating revenues and expenses. Condensed information from the Authority's statements of revenue, expenses and changes in net position are as follows:

Table 2 - Condensed Statement of Revenues, Expenses and Change in Net Position

	2017	2016
<u>Revenues</u>		
Tenant Revenue	\$ 813,821	\$ 716,637
Operating Subsidies and Grants	1,493,376	1,513,894
Subsidy for Housing Assistance Payments	8,133,151	7,718,787
Capital Grants	288,954	64,635
Other Revenues	99,162	117,172
Total Revenues	<u>10,828,464</u>	<u>10,131,125</u>
<u>Expenses</u>		
Administrative	1,668,030	1,448,701
Tenant Services	35,107	35,584
Utilities	120,281	115,326
Maintenance	903,543	746,992
General and Interest Expense	429,711	378,648
Housing Assistance Payments	7,334,932	7,098,424
Depreciation	606,439	580,075
Total Expenses	<u>11,098,043</u>	<u>10,403,750</u>
Change in Net Position	<u>\$ (269,579)</u>	<u>\$ (272,625)</u>

Major Factors Affecting the Statement of Net Position

The notable changes on the Statement of Net Position are to the liabilities. Liabilities in total increased \$365,651, with current liabilities dropping by almost \$439,000 and non-current liabilities increasing by more than \$804,000.

The change in total liabilities closely corresponds to the change in Net Pension Liability of more than \$432,000. The Net Pension Liability is reported pursuant to the relatively new accounting standard called GASB No. 68, and truly does not reflect an operating issue at Greene MHA but rather reflect changes at the Public Employees Retirement System. GASB No. 68 requires Greene MHA to report on its financial statements what is determined to be its share of the unfunded pension liability and related balances of the Ohio Public Employees Retirement System (OPERS). The concept behind the standard is for OPERS to resolve the unfunded pension liability it has, it will have to impose an additional funding burden on the entities that contribute to it. State law mandates that employees of Greene MHA are participants in OPERS and that Greene MHA makes retirement contributions to OPERS on behalf of all of its employees. So unlike other liabilities the Agency reports at March 31, 2017, the net pension liability does not represent an invoice to be paid by the Authority after September 30, 2017.

**GREENE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(Unaudited)**

Major Factors Affecting the Statement of Net Position (Continued)

The change in the current and non-current components is a result of a refinancing of debt in the period. At the end of last year, a balloon payment was due on debt of \$479,879 and so it was reported as a current liability at March 31, 2016. That debt was refinanced in this current period resulting in a much smaller amount being reported as current at March 31, 2017.

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Position

Increases in revenues over the past year just about matched increases in expenses, both increasing by almost \$700,000. Largest increases in revenues were to subsidy for HAP which is funding for the Section 8 Housing Choice Voucher program and to the part of capital fund program funding that was used to make capital improvements.

The largest increases in expenses were to administrative expenses, maintenance expenses, and HAP expense. Contributing to the increase in administrative expenses were staffing costs, wages and benefits, and the expense realized when recording the changes in the Net Pension Liability referred to in the previous section in discussion about changes to the Statement of Net Position. Contributing to the increase in maintenance contracting was that IT support was not provided by in-house staff as it had been in the past year. The increase in HAP expense corresponds to the increase in the revenue category subsidy for HAP. HUD provides funding for the Housing Choice Voucher program to a great extent based on spending to make Housing Assistance Payments (HAP). So when spending on making HAP's increases, so does the revenue.

Capital Assets

As of March 31, 2017, the Authority's capital assets were \$6,763,853 (capital assets net of accumulated depreciation) as reflected in the following schedule.

Table 3 - Capital Assets at Year-End (Net of Depreciation)

Land	\$ 2,458,167
Buildings	22,182,793
Furniture and Equipment - Dwellings	215,339
Furniture and Equipment - Administrative	647,385
Leasehold Improvements and Construction in Progress	<u>2,257,858</u>
	27,761,542
Accumulated Depreciation	<u>(20,997,689)</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,763,853</u>

**GREENE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(Unaudited)**

Net capital assets decreased by \$198,500 from March 31, 2016 when net capital assets were \$6,962,353. Depreciation of \$606,439 was offset by the additions from capital grants of \$288,954 and non-federal capitalizations of \$118,987.

See Note 4 of the notes to the financial statements for detailed information.

Debt

As of March 31, 2017, the Authority had two outstanding loans totaling \$514,022, of which \$75,970 is due within one year. The following is a summary:

Table 4 - Debt Outstanding at Year-End

Federal Housing Administration Mortgage for	
Village Greene Project	\$ 65,753
US Bank Loan for Quail Run Single Homes Project	448,269
Total	\$ 514,022

See Note 10 of the notes to the financial statements for detailed information.

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding is at the discretion of the U.S. Department of Housing and Urban Development (HUD)
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income.
- Inflationary pressure on health insurance, property insurance and utility rates affect the cost of operating the programs.

Contact Information

Questions concerning any of the information provided in this report, or requests for additional information should be addressed to: Ms. Brenda Smallwood, Executive Director, Greene Metropolitan Housing Authority, 538 North Detroit Street, Xenia, Ohio 45385, or call (937) 376-2908.

GREENE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MARCH 31, 2017

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 2,119,467
Restricted Cash and Cash Equivalents	295,038
Investments	208,099
Receivables, Net of Allowance	80,459
Inventory	29,858
Prepaid Expenses and Other Assets	88,084
Total Current Assets	<u>2,821,005</u>

Property and Equipment

Non-Depreciable Capital Assets	2,473,063
Depreciable Capital Assets, Net	4,290,790
Total Property and Equipment	<u>6,763,853</u>

Other Assets

Assets Held for Resale	193,063
Total Other Assets	<u>193,063</u>

Deferred Outflow of Resources

643,673

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 10,421,594

LIABILITIES

Current Liabilities

Accounts Payable	\$ 27,583
Accrued Compensated Absences	27,653
Tenant Security Deposits	97,104
Unearned Revenue	17,314
Accrued Wages and Payroll Taxes	20,055
Intergovernmental Payable	69,193
Other Current Liabilities	411
Current Portion of Long-Term Debt	75,970
Total Current Liabilities	<u>335,283</u>

Noncurrent Liabilities

Noncurrent Liabilities - Other	133,108
Long-Term Debt - Net of Current Portion	438,052
Net Pension Liability	1,972,670
Total Noncurrent Liabilities	<u>2,543,830</u>
Total Liabilities	<u>2,879,113</u>

Deferred Inflows of Resources

47,238

NET POSITION

Net Investment in Capital Assets	6,249,831
Restricted	197,934
Unrestricted	1,047,478
Total Net Position	<u>7,495,243</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,421,594</u>

See accompanying notes to the basic financial statements.

GREENE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017

<u>Operating Revenues</u>	
Government Grants	\$ 9,626,527
Tenant Revenue	813,821
Other Revenue	<u>97,695</u>
Total Operating Revenues	<u>10,538,043</u>
 <u>Operating Expenses</u>	
Administrative	1,668,030
Tenant Services	35,107
Utilities	120,281
Maintenance	903,543
General	395,541
Housing Assistance Payments	<u>7,334,932</u>
Total Operating Expenses Before Depreciation	<u>10,457,434</u>
Income (Loss) Before Depreciation	80,609
Depreciation	<u>606,439</u>
 Operating Income (Loss)	 <u>(525,830)</u>
 <u>Non-Operating Revenues (Expenses)</u>	
Interest and Investment Revenue	1,467
Interest Expense	<u>(34,170)</u>
Total Non-Operating Revenues (Expenses)	<u>(32,703)</u>
Income (Loss) Before Capital Grants	(558,533)
Capital Grants	<u>288,954</u>
Change in Net Position	<u>(269,579)</u>
 Total Net Position, Beginning of Year	 <u>7,764,822</u>
 Net Position, End of Year	 <u><u>\$ 7,495,243</u></u>

See accompanying notes to the basic financial statements.

GREENE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017

<u>Cash Flows from Operating Activities</u>	
Operating Grants Received	\$ 9,628,049
Tenant Revenue Received	921,519
Other Revenue Received	42,300
Administrative Expenses	(1,556,846)
Other Operating Expenses	(1,298,134)
Housing Assistance Payments	<u>(7,334,932)</u>
Net Cash Provided (Used) by Operating Activities	<u>401,956</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Grants Received	288,954
Debt Proceeds Received	465,243
Retirement of Debt	(534,560)
Interest Paid on Debt	(34,405)
Property and Equipment Purchased	<u>(407,939)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(222,707)</u>
<u>Cash Flows from Investing Activities</u>	
Interest Earned	1,467
Investment Purchased	<u>(1,234)</u>
Net Cash Provided (Used) by Investing Activities	<u>233</u>
Net Increase (Decrease) in Cash and Cash Equivalents	179,482
Cash and Cash Equivalents, Beginning Of Year	<u>2,235,023</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 2,414,505</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Net Operating (Loss)	\$ (525,830)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	606,439
(Increase) Decrease in Accounts Receivable	57,852
(Increase) Decrease in Prepaid Assets	(6,443)
(Increase) Decrease in Inventory	9,746
(Increase) Decrease in Deferred Outflows	(158,751)
Increase (Decrease) in Accounts Payable	(7,997)
Increase (Decrease) in Accrued Expenses	(1,262)
Increase (Decrease) in Unearned Revenue	(3,024)
Increase (Decrease) in Intergovernmental Payable	(1,742)
Increase (Decrease) in Tenant Security Deposits	4,402
Increase (Decrease) in Compensated Absence	12,189
Increase (Decrease) in Net Pension Liability	432,637
Increase (Decrease) in Deferred Inflows	<u>(16,260)</u>
Net Cash Provided by Operating Activities	<u>\$ 401,956</u>

See accompanying notes to the basic financial statements.

**GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

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

Organization and Reporting Entity

The Greene 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 criterion of financial accountability is 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.

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

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

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

GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)

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

Basis of Presentation (Continued)

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

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 Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds'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.

GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)

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

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
Automobiles	5 years
Computer Hardware and Software	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, if any.

Compensated Absences

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

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

GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)

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

Compensated Absences (Continued)

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.

Net Position

Net position is the residual amount when comparing assets and liabilities. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of financial position report a separate 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 position 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.

GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At March 31, 2017, the carrying amount of the Authority's deposits was \$2,622,604 (including \$208,099 non-negotiable CDs, \$306,291 of restricted funds, and \$100 of petty cash).

At March 31, 2017, the bank balance of the Authority's cash deposits was \$2,623,515. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2017, deposits totaling \$712,745 were covered by Federal Depository Insurance and deposits totaling \$1,875,679 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, in the Authority's name, another \$35,091 was held in trust.

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.

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 Authority has no investment policy that would further limit its investment choices.

**GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)**

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

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 the 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.

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

Concentration of Credit Risk

A reconciliation of cash and investments as shown on the statement of net position at March 31, 2017 to the deposits and investments included in this note is as follows:

<u>Per Statement of Net Position</u>	
Cash and Cash Equivalents	\$2,119,467
Cash - Restricted	295,038
Investments	<u>208,099</u>
Total	<u>2,622,604</u>
 <u>Per Note Disclosure</u>	
Carrying Amount of Deposits	<u>2,622,604</u>
Total	<u>\$ 2,622,604</u>

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of \$295,038 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for Housing Assistance Payments	\$ 90,419
Tenant Security Deposits	97,104
Mortgage Escrow - Village Greene	1,570
Reserve for Replacement - Village Greene	36,661
Residual Receipts - Village Greene	<u>69,284</u>
Total Restricted Cash	<u>\$ 295,038</u>

GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)

NOTE 4: CAPITAL ASSETS

A summary of capital assets, at March 31, 2017 by class, is as follows:

	<u>Balance</u> <u>03/31/2016</u>	<u>Additions</u>	<u>Balance</u> <u>03/31/2017</u>
Capital Assets Not Being Depreciated			
Land	\$ 2,458,167	\$ 0	\$2,458,167
Construction in Progress	<u>1,296</u>	<u>13,600</u>	<u>14,896</u>
Total Capital Assets Not Being Depreciated	<u>2,459,463</u>	<u>13,600</u>	<u>2,473,063</u>
Capital Assets Being Depreciated			
Buildings	21,929,623	253,170	22,182,793
Furniture, Equipment, and Machinery -			
Dwellings	179,555	35,784	215,339
Administrative	558,152	89,233	647,385
Leasehold Improvements	<u>2,226,808</u>	<u>16,154</u>	<u>2,242,962</u>
Subtotal Capital Assets Being Depreciated	<u>24,894,138</u>	<u>394,341</u>	<u>25,288,479</u>
Accumulated Depreciation			
Buildings and Improvements	(19,783,932)	(561,044)	(20,344,976)
Furniture and Equipment	<u>(607,316)</u>	<u>(45,397)</u>	<u>(652,713)</u>
Total Accumulated Depreciation	<u>(20,391,248)</u>	<u>(606,441)</u>	<u>(20,997,689)</u>
Depreciable Assets, Net	<u>4,502,890</u>	<u>(212,100)</u>	<u>4,290,790</u>
Total Capital Assets, Net	<u>\$ 6,962,353</u>	<u>\$ (198,500)</u>	<u>\$ 6,763,853</u>

NOTE 5: RESTRICTED NET POSITION

The Authority's restricted net position is as follows:

Section 8 Housing Choice Voucher Funds Provided for Housing Assistance Payments in Excess of Amounts Used	\$ 90,419
Village Greene Replacement Reserve Escrow and Residual Receipts	<u>107,515</u>
Total Restricted Net Position	<u>\$ 197,934</u>

GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)

NOTE 6: **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 basis of accounting.

**GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

**GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

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:

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$136,849 for fiscal year end March 31, 2017.

GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportionate 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:

Proportionate of the Net Pension Liability/Asset Prior Measurement Date	0.008891%
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.008687%</u>
Change in Proportionate Share	<u>(0.000204)%</u>
Proportionate Share of the Net Pension Liability	\$ 1,972,670
Pension Expense	\$ 418,802

At March 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$ 293,775
Changes of assumptions	312,889
Differences between expected and actual experience	2,674
Authority contributions subsequent to the measurement date	<u>34,335</u>
Total Deferred Outflows of Resources	<u>\$ 643,673</u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$ 11,741
Change in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	<u>35,497</u>
Total Deferred Inflows of Resources	<u>\$ 47,238</u>

\$34,335 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending March 31:	
2018	\$ 222,626
2019	244,371
2020	103,716
2021	(8,613)
2022	0
Thereafter	0
Total	<u>\$ 562,100</u>

**GREENE METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED MARCH 31, 2017
 (CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

Wage Inflation	3 .25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees: 3 percent, simple Post 1/7/2013 Retirees: 3 percent, simple Through 2018, then 2.15 percent, simple
Investment Rate of Return	7 .5 percent
Actuarial Cost Method	Individual Entry Age

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

**GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)**

NOTE 6: **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 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

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

**GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions - OPERS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.50%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.50%)</u>	<u>1% Increase</u> <u>(8.50%)</u>
Authority’s proportionate share of the net pension liability	\$ 3,013,694	\$ 1,972,670	\$ 1,105,160

NOTE 7: **POST-EMPLOYMENT BENEFITS**

Plan Description

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

In March 2016, OPERS Received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which fund multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

**GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Plan Description (Continued)

In order to qualify for health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide the health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

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

Funding Policy

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

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

GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

B. **Funding Policy** (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension and Combined Plan was 2.0 percent during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0 percent. The portion of actual Authority contributions for the year ended March 31, 2017, 2016 and 2015 which were used by OPERS to fund post-employment benefits were \$19,920, \$21,977 and \$22,604, respectively.

NOTE 8: **COMPENSATED ABSENCES**

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

All permanent employees will earn 120 hours sick leave per year of service. Unused sick leave may be accumulated without limit. At the time of separation, employees with 10 or more years of service receive payment for up to 1/3 of the hours accumulated but not to exceed 320 hours. All permanent employees will earn vacation hours accumulated based on length of service. Vacation can be carried over from one calendar year to the next, not to exceed 200 hours. Any vacation carryover in excess of 200 hours shall be forfeited.

At March 31, 2017, based on the vesting method, \$160,761 was accrued by the Authority for unused vacation and sick time. The current portion is \$27,653 and the long term portion is \$133,108.

**GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)**

NOTE 9: INSURANCE

The Authority is covered for property damage, general liability, automobile liability, public official's liability and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Greene Metropolitan Housing Authority is one. Deductibles and coverage limits are summarized below:

<u>Type of Coverage</u>	<u>Coverage Deductible</u>	<u>Limits</u>
Property	\$ 1,500	\$250,000,000 (Per Occurrence)
Casualty Package		
General Liability	0	2,000,000
Employer Dishonesty	0	500,000
Public Officials Liability	5,000	1,000,000
Automobile	0	2,000,000
Excess Liability	0	4,000,000
Boiler and Machinery	1,000	100,000,000
Excess Crime	0	500,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan with Anthem for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 10: LONG-TERM DEBT

FHA Project No. 046-35438-NP-L8

To raise funds for FHA Project No. 046-35438-NP-L8, a mortgage note payable was issued to the Federal Housing Administration, payable in monthly installments of \$3,682 including interest at 7.5 percent. The mortgage note matures in the year 2018 and is collateralized by a mortgage on the Project's land and buildings, and is insured by the FHA. The remaining principal balance as of March 31, 2017 was \$65,753.

Business Activities

On October 27, 2016, the Authority amended and restated a loan agreement with U.S. Bank National Association to amend and restate in its entirety an agreement with the bank dated March 28, 2007, as amended on December 1, 2014. The renewed note is in the amount of \$465,242.71 at a rate of 4.75 percent to be repaid in monthly installments of \$4,655.52 each until June of 2027. The note is a continuation of the initial agreement and is secured by real and personal properties owned and operated by the Authority in Greene County, Ohio. The outstanding principal at March 31, 2017 was \$448,269.

GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)

NOTE 10: **LONG-TERM DEBT** (Continued)

A summary of debt and other long-term obligations are as follows:

	Balance 03/31/2016	Increases	Decreases	Balance 03/31/2017	Amount Due In One Year
<u>Loans</u>					
FHA Project No. 046-35438	\$ 103,460	\$ 0	\$ (37,707)	\$ 65,753	\$ 40,634
2007 US Bank, 6.79%	479,879	0	(479,879)	0	0
2007 US Bank Amended, 4.75%	<u>0</u>	<u>465,243</u>	<u>(16,974)</u>	<u>448,269</u>	<u>35,336</u>
Sub Total Loans	<u>583,339</u>	<u>465,243</u>	<u>(534,560)</u>	<u>514,022</u>	<u>75,970</u>
<u>Other Obligations</u>					
Compensated Absences	148,572	19,195	(7,006)	160,761	27,653
Net Pension Liability	<u>1,540,033</u>	<u>432,637</u>	<u>0</u>	<u>1,972,670</u>	<u>0</u>
Total Loans and Obligations	<u>\$ 2,271,944</u>	<u>\$ 917,075</u>	<u>\$(541,566)</u>	<u>\$2,647,453</u>	<u>\$ 103,623</u>

Combined principal and interest requirements to retire the above notes payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 75,970	\$ 29,084	\$ 105,054
2019	62,171	19,445	81,616
2020	38,850	17,016	55,866
2021	40,737	15,129	55,866
2022	42,714	13,152	55,866
2023-2027	246,763	32,567	279,330
2028	<u>6,817</u>	<u>36</u>	<u>6,853</u>
Totals	<u>\$ 514,022</u>	<u>\$ 126,429</u>	<u>\$ 640,451</u>

NOTE 11: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at March 31, 2017.

NOTE 12: **INTERPROGRAM RECEIVABLES/PAYABLES**

The Agency has interprogram balances at March 31, 2017.

These interprogram Due From/Due To arise from allocation of wages and benefits, supplies and other costs. Those loans are repaid shortly after year end. Interprogram balances were eliminated in the statement of net position.

**GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(CONTINUED)**

NOTE 13: **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.

**GREENE METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS (1)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.008891%	0.008891%	0.009315%	0.009315%
Authority's Proportionate Share of the Net Pension Liability	\$1,972,670	\$1,540,033	\$1,123,493	\$1,098,117
Authority's Covered-Employee Payroll	\$1,140,408	\$1,098,875	\$1,130,208	\$1,221,150
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	172.98%	140.15%	99.41%	89.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) - Information prior to 2013 is not available.

Amounts presented as of the Authority's measurement date, which is the prior calendar year end.

**GREENE METROPOLITAN HOUSING AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST FIVE FISCAL YEARS (1)**

	2017	2016	2015	2014	2013
Contractually Required Contributions	\$136,849	\$131,865	\$135,625	\$146,538	\$170,249
Contributions in Relation to the Contractually Required Contribution	(\$136,849)	(\$131,865)	(\$135,625)	(\$146,538)	(\$170,249)
Contribution Deficiency / (Excess)	\$0	\$0	\$0	\$0	\$0
Authority's Covered-Employee Payroll	\$1,140,408	\$1,098,875	\$1,130,208	\$1,221,150	\$1,309,608
Pension Contributions as a Percentage of Covered-Employee Payroll	12.00% *	12.00%	12.00%	12.00%	13.00%

(1) – Information prior to 2013 is not available.

* Contribution rate increased to 13.00% as of January 1, 2017

GREENE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2017

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.135 Mortgage Insurance, Rental and Cooperative Housing for Moderate Income	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	819,002	505,005	75,522	6,800	-	421,576	291,562	2,119,467	-	2,119,467
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	90,419	-	107,515	-	-	-	197,934	-	197,934
114 Cash - Tenant Security Deposits	79,038	-	-	3,918	-	14,148	-	97,104	-	97,104
100 Total Cash	898,040	595,424	75,522	118,233	-	435,724	291,562	2,414,505	-	2,414,505
121 Accounts Receivable - PHA Projects	-	9,706	-	-	-	-	-	9,706	-	9,706
124 Accounts Receivable - Other Government	-	-	-	-	-	4,228	-	4,228	-	4,228
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	-	5	5	-	5
126 Accounts Receivable - Tenants	5,832	-	-	124	-	206	-	6,162	-	6,162
126.1 Allowance for Doubtful Accounts - Tenants	-3,794	-	-	-60	-	-107	-	-3,961	-	-3,961
128 Fraud Recovery	616	70,648	-	-	-	-	-	71,264	-	71,264
128.1 Allowance for Doubtful Accounts - Fraud	-400	-6,545	-	-	-	-	-	-6,945	-	-6,945
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,254	73,809	-	64	-	4,327	5	80,459	-	80,459
131 Investments - Unrestricted	51,595	-	-	-	-	104,909	51,595	208,099	-	208,099
142 Prepaid Expenses and Other Assets	56,135	1,753	-	2,009	-	4,644	23,543	88,084	-	88,084
143 Inventories	3,518	-	-	25	-	161	26,154	29,858	-	29,858
144 Inter Program Due From	-	-	-	-	-	-	19,500	19,500	-19,500	-
150 Total Current Assets	1,011,542	670,986	75,522	120,331	-	549,765	412,359	2,840,505	-19,500	2,821,005
161 Land	2,095,092	-	-	31,400	-	299,645	32,030	2,458,167	-	2,458,167
162 Buildings	19,154,074	99,915	-	949,575	39,000	1,473,838	466,391	22,182,793	-	22,182,793
163 Furniture, Equipment & Machinery - Dwellings	215,339	-	-	-	-	-	-	215,339	-	215,339
164 Furniture, Equipment & Machinery - Administration	130,477	82,442	-	21,386	-	-	413,080	647,385	-	647,385
165 Leasehold Improvements	2,190,760	-	-	-	-	4,716	47,486	2,242,962	-	2,242,962
166 Accumulated Depreciation	-18,469,903	-125,561	-	-815,307	-37,700	-781,235	-767,983	-20,997,689	-	-20,997,689
167 Construction in Progress	1,296	-	-	-	-	13,600	-	14,896	-	14,896
160 Total Capital Assets, Net of Accumulated Depreciation	5,317,135	56,796	-	187,054	1,300	1,010,564	191,004	6,763,853	-	6,763,853
174 Other Assets	-	-	-	-	-	193,063	-	193,063	-	193,063
180 Total Non-Current Assets	5,317,135	56,796	-	187,054	1,300	1,203,627	191,004	6,956,916	-	6,956,916
200 Deferred Outflow of Resources	159,450	214,247	-	8,414	-	22,217	239,345	643,673	-	643,673
290 Total Assets and Deferred Outflow of Resources	6,488,127	942,029	75,522	315,799	1,300	1,775,609	842,708	10,441,094	-19,500	10,421,594
312 Accounts Payable <= 90 Days	20,194	1,371	-	1,534	-	2,587	1,897	27,583	-	27,583
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	17,775	2,280	20,055	-	20,055
322 Accrued Compensated Absences - Current Portion	3,948	9,609	-	259	-	816	13,021	27,653	-	27,653
325 Accrued Interest Payable	-	-	-	411	-	-	-	411	-	411
333 Accounts Payable - Other Government	39,473	-	-	-	-	5,783	23,937	69,193	-	69,193
341 Tenant Security Deposits	79,038	-	-	3,918	-	14,148	-	97,104	-	97,104

GREENE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2017

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.135 Mortgage Insurance, Rental and Cooperative Housing for Moderate Income	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
342 Unearned Revenue	13,214	-	-	240	-	3,860	-	17,314	-	17,314
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	40,634	-	35,336	-	75,970	-	75,970
347 Inter Program - Due To	-	-	-	-	19,500	-	-	19,500	-19,500	-
310 Total Current Liabilities	155,867	10,980	-	46,996	19,500	80,305	41,135	354,783	-19,500	335,283
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	25,119	-	412,933	-	438,052	-	438,052
354 Accrued Compensated Absences - Non Current	29,738	40,172	-	2,331	-	2,718	58,149	133,108	-	133,108
357 Accrued Pension and OPEB Liabilities	488,666	656,606	-	25,786	-	68,090	733,522	1,972,670	-	1,972,670
350 Total Non-Current Liabilities	518,404	696,778	-	53,236	-	483,741	791,671	2,543,830	-	2,543,830
300 Total Liabilities	674,271	707,758	-	100,232	19,500	564,046	832,806	2,898,613	-19,500	2,879,113
400 Deferred Inflow of Resources	11,702	15,723	-	617	-	1,630	17,566	47,238	-	47,238
508.4 Net Investment in Capital Assets	5,317,135	56,796	-	121,301	1,300	562,295	191,004	6,249,831	-	6,249,831
511.4 Restricted Net Position	-	90,419	-	107,515	-	-	-	197,934	-	197,934
512.4 Unrestricted Net Position	485,019	71,333	75,522	-13,866	-19,500	647,638	-198,668	1,047,478	-	1,047,478
513 Total Equity - Net Assets / Position	5,802,154	218,548	75,522	214,950	-18,200	1,209,933	-7,664	7,495,243	-	7,495,243
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	6,488,127	942,029	75,522	315,799	1,300	1,775,609	842,708	10,441,094	-19,500	10,421,594

**GREENE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.135 Mortgage Insurance_Rental and Cooperative Housing for Moderate Income	2 State/Local	93.602 New Assets for Independence Demonstration Program	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	552,219	-	-	17,863	-	-	174,286	-	744,368	-	744,368
70400 Tenant Revenue - Other	61,619	-	-	2,731	-	-	5,103	-	69,453	-	69,453
70500 Total Tenant Revenue	613,838	-	-	20,594	-	-	179,389	-	813,821	-	813,821
70600 HUD PHA Operating Grants	1,331,214	8,133,151	39,753	122,409	-	-	-	-	9,626,527	-	9,626,527
70610 Capital Grants	288,954	-	-	-	-	-	-	-	288,954	-	288,954
70710 Management Fee	-	-	-	-	-	-	-	238,503	238,503	-238,503	-
70720 Asset Management Fee	-	-	-	-	-	-	-	45,360	45,360	-45,360	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	34,020	34,020	-34,020	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	444,634	444,634	-444,634	-
70700 Total Fee Revenue	-	-	-	-	-	-	-	762,517	762,517	-762,517	-
71100 Investment Income - Unrestricted	399	-	-	155	-	-	846	67	1,467	-	1,467
71400 Fraud Recovery	-	69,149	-	-	-	-	-	-	69,149	-	69,149
71500 Other Revenue	24,166	2,409	-	229	-	-	1,742	-	28,546	-	28,546
70000 Total Revenue	2,258,571	8,204,709	39,753	143,387	-	-	181,977	762,584	11,590,981	-762,517	10,828,464
91100 Administrative Salaries	226,133	319,365	739	14,290	-	-	37,557	145,156	743,240	-	743,240
91200 Auditing Fees	5,998	5,263	-	122	-	-	244	1,215	12,842	-	12,842
91300 Management Fee	227,777	-	-	10,726	-	-	-	-	238,503	-238,503	-
91310 Book-keeping Fee	32,490	-	-	1,530	-	-	-	-	34,020	-34,020	-
91400 Advertising and Marketing	1,145	-	-	-	-	-	-	4,324	5,469	-	5,469
91500 Employee Benefit contributions - Administrative	186,113	239,881	467	9,515	-	-	19,313	158,291	613,580	-	613,580
91600 Office Expenses	75,163	132,718	-	3,183	-	-	5,238	57,144	273,446	-	273,446
91700 Legal Expense	11,507	2,978	-	-	-	-	2,050	263	16,798	-	16,798
91800 Travel	-	-	-	328	-	-	-	2,327	2,655	-	2,655
91000 Total Operating - Administrative	766,326	700,205	1,206	39,694	-	-	64,402	368,720	1,940,553	-272,523	1,668,030
92000 Asset Management Fee	43,320	-	-	2,040	-	-	-	-	45,360	-45,360	-
92100 Tenant Services - Salaries	22,908	-	-	-	-	-	-	-	22,908	-	22,908
92300 Employee Benefit Contributions - Tenant Services	5,986	-	-	-	-	-	-	-	5,986	-	5,986
92400 Tenant Services - Other	6,213	-	-	-	-	-	-	-	6,213	-	6,213
92500 Total Tenant Services	35,107	-	-	-	-	-	-	-	35,107	-	35,107
93100 Water	24,817	-	-	189	-	-	560	74	25,640	-	25,640
93200 Electricity	34,097	-	-	360	-	-	1,867	363	36,687	-	36,687
93300 Gas	22,051	-	-	-	-	-	337	292	22,680	-	22,680
93600 Sewer	33,811	-	-	140	-	-	1,111	212	35,274	-	35,274
93000 Total Utilities	114,776	-	-	689	-	-	3,875	941	120,281	-	120,281
94100 Ordinary Maintenance and Operations - Labor	32,979	-	-	-	-	-	-	236,874	269,853	-	269,853
94200 Ordinary Maintenance and Operations - Materials and Other	120,099	2,562	-	2,699	-	-	5,650	29,158	160,168	-	160,168
94300 Ordinary Maintenance and Operations Contracts	689,675	5,816	-	46,609	-	-	47,926	13,506	803,532	-444,634	358,898
94500 Employee Benefit Contributions - Ordinary Maintenance	3,908	-	-	-	-	-	-	110,716	114,624	-	114,624
94000 Total Maintenance	846,661	8,378	-	49,308	-	-	53,576	390,254	1,348,177	-444,634	903,543

**GREENE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.135 Mortgage Insurance_Rental and Cooperative Housing for Moderate Income	2 State/Local	93.602 New Assets for Independence Demonstration Program	1 Business Activities	COCC	Subtotal	ELIM	Total
96110 Property Insurance	80,495	1,663	-	4,182	-	-	6,748	11,089	104,177	-	104,177
96100 Total insurance Premiums	80,495	1,663	-	4,182	-	-	6,748	11,089	104,177	-	104,177
96200 Other General Expenses	371	-	-	-	-	-	7,502	-	7,873	-	7,873
96210 Compensated Absences	48,701	48,502	-	2,754	-	-	3,017	55,657	158,631	-	158,631
96300 Payments in Lieu of Taxes	39,473	-	-	-	-	-	-	-	39,473	-	39,473
96400 Bad debt - Tenant Rents	41,522	-	3,385	1,061	-	-	-	-	45,968	-	45,968
96600 Bad debt - Other	-	39,121	-	-	-	-	298	-	39,419	-	39,419
96000 Total Other General Expenses	130,067	87,623	3,385	3,815	-	-	10,817	55,657	291,364	-	291,364
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	6,245	-	-	27,925	-	34,170	-	34,170
96700 Total Interest Expense and Amortization Cost	-	-	-	6,245	-	-	27,925	-	34,170	-	34,170
96900 Total Operating Expenses	2,016,752	797,869	4,591	105,973	-	-	167,343	826,661	3,919,189	-762,517	3,156,672
97000 Excess of Operating Revenue over Operating Expenses	241,819	7,406,840	35,162	37,414	-	-	14,634	-64,077	7,671,792	-	7,671,792
97300 Housing Assistance Payments	1,688	7,296,387	36,857	-	-	-	-	-	7,334,932	-	7,334,932
97400 Depreciation Expense	457,874	12,986	-	28,485	2,600	-	60,359	44,135	606,439	-	606,439
90000 Total Expenses	2,476,314	8,107,242	41,448	134,458	2,600	-	227,702	870,796	11,860,560	-762,517	11,098,043
10091 Inter Project Excess Cash Transfer In	66,000	-	-	-	-	-	-	-	66,000	-66,000	-
10092 Inter Project Excess Cash Transfer Out	-66,000	-	-	-	-	-	-	-	-66,000	66,000	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-217,743	97,467	-1,695	8,929	-2,600	-	-45,725	-108,212	-269,579	-	-269,579
11020 Required Annual Debt Principal Payments	-	-	-	37,707	-	-	35,336	-	73,043	-	73,043
11030 Beginning Equity	6,019,897	121,081	77,217	206,021	-15,600	-62,701	1,318,359	100,548	7,764,822	-	7,764,822
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	62,701	-62,701	-	-	-	-
11170 Administrative Fee Equity	-	128,129	-	-	-	-	-	-	128,129	-	128,129
11180 Housing Assistance Payments Equity	-	90,419	-	-	-	-	-	-	90,419	-	90,419
11190 Unit Months Available	4,332	17,232	63	204	-	-	284	-	22,115	-	22,115
11210 Number of Unit Months Leased	4,251	17,228	63	198	-	-	272	-	22,012	-	22,012

**GREENE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures	Loan Balance
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Programs:</i>			
Low Rent Public Housing Program	14.850	\$ 1,191,425	\$ 0
Capital Fund Program	14.872	428,743	0
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	14.871	8,133,151	0
Total Housing Voucher Cluster		8,133,151	0
Section 8 Project-Based Cluster:			
Section 8 New Construction	14.182	122,409	0
Total Section 8 Project-Based Cluster		122,409	0
Shelter Plus Care	14.238	39,753	0
Mortgage Insurance Rental and Cooperative	14.135	0	103,460
<i>Total Direct Awards</i>		9,915,481	103,460
Total U.S. Department of Housing and Urban Development		9,915,481	103,460
Total Federal Awards Expenditures		<u>\$ 9,915,481</u>	<u>\$ 103,460</u>

GREENE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2017

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is noted intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

NOTE B: SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ending March 31, 2017.

NOTE C: DISCLOSURES OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended March 31, 2017.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the Board
Greene Metropolitan Housing Authority
Xenia, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Greene Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive style.

James G. Zupka, CPA, Inc.
Certified Public Accountants

October 20, 2017

JAMES G. ZUPKA, C.P.A., INC.

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

To the Members of the Board
Greene Metropolitan Housing Authority
Xenia, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Greene Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Greene Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2017.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



James G. Zupka, CPA, Inc.
Certified Public Accountants

October 20, 2017

**GREENE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

2017 (i)	Type of Financial Statement Opinion	Unmodified
2017(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2017(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2017(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2017(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
2017(iv)	Were there any other significant deficiency conditions reported for major Federal programs?	No
2017(v)	Type of Major Programs' Compliance Opinion	Unmodified
2017(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2017(vii)	Major Programs (list): Section 8 Housing Choice Voucher Program - CFDA #14.871 Low Rent Public Housing Program - CFDA #14.850	
2017(viii)	Dollar Threshold: Type A\B Programs	Type A: >\$750,000 Type B: all others
2017(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**GREENE METROPOLITAN HOUSING AUTHORITY
STATUS OF PRIOR YEAR FINDINGS
MARCH 31, 2017**

The audit report for the prior year ended March 31, 2016 contained no findings or citations.



Dave Yost • Auditor of State

GREENE COUNTY METRO HOUSING AUTHORITY

GREENE 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
DECEMBER 5, 2017**