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Certified Public Accountants, A.C.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
Single Audit
For the Year Ended June 30, 2016**

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...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Commissioners
Medina Metropolitan Housing Authority
850 Walter Road
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of the Medina Metropolitan Housing Authority, Medina County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 17, 2017

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
FOR THE YEAR ENDED JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

December 15, 2016

Medina Metropolitan Housing Authority
Medina County
850 Walter Road
Medina, Ohio 44256

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Medina Metropolitan Housing Authority**, Medina County, Ohio (the Authority), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Medina Metropolitan Housing Authority, Medina County as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The supplemental financial data schedule presented on pages 33 through 36 and the PHA's Statement of Certification of Actual Modernization Costs on pages 37 through 39 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2016

UNAUDITED

Medina 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, and (d) identify individual fund issues or concerns.

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

Financial Highlights

- The Authority's Net Position increased by \$149,634 during the fiscal year 2016. Net Position was \$7,039,676 and \$6,890,042 for 2016 and 2015 respectively.
- Revenues increased by \$295,302 during fiscal year 2016, and were \$6,057,955 and \$5,762,653 for 2016 and 2015 respectively.
- The total expenses of the Authority's programs increased by \$28,452. Total expenses were \$5,908,321 and \$5,879,869 for 2016 and 2015 respectively.

Overview of the Financial Statements

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See notes to the financial statements for a summary of the Authority's significant accounting policies and practices.

USING THIS REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)," "Basic Financial Statements," and "Other Required Supplementary Information". The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide).

Authority-Wide Financial Statements

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

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

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

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other 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, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, the Authority's Board of Commissioners, etc.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
UNAUDITED**

Unrestricted Net Position: This component of Net Position consists of unrestricted assets that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

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

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

THE AUTHORITY'S PROGRAMS

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program – The Capital Fund Program is the primary funding source for physical and management improvements to the Authority's Public Housing property. Separate ACC's are executed for this annual allotment of funding. Modernization affected under these grants include renovated apartments, improved energy efficiencies, and updated common spaces at the Authority – owned Public Housing property.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property for use by eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure contracts that set the families' rent at 30% of household income.

Shelter Plus Care Program – The Shelter Plus Care program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Business Activities – This represents non-HUD resources developed from a variety of activities. These include:

Leases – The Authority leases residential property from two different entities: the Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC). The housing units are then sublet to eligible households consistent with the Authority's mission. The fee income and operating expenses for those services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Position.

Service Contracts – The Authority provides property management services for three properties owned by the Medina County ADAMH Board. The properties provide housing to persons with severe mental illness. The Authority also administers a program for the ADAMH Board that provides affordable housing services for persons with low to moderate income that have been diagnosed with severe mental illness.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2016
UNAUDITED**

The Authority also provided management services to a 70-unit residential apartment complex owned by Menwa, Inc. The purpose of this apartment complex is to provide housing for seniors with head of household 62 years if age or older.

In addition the Authority has an agreement with Battered Women's Shelter to provide maintenance services.

The fee income and operating expenses for those services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Position.

Grants

The Authority administers one state grant and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis. The fee income and operating expenses for services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Position.

Interest Income

The Authority manages its surplus cash in compliance with HUD and State guidelines. The Authority generates interest income from the investment of surplus cash. Interest income is also derived from allowable forms of investment, including loans to affiliated organizations, which furthers the development of housing. The loans are secured by notes and mortgages.

Other Rental Units

Wadsworth Villas - The Authority constructed a new five unit, non-subsidized housing development in fiscal year 2011 named Wadsworth Villas. These units are designated for persons with sensory and/or mobility impairments. The units were constructed using Authority funds (lent to the development) and a loan from the Ohio Housing Finance Agency.

AUTHORITY-WIDE STATEMENTS

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

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MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
UNAUDITED

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

	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 6,074,333	\$ 5,905,333
Capital Assets	2,652,234	2,691,133
Deferred Outflows	<u>360,048</u>	<u>51,152</u>
Total Assets	<u>\$ 9,086,615</u>	<u>\$ 8,647,618</u>
Current Liabilities	\$ 325,994	\$ 339,117
Long-Term Liabilities	1,699,188	1,407,771
Deferred Inflows	<u>21,757</u>	<u>10,684</u>
Total Liabilities	<u>2,046,939</u>	<u>1,757,572</u>
Net Position:		
Net Investment in Capital Assets	2,200,566	2,224,392
Restricted Net Position	970,122	837,670
Unrestricted Net Position	<u>3,868,988</u>	<u>3,827,984</u>
Total Net Positions	<u>7,039,676</u>	<u>6,890,046</u>
Total Liabilities and Net Position	<u>\$ 9,086,615</u>	<u>\$ 8,647,618</u>

For more detail information see Statement of Net Position presented elsewhere in this report.

Major Factors Affecting the Statement of Net Position

Total assets increased \$438,997 from 2015 to 2016. The increase in assets was due mainly to results of current year activities including deferred outflows.

Total liabilities increased by \$289,367 due to increase in net pension liability.

Capital assets net of accumulated depreciation decreased by \$38,899. The change is due to depreciation expense being greater than acquisitions for the fiscal year.

The following table presents details on the change in Net Position.

Table 2 - Change in Net Position

	<u>Unrestricted N/A</u>	<u>Net Inv in C/A</u>	<u>Restr N/A</u>
Beginning Net Position	\$ 3,827,984	\$ 2,224,392	\$ 837,670
Results from Operation	17,182	-	132,452
Adjustment:			
Current Year Depreciation Expense	194,831	(194,831)	-
Current Year Capital Expenditures	(155,933)	155,933	-
Net Change in Debt Balance	(15,073)	15,073	-
Prior period adjustment	-	-	-
Rounding Adjustment	<u>(3)</u>	<u>(1)</u>	<u>-</u>
Ending Net Position	<u>\$ 3,868,988</u>	<u>\$ 2,200,566</u>	<u>\$ 970,122</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Net Position provides a clearer change in financial well-being.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
UNAUDITED**

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Position compared to prior year.

Table 3 - Statement of Revenue, Expenses & Changes in Net Position

	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,845,955	\$ 1,850,309
Operating Subsidies Grants	3,568,810	3,484,713
Capital Grants	18,000	17,644
Investment Income	101,861	100,169
Gain on sale of capital assets	1,067	12,750
Other Revenue	522,262	297,068
Total Revenues	<u>6,057,955</u>	<u>5,762,653</u>
<u>Expenses</u>		
Administrative	1,245,739	1,223,083
Tenant Services	5,535	3,153
Utilities	275,481	282,321
Maintenance	580,358	570,903
General Expenses	777,564	809,616
Housing Assistance Payments	2,819,624	2,791,654
Interest expense	9,189	8,290
Depreciation	194,831	190,849
Total Expenses	<u>5,908,321</u>	<u>5,879,869</u>
Net Increases (Decreases)	<u>\$ 149,634</u>	<u>\$ (117,216)</u>

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

Total revenue increased by \$295,302 in comparison with last year. The increase was mainly due to operating subsidies received from HUD and increase in other revenue.

Total expenses increased \$28,452. The increase in expenses is mainly due to increase in housing assistance payments for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$2,652,234 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions and depreciation) of \$38,899 from the end of last year.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2016

UNAUDITED

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2016</u>	<u>2015</u>
Land	\$ 262,076	\$ 262,076
Building & Improvements	4,869,697	4,790,559
Equipment	1,143,374	1,095,568
Construction in Progress	4,647	22
Accumulated Depreciation	<u>(3,627,560)</u>	<u>(3,457,092)</u>
Total	<u><u>\$ 2,652,234</u></u>	<u><u>\$ 2,691,133</u></u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Table 4 above.

Table 5 - Change in Capital Assets

Beginning Balance	\$ 2,691,133
Current year purchases	155,933
Less Depreciation Expense	(194,831)
Rounding Adjustment	<u>(1)</u>
Ending Balance	<u><u>\$ 2,652,234</u></u>

Current year purchases are summarized as follows:

- Vehicle, pickup truck and trailer	\$ 44,583
- Units Renovation	91,446
- Building Improvements	15,279
- Construction in Progress	<u>4,625</u>
Total Current Additions	<u><u>\$ 155,933</u></u>

Debt Outstanding

The following is a summary of the change in outstanding debt:

Table 6 - Condensed Statement of Changes in Debt Outstanding

	<u>2016</u>	<u>2015</u>
Beginning Balance	\$ 705,105	\$ 720,179
Current year debt issued	-	-
Current year debt retired	(15,073)	(15,074)
Rounding Adjustment	<u>-</u>	<u>-</u>
Ending Balance	<u><u>\$ 690,032</u></u>	<u><u>\$ 705,105</u></u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2016

UNAUDITED

- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program
- Inflationary pressure on utility rates, supplies and other costs
- Decreased rates of return on investments which affect investment income

FINANCIAL CONTACT

The individual to be contacted regarding this report is Skip Sipos, Executive Director of the Medina Metropolitan Housing Authority. Specific requests may be submitted to Mr. Sipos' attention at 850 Walter Road; Medina, Ohio 44256-1515 or skip@mmha.org. His telephone number is 330-725-7531.

MEDINA METROPOLITAN HOUSING AUTHORITY

Statement of Net Position

Proprietary Funds

June 30, 2016

ASSETS

Current assets

Cash and cash equivalents	\$ 572,590
Restricted cash and cash equivalents	1,098,242
Receivables, net	77,140
Prepaid expenses and other assets	86,030
Total current assets	<u>1,834,002</u>

Noncurrent assets

Capital assets:	
Land	262,076
Building and equipment	6,013,071
Construction in Progress	4,647
Less accumulated depreciation	<u>(3,627,560)</u>
Capital assets, net	2,652,234
Other noncurrent assets	<u>4,240,331</u>
Total noncurrent assets	<u>6,892,565</u>
Total Assets	<u>8,726,567</u>

Deferred Outflows	<u>360,048</u>
Total assets and deferred outflows	<u><u>\$ 9,086,615</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$ 34,859
Accrued liabilities	118,684
Intergovernmental payables	1,221
Tenant security deposits	128,120
Unearned revenue	5,122
Current Portion of Long-term Debt	15,073
Other current liabilities	<u>22,915</u>
Total current liabilities	<u>\$ 325,994</u>

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

MEDINA METROPOLITAN HOUSING AUTHORITY

Statement of Net Position (Continued)

Proprietary Funds

June 30, 2016

Noncurrent liabilities	
Loan Liability - noncurrent	\$ 674,959
Net Pension Liability	<u>1,024,229</u>
<i>Total noncurrent liabilities</i>	<i>1,699,188</i>
Deferred Inflows	<u>21,757</u>
Total liabilities	<u>\$2,046,939</u>
<i>Net Positions</i>	
Net Investment in Capital Assets	\$ 2,200,566
Restricted Net Position	970,122
Unrestricted Net Position	<u>3,868,988</u>
Total Net Position	<u>\$7,039,676</u>

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

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

<i>OPERATING REVENUES</i>	
Tenant Revenue	\$ 1,845,955
Government operating grants	3,568,810
Other revenue	<u>522,262</u>
Total operating revenues	<u>5,937,027</u>
 <i>OPERATING EXPENSES</i>	
Administrative	1,245,739
Tenant services	5,535
Utilities	275,481
Maintenance	580,358
General	777,564
Housing assistance payment	2,819,624
Depreciation	<u>194,831</u>
Total operating expenses	<u>5,899,132</u>
Operating income (loss)	<u>37,895</u>
 <i>NON-OPERATING REVENUES (EXPENSES)</i>	
Interest and investment revenue	101,861
Gain on sale of capital assets	1,067
Interest Expense	<u>(9,189)</u>
Total nonoperating revenues (expenses)	<u>93,739</u>
Income (loss) before contributions and transfers	131,634
 Capital grants	 <u>18,000</u>
Change in Net Position	149,634
Total Net Position - beginning	<u>6,890,042</u>
Total Net Position - ending	<u>\$ 7,039,676</u>

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

Medina Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$ 3,569,183
Tenant revenue received	1,836,744
Other revenue received	546,448
General and administrative expenses paid	(2,882,820)
Housing assistance payments	<u>(2,819,624)</u>
Net cash provided (used) by operating activities	<u>249,931</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment revenue	101,861
Increase of notes receivable from BHDC	<u>(141,067)</u>
Net cash provided (used) by investing activities	<u>(39,206)</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grant funds received	18,000
Proceeds from sale of assets	1,067
Principal debt retired	(15,073)
Payment of interest expense	(9,189)
Property and equipment purchased	<u>(155,933)</u>
Net cash provided (used) by capital and related activities	<u>(161,128)</u>
Net increase (decrease) in cash	49,597
Cash and cash equivalents - Beginning of year	<u>1,621,235</u>
Cash and cash equivalents - End of year	<u>\$ 1,670,832</u>

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

Medina Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2016

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	\$ 37,895
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	194,831
 (Increases) Decreases in:	
- Accounts Receivables	20,021
- Prepaid Assets	1,640
- Deferred Outflows	(308,896)
 Increases (Decreases) in:	
- Accounts Payable	(1,091)
- Intergovernmental Payable	(18,622)
- Accrued Liabilities Payable	787
- Unearned Revenue	(787)
- Tenant Security Deposits	1,777
- Other Current Liabilities	4,813
- Deferred Inflows	11,073
- Pension Liability	<u>306,490</u>
 Net cash provided by operating activities	 <u><u>\$ 249,931</u></u>

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Medina Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) and other outside entities to provide safe and sanitary housing for people in low to moderate income brackets.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, in that the statements include all organizations, activities, functions and component units for which the Authority (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the Authority's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the Authority. There were no potential component units that met the criteria imposed by GASB Statement No. 61 to be included in the Authority's reporting entity.

Description of Programs

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

A. Public Housing Program

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

B. Capital Fund Program

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

C. Housing Choice Voucher Program

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

D. Shelter Plus Care Program

The Shelter Plus Care program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

E. State and Local Grants

The Authority administers a state grant and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis.

F. Business Activity

The Business Activity Program was set-up to separate the HUD funded programs with non-HUD activities. This program is used to account for the financial activities for the various properties and programs managed by the Authority that are separate from annual contribution contracts with HUD.

Fund Accounting/Financial Reporting Entity

The Authority's basic financial statements consist of a Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows. It uses the proprietary fund to report on its financial position and the results of its operations for its programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. The Board of Commissioners adopts the budget through passage of a budget resolution.

Accounting and Reporting for Non-exchange Transactions

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenue, and Expenses, and Changes in Net Position.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal period.

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 statement of Net Position 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.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

Restricted Cash and Investments

Restricted cash and investments represent money required by the lease agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation to be kept in separate restricted bank accounts that can only be used for these specific purposes:

Reserves for Replacements - Money set aside each month to cover the cost for property repairs and replacements.

Operating Reserve - The Operating Reserve is primarily for the purpose of covering any deficiencies the other various reserve accounts suffer. If no deficiencies exist, the balance in the operating reserve fund may be used for any purpose with the agreement of both parties to the lease.

Taxes and Insurance Fund - Funds set aside to cover the cost of taxes and insurance.

Property and Equipment

Property and equipment is stated at cost. Renewals and betterments are capitalized. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$2,500 or more per unit. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and building improvements	40 years
Furniture, equipment and machinery	5 years
Leasehold improvements	20 years

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable includes amounts due from tenants, amounts identified for fraud recovery, accrued interest on certificates of deposits, and other revenue sources. Management considers all accounts receivable (excluding tenant accounts receivable) to be collected in full. At June 30, 2016, allowance for doubtful accounts in tenant accounts receivable was \$34,016.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Actual results could vary from those estimates.

Net Position

Net Position represent the difference between all other elements on the Statement of Net Position. Net Position – Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position are recorded as restricted when there are limitations imposed on their use by internal or external restrictions. The amount reported as restricted Net Position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts required by the leased agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation that can only be used for specific purposes. When an expense is incurred for purposes which both restricted and unrestricted Net Position are available, the Authority first applies restricted Net Position.

Income Taxes

No provision for income taxes is recorded as the Authority is a political subdivision of that state of Ohio and is exempt from all income taxes.

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Capital Contributions

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

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 government-wide 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 section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position.

Pensions

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

At fiscal year end June 30, 2016, the carrying balance was \$1,670,832 and the bank balance was \$1,702,714. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2016, \$1,452,714 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

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

NOTE 3 – RELATED PARTY TRANSACTIONS

**Brunswick Housing Development Corporation
Wadsworth Housing Development Corporation**

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC) are both non-profit corporations under the internal revenue service ruling 501(c) (3). Both entities operate autonomous and each is governed by its own separate Board of Directors (independent of the MMHA). WHDC owns Wadsworth Tower, a federally-assisted, elderly housing complex located in Wadsworth, Ohio. The BHDC owns Southwick Place, Jefferson Place, New Manhattan Place, and Home Place. Southwick Place, Jefferson Place, and New Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Home Place is a group of scattered-site rental single family units located in Medina County.

Medina Metropolitan Housing Authority has entered into a lease agreement with both non-profit corporations to manage the operation of the apartment complexes for which in return the Authority receives all revenues associated with the operation of the projects and is responsible for all expenses related thereto. The non-profit corporations retain ownership to the properties and are responsible for the debt associated with the buildings. The repayment of the debt is made by Medina Metropolitan Housing Authority from the rental revenue collected during the fiscal year. The current year activities of these apartment complexes have been reported in the financial statements of Medina Metropolitan Housing Authority as Business Activities.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 – RELATED PARTY TRANSACTIONS (Continued)

Medina Metropolitan Housing Authority has several loans outstanding with Brunswick Housing Development Corporation. The details of these loans are listed in footnote 5, below.

Southwick Manor 2013, LLC

Medina Metropolitan Housing Authority has formed a wholly owned for-profit subsidiary Southwick Manor 2013, LLC (SM 2013), an Ohio limited liability company. SM2013 is fifty one percent of one tenth of one percent (.051%) owner of Southwick Manor Apartments, LLC. and its managing member. Southwick Manor Apartments, LLC was formed to develop, construct, own and operate a 54 unit senior residential community restricted to heads of household aged 55 and older in Brunswick, Ohio to be known as Southwick Manor. The project was completed in October 2015. Medina Metropolitan Housing Authority has entered into a management agreement with Southwick Manor Apartments, LLC to manage the operation of the apartment complexes for which in return the Authority receives a management fee of 5% of all income.

NOTE 4 – INSURANCE COVERAGE

As of June 30, 2016, the Authority had general liability insurance limits of \$2,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of \$2,000,000 per loss and in the aggregate; vehicle liability coverage of \$2,000,000; and real and personal property coverage of \$250,000,000 per occurrence. Insurance settlements have not exceeded available coverage limits during each of the years ended June 30, 2016, 2015, and 2014.

NOTE 5 – NOTES RECEIVABLE – RELATED ENTITIES

Notes receivable – related entities consists of the following as of June 30, 2016:

Mortgage note receivable from Brunswick Housing Development Corporation with interest at 4% per annum, to be received by the Authority as the income and cash flow of BHDC permits, with the entire remaining outstanding balance payable to the Authority; secured by an open end Mortgage on Southwick Place property. Interest accrued on this note is \$340,000 which is included in the balance outstanding.	\$2,340,000
Mortgage note receivable Brunswick Housing Development Corporation for \$564,730 with interest at 2% per annum; interest only monthly payments in the amount of \$941.22 is due with a balloon payment for the principle on February 2020; secured by New Manhattan Place property.	564,730
Mortgage note receivable Brunswick Housing Development Corporation with interest at 4% per annum; payable in monthly installment of \$1,118.12 through February 2024 secured by Jefferson Place Apartments.	335,437
Mortgage note receivable Southwick Manor Apartments, Inc with interest at 2% per annum on the unpaid balance. In fiscal year 2014, the Authority entered into an open-end mortgage of \$400,000 with Southwick Manor Apartments, LLC for the Southwick Manor property. Interest accrued on this note as of June 30, 2016 is \$26,096 which is included in the balance outstanding.	409,096
Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$233 through February 2024; secured by the Home Place scattered-site rental single family properties.	140,000
Mortgage note receivable from Brunswick Housing Development Corporation with interest at 4% per annum; payable in interest only payments of \$1,167 per month beginning on January 1, 2010 and ending on December 1, 2019. The principal portion of \$350,000 is due on December 1, 2019. This note is secured by Home Place scattered-site rental single family properties.	350,000

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 – NOTES RECEIVABLE – RELATED ENTITIES (Continued)

On January 27, 2016, Medina MHA entered into a promissory note with Menwa Apartments LP for \$100,000 with interest at 2.5% per annum. Principle and interest is due and payable on December 2060. The note is secured by a mortgage on Menwa Apartments, a 70- unit multi-family dwelling. Interest accrued on the note as of June 30, 2016 is \$1,068.

101,068

Total Note Receivable

\$4,240,331

NOTE 6 – DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

Plan Description - Public Employees Retirement System (PERS)

All full-time employees of Authority participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide retirement, disability and survivor benefits, and annual costs-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issue a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS.

Ohio Public Employees Retirement System administers three separate pension plans as described below:

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.

The Member-Directed Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.

The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the employer contribution rate was 14.0 percent during FY 2016. The contribution rates are determined actuarially. The Authority’s contractual required contribution for the year ended June 30, 2016 was \$144,033. All required contributions have been paid.

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

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

	Traditional	Combined	Member-Directed
Proportion Share of Net Pension Liability/(Asset)	\$1,028,190	(\$3,951)	(\$98)
Proportion of Net Pension Liability	.005936%	.008120%	.02570%
Pension Expense	\$144,470	\$2,083	\$5,243
Change in Proportionate Share	-.000042%	-.000385%	.002570%

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined	Member-Direct	Total
Deferred Outflows of Resources				
Difference between projected and actual earnings on pension plan investments	\$302,426	\$1,713	\$837	\$304,976
Authority contributions subsequent to the measurement date	55,072	0	0	55,072
Total Deferred Outflows of Resources	<u>\$357,498</u>	<u>\$1,713</u>	<u>\$837</u>	<u>\$360,048</u>
Deferred Inflows of Resources				
Net difference between expected and actual experience	<u>\$19,914</u>	<u>\$1,843</u>	<u>\$0</u>	<u>\$21,757</u>

Amounts reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

Fiscal Year Ending December 31:	Traditional	Combined	Member-Direct
2017	\$66,126	(\$207)	(\$125)
2018	70,992	(207)	(125)
2019	77,000	(207)	(125)
2020	68,394	(157)	(119)
2021	-	233	(84)
Thereafter	-	675	(259)
Total	\$282,512	\$130	\$837

Actuarial Assumptions – PERS

PERS’ total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, 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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2015, are presented below:

	<u>Traditional</u>	<u>Combined</u>	<u>Member-Directed</u>
Wage Inflation	3.75%	3.75%	3.75%
Future Salary Increases, including inflation	4.25% – 10.05%	4.25% - 8.05%	4.25% - 8.05%
Cost-of-Living Adjustment	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.80% Simple	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.80% Simple	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.80% Simple
Actuarial Cost Method	Individual entry age	Individual entry age	Individual entry age

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a buildingblock approach and assumes a time horizon, as defined in PERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

Discount Rate The total pension liability was calculated using the discount rate of 8.0 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (8.0 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0 percent), or one percentage point higher (9.0 percent) than the current rate.

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Authority's proportionate share of the net pension liability			
Traditional Pension Plan	\$1,638,158	\$1,028,190	\$513,701
Combined Plan	(\$81)	(\$3,951)	(\$7,064)
Member-Directed Plan	\$257	(\$98)	(\$257)

NOTE 7 – POSTEMPLOYMENT 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.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 – POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015-2016, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to the health care plan was 2.0 percent during calendar 2015. Effective January 1, 2016, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended June 30, 2016, 2015 and 2014, which were used to fund post-employment benefits, were \$18,393, \$17,416 and \$13,125, respectively.

MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 - CAPITAL ASSETS

The following is a summary of the capital assets activities during the fiscal year:

	Balance 6/30/2015	Increase	Adjust/ Decreases	Balance 6/30/2016
Capital Assets Not Depreciated:				
Land	\$ 262,076	\$ -	\$ -	\$ 262,076
Construction-In-Progress	22	4,625	-	4,647
Total Capital Assets Not Depreciated	262,098	4,625	-	266,723
Capital Assets Depreciated:				
Buildings	4,135,114	-	(6,530)	4,128,584
Furniture, Mach & Equip	1,098,713	76,193	(31,533)	1,143,373
Leasehold Improvements	652,300	75,115	13,699	741,114
Total Capital Assets Depreciated	5,886,127	151,308	(24,364)	6,013,071
Accumulated Depreciation				
Buildings	(2,407,717)	(78,775)	2	(2,486,490)
Furniture, Mach & Equip	(905,325)	(79,263)	24,361	(960,227)
Leasehold Improvements	(144,050)	(36,793)	-	(180,843)
Total Accumulated Depreciation	(3,457,092)	(194,831)	24,363	(3,627,560)
Total Capital Assets Depreciated, Net	2,429,035	(43,523)	(1)	2,385,511
Total Capital Assets, Net	\$ 2,691,133	\$ (38,898)	\$ (1)	\$ 2,652,234

NOTE 9 – COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of June 30, 2016, the liability for compensated absences totaled \$67,579 and has been included in the accompanying Statement of Net Position. The Authority considers all compensated absences payable as due within one year.

NOTE 10 – LONG-TERM DEBT

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended June 30, 2016:

	Balance 06/30/15	Additions	Adjusted Deletion	Balance 06/30/16	Due Within One Year
Promissory Note – WHDC	\$238,364	\$0	\$0	\$238,364	\$0
Promissory Note – MCBDD	90,908	0	9,740	81,168	9,740
Promissory Note – MCBDD	73,333	0	5,333	68,000	5,333
Promissory Note – OHFA	302,500	0	0	302,500	0
Total Promissory Notes	\$705,105	\$0	\$15,073	\$690,032	\$15,073
Compensated Leave Liability	\$63,208	\$4,371	\$0	\$67,579	\$67,579
Net Pension Liability	\$717,739	\$306,490	\$0	\$1,024,229	\$0

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 – LONG-TERM DEBT (Continued)

On December 8, 2009, the Authority entered into a no interest promissory note with the Medina County Board of Developmental Disabilities (MCBODD) in the amount of \$146,102 to purchase the property located in Chippewa Lake, Ohio (known as Honey Shade). The note is forgiven over 180 month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2016 is \$81,168.

On May 13, 2014, the Authority entered into a no interest promissory note with the Medina County Board of Development and Disability (MCBODD) in the amount of \$80,000 to purchase the Coal Ridge property in Wadsworth. The note is forgiven over 180 month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2016 is \$68,000.

Below is the amortization of the promissory note schedule:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2017	\$15,073	\$0
2018	15,073	0
2019	15,073	0
2020	15,073	0
2021	15,073	0
2022-2026	60,292	0
2027-2031	13,511	0
Total	<u>\$149,168</u>	<u>\$0</u>

The Authority issued a no interest promissory note in the amount of \$238,364 dated October 31, 2008 to Wadsworth Housing Development Corporation (WHDC). The funds are due in a balloon payment on October 31, 2038. There is no repayment schedule. Therefore, no amortization schedule is presented.

On July 9, 2010, the Authority entered into a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of \$302,500 to build housing units located in Wadsworth, Ohio for mobility and sensory impaired persons (known as Wadsworth Villas). The note accrues interest at a rate of two percent per annum. The note shall become due upon specific events as detailed in the agreement, of which, as of June 30, 2016, none of these events have occurred or are anticipated to occur. Therefore, no amortization schedules are provided.

NOTE 10 - CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at June 30, 2016.

B. Litigation

The Authority is unaware of any outstanding lawsuits or other contingencies.

NOTE 11 - SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 - SUBSEQUENT EVENTS (Continued)

Management has evaluated subsequent events through December 15, 2016, the date on which the financial statements were available to be issued.

Effective July 1, 2016, the Authority opted to participate in the Rental Assistance Demonstration (RAD) program by converting North View Manor, a Low Rent Public Housing Program, into a Section 8 project-base rental assistance project. Medina Metropolitan Housing Authority and HUD have executed a HAP contract as well as RAD Use Agreement for the project. The project will be removed from the Public Housing program by releasing the project from the Declaration of Trust and removing it from the Public Housing Annual Contribution Contract with HUD. This change will take place next fiscal year and there was no effect on current year financial statements.

Medina Metropolitan Housing Authority has entered into a management agreement with Southwick Manor Apartments, LLC effective July 1, 2016 to manage the operation of the Southwick Manor Apartment complex in Brunswick, Ohio for which in return the Authority receives a management fee of 5% of all income.

Medina Metropolitan Housing Authority
Required Supplementary Information
Schedule of Medina Metropolitan Housing Authority
Proportionate Share of Net Pension Liability
For the Last Two Fiscal Years

Traditional Plan	2015	2014
Authority's Proportion of the Net Pension Liability /(Asset)	0.005936%	0.005978%
Authority's Proportionate Share of the Net Pension Liability	\$1,028,190	\$721,014
Authority's Covered-Employee Payroll	\$738,806	\$732,870
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	139.17%	98.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%
Combined Plan	2015	2014
Authority's Proportion of the Net Pension Liability /(Asset)	0.008120%	0.008505%
Authority's Proportionate Share of the Net Pension Liability/(Asset)	(\$3,951)	(\$3,275)
Authority's Covered-Employee Payroll	\$29,541	\$29,846
Authority's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Employee Payroll	(13.37%)	(10.97%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.90%	114.83%
Member-Direct Plan	2015	2014
Authority's Proportion of the Net Pension Liability /(Asset)	0.02570%	0.000000%
Authority's Proportionate Share of the Net Pension Liability/(Asset)	(\$10)	\$0
Authority's Covered-Employee Payroll	\$143,127	\$119,033
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	(0.01%)	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.91%	0.00%

(1) Information prior to 2014 is not available.

Medina Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Medina Metropolitan Housing Authority's
 PERS Schedule of Ten Year Contributions
 For the Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually Required Contribution	\$110,413	\$104,799	\$109,180	\$80,424	\$85,687	\$79,299	\$69,540	\$59,124	\$55,291	\$67,165
Contributions in Relation to the Contractually Required Contribution	\$110,413	\$104,799	\$109,180	\$80,424	\$85,687	\$79,299	\$69,540	\$59,124	\$55,291	\$67,165
Authority's Covered-Employee Payroll	\$920,109	\$873,325	\$873,440	\$699,948	\$856,870	\$862,884	\$794,743	\$762,890	\$744,159	\$723,761
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%	7.43%	9.28%

**Medina Metropolitan Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

FEDERAL GRANTOR / GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Programs:		
Shelter Plus Care	14.238	\$318,762
Low Rent Public Housing	14.850	128,654
Section 8 Housing Choice Voucher	14.871	2,882,539
Capital Fund Program	14.872	<u>104,360</u>
Total Expenditure of Federal Awards		<u><u>\$3,434,315</u></u>

NOTE - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Agency's federal award programs. The schedule has been prepared on the accrual basis of accounting.

The Agency did not use the DeMinimus rate of 10% for indirect costs charged to the federal grants.

MEDINA METROPOLITAN HOUSING AUTHORITY (OH027)

MEDINA, OH

Entity Wide Balance Sheet Summary

Fiscal Year End 06/30/2016

	Northview Manor	Northview Manor Capital Fund	Project Total	14.871 Housing Choice Vouchers	Total State/Local	Total Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
111 Cash - Unrestricted	9,420		9,420	88,216	0	474,952	2	572,590		572,590
113 Cash - Other Restricted	193,031		193,031	28,500	0	748,591		970,122		970,122
114 Cash - Tenant Security Deposits	25,284		25,284		0	102,836		128,120		128,120
100 Total Cash	227,735	0	227,735	116,716	0	1,326,379	2	1,670,832	0	1,670,832
122 Accounts Receivable - HUD Other Projects			0		0	192		192		192
124 Accounts Receivable - Other Government			0		5,934	6,283		12,217		12,217
125 Accounts Receivable - Miscellaneous			0		0	22,801		22,801		22,801
126 Accounts Receivable - Tenants	9,241		9,241		0	66,705		75,946		75,946
126.1 Allowance for Doubtful Accounts - Tenants	(4,404)		(4,404)		0	(29,612)		(34,016)		(34,016)
128 Fraud Recovery			0	27,661	0	0		27,661		27,661
128.1 Allowance for Doubtful Accounts - Fraud			0	(27,661)	0	0		(27,661)		(27,661)
120 Total Receivables, Net of Allowances for Doubtful Accounts	4,837	0	4,837	0	5,934	66,369	0	77,140	0	77,140
142 Prepaid Expenses and Other Assets	4,604		4,604	527	0	80,817		85,948		85,948
144 Inter Program Due From			0	0	0	83		83		83
150 Total Current Assets	237,176	0	237,176	117,243	5,934	1,473,646	2	1,834,003	0	1,834,003
161 Land	151,675		151,675		0	110,401		262,076		262,076
162 Buildings	2,603,764		2,603,764		0	1,524,820		4,128,584		4,128,584
163 Furniture, Equipment & Machinery - Dwellings	381,455		381,455		0	16,880		398,335		398,335
164 Furniture, Equipment & Machinery - Administration	249,250		249,250	35,615	0	460,174		745,039		745,039
165 Leasehold Improvements	132,501		132,501		0	608,612		741,113		741,113
166 Accumulated Depreciation	(2,615,068)		(2,615,068)	(35,269)	0	(977,223)		(3,627,560)		(3,627,560)
167 Construction in Progress			0		0	4,647		4,647		4,647
160 Total Capital Assets, Net of Accumulated Depreciation	903,577	0	903,577	346	0	1,748,311	0	2,652,234	0	2,652,234
171 Notes, Loans and Mortgages Receivable - Non-Current			0		0	4,240,331		4,240,331		4,240,331
180 Total Non-Current Assets	903,577	0	903,577	346	0	5,988,642	0	6,892,565	0	6,892,565
200 Deferred Outflows	0	0	0	0	0	360,048	0	360,048	0	360,048
190 Total Assets	1,140,753	0	1,140,753	117,589	5,934	7,822,338	2	9,086,616	0	9,086,616

MEDINA METROPOLITAN HOUSING AUTHORITY (OH027)

MEDINA, OH

Entity Wide Balance Sheet Summary

Fiscal Year End 06/30/2016

	Northview Manor	Northview Manor Capital Fund	Project Total	14.871 Housing Choice Vouchers	Total State/Local	Total Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	7,942		7,942	5,241	0	21,674	2	34,859		34,859
321 Accrued Wage/Payroll Taxes Payable	10,064		10,064	10,530	0	30,511		51,105		51,105
322 Accrued Compensated Absences - Current Portion	7,338		7,338	9,808	0	50,433		67,579		67,579
333 Accounts Payable - Other Government			0		0	1,221		1,221		1,221
341 Tenant Security Deposits	25,284		25,284		0	102,836		128,120		128,120
342 Unearned Revenues	1,165		1,165		0	3,957		5,122		5,122
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			0		0	15,073		15,073		15,073
345 Other Current Liabilities			0		5,934	16,898		22,832		22,832
347 Inter Program - Due To			0	0	0	0	83	83		83
310 Total Current Liabilities	51,793	0	51,793	25,579	5,934	242,603	85	325,994	0	325,994
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			0		0	436,595		436,595		436,595
355 Loan Liability - Non Current			0		0	238,364		238,364		238,364
357 Accrued Pension and OPEB Liabilities			0		0	1,024,229		1,024,229		1,024,229
350 Total Non-Current Liabilities	0	0	0	0	0	1,699,188	0	1,699,188	0	1,699,188
400 Deferred Inflows	0		0	0	0	21,757		21,757		21,757
300 Total Liabilities	51,793	0	51,793	25,579	5,934	1,963,546	85	2,046,939	0	2,046,939
508.1 Invested in Capital Assets, Net of Related Debt	903,577	0	903,577	346	0	1,296,643	0	2,200,566	0	2,200,566
511.1 Restricted Net Assets	193,031	0	193,031	28,500	0	748,591	0	970,122	0	970,122
512.1 Unrestricted Net Assets	(7,648)	0	(7,648)	63,184	0	3,813,556	(83)	3,868,989	0	3,868,989
513 Total Equity/Net Assets	1,088,960	0	1,088,960	92,010	0	5,858,790	(83)	7,039,677	0	7,039,677
600 Total Liabilities and Equity/Net Assets	1,140,753	0	1,140,753	117,589	5,934	7,822,338	2	9,086,616	0	9,086,616

MEDINA METROPOLITAN HOUSING AUTHORITY (OH027)										
MEDINA, OH										
Entity Wide Revenue and Expense Summary										
Fiscal Year End 06/30/2014										
	Northview Manor	Northview Manor Capital Fund	Project Total	14.871 Housing Choice Vouchers	Total State/Local	1 Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	283,319		283,319		0	1,554,536		1,837,855		1,837,855
70400 Tenant Revenue - Other	8,100		8,100		0	0		8,100		8,100
70500 Total Tenant Revenue	291,419	0	291,419	0	0	1,554,536	0	1,845,955	0	1,845,955
70600 HUD PHA Operating Grants	128,654	86,360	215,014	2,882,539	0	0	318,762	3,416,315		3,416,315
70610 Capital Grants		18,000	18,000		0	0		18,000		18,000
70700 Total Fee Revenue	128,654	104,360	233,014	2,882,539	0	0	318,762	3,434,315	0	3,434,315
70800 Other Government Grants			0		61,177	91,318		152,495		152,495
71100 Investment Income - Unrestricted	49		49	763	0	10,374		11,186		11,186
71200 Mortgage Interest Income			0		0	90,675		90,675		90,675
71400 Fraud Recovery			0	5,704	0	0		5,704		5,704
71500 Other Revenue	4,412		4,412	3,067	0	509,079		516,558		516,558
71600 Gain or Loss on Sale of Capital Assets			0		0	1,067		1,067		1,067
70000 Total Revenue	424,534	104,360	528,894	2,892,073	61,177	2,257,049	318,762	6,057,955	0	6,057,955
91100 Administrative Salaries	84,784		84,784	161,628	0	419,392		665,804		665,804
91200 Auditing Fees	2,144		2,144	2,144	0	16,546		20,932		20,932
91400 Advertising and Marketing	25		25		0	294		319		319
91500 Employee Benefit contributions - Administrative	34,821		34,821	64,495	0	184,017		283,333		283,333
91600 Office Expenses	2,492		2,492	16,186	0	25,821		44,499		44,499
91700 Legal Expense	11,213		11,213	4,074	0	16,971		32,258		32,258
91800 Travel	913		913	5,709	0	9,794		16,416		16,416
91900 Other	18,616		18,616	72,201	30	70,733	20,598	182,178		182,178
91000 Total Operating - Administrative	155,008	0	155,008	326,437	30	743,666	20,598	1,245,739	0	1,245,739
92200 Relocation Costs			0	4,500	0	0		4,500		4,500
92400 Tenant Services - Other	1,035		1,035		0	0		1,035		1,035
92500 Total Tenant Services	1,035	0	1,035	4,500	0	0	0	5,535	0	5,535
93100 Water	8,041		8,041		0	51,106		59,147		59,147
93200 Electricity	53,472		53,472		0	77,737		131,209		131,209
93300 Gas	18,470		18,470		0	17,818		36,288		36,288
93600 Sewer	8,475		8,475		0	40,362		48,837		48,837
93000 Total Utilities	88,458	0	88,458	0	0	187,023	0	275,481	0	275,481
94100 Ordinary Maintenance and Operations - Labor	71,141		71,141		0	121,962		193,103		193,103
94200 Ordinary Maintenance and Operations - Materials and Other	24,624		24,624		0	72,325		96,949		96,949
94300 Ordinary Maintenance and Operations Contracts	35,436		35,436	658	0	192,748		228,842		228,842
94500 Employee Benefit Contributions - Ordinary Maintenance	22,622		22,622		0	38,842		61,464		61,464
94000 Total Maintenance	153,823	0	153,823	658	0	425,877	0	580,358	0	580,358
96110 Property Insurance	6,953		6,953	629	0	34,679		42,261		42,261
96120 Liability Insurance	4,175		4,175	650	0	17,240		22,065		22,065
96130 Workmen's Compensation	733		733	4,742	0	1,736		7,211		7,211
96100 Total Insurance Premiums	11,861	0	11,861	6,021	0	53,655	0	71,537	0	71,537

MEDINA METROPOLITAN HOUSING AUTHORITY (OH027)										
MEDINA, OH										
Entity Wide Revenue and Expense Summary										
Fiscal Year End 06/30/2014										
	Northview Manor	Northview Manor Capital Fund	Project Total	14.871 Housing Choice Vouchers	Total State/Local	1 Business Activities	14.238 Shelter Plus Care	Subtotal	ELIM	Total
96200 Other General Expenses					61,147	630,487		691,634		691,634
96210 Compensated Absences	882		882	403	0	3,270		4,555		4,555
96300 Payments in Lieu of Taxes			0		0	684		684		684
96400 Bad debt - Tenant Rents	983		983		0	8,171		9,154		9,154
96000 Total Other General Expenses	1,865	0	1,865	403	61,147	642,612	0	706,027	0	706,027
96720 Interest on Notes Payable (Short and Long Term)			0		0	9,189		9,189		9,189
96730 Amortization of Bond Issue Costs			0		0	0		0		0
96700 Total Interest Expense and Amortization Cost	0	0	0	0	0	9,189	0	9,189	0	9,189
96900 Total Operating Expenses	412,050	0	412,050	338,019	61,177	2,062,022	20,598	2,893,866	0	2,893,866
97000 Excess of Operating Revenue over Operating Expenses	12,484	104,360	116,844	2,554,054	0	195,027	298,164	3,164,089	0	3,164,089
97300 Housing Assistance Payments			0	2,518,465	0	0	298,247	2,816,712		2,816,712
97350 HAP Portability In			0	2,912	0	0		2,912		2,912
97400 Depreciation Expense	98,966		98,966	377	0	95,488		194,831		194,831
90000 Total Expenses	511,016	0	511,016	2,859,773	61,177	2,157,510	318,845	5,908,321	0	5,908,321
10010 Operating Transfer In	86,360		86,360		0	0		86,360	(86,360)	0
10020 Operating transfer Out		(86,360)	(86,360)		0	0		(86,360)	86,360	0
10100 Total Other financing Sources (Uses)	86,360	(86,360)	0	0	0	0	0	0	0	0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(122)	18,000	17,878	32,300	0	99,539	(83)	149,634	0	149,634
11030 Beginning Equity	1,071,082		1,071,082	59,710	0	5,759,250	0	6,890,042		6,890,042
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	18,000	(18,000)	0	0	0	0		0		0
Ending Equity	1,088,960	0	1,088,960	92,010	0	5,858,789	(83)	7,039,676	0	7,039,676
11020 Required Annual Debt Principal Payments	0		0	0	0	15,073	0	15,073		15,073
11170 Administrative Fee Equity			0	68,191	0	0		68,191		68,191
11180 Housing Assistance Payments Equity			0	23,819	0	0		23,819		23,819
11190 Unit Months Available	996		996	7,254	132	2,614	653	11,649		11,649
11210 Number of Unit Months Leased	990		990	6,019	132	2,524	653	10,318		10,318
11650 Leasehold Improvements Purchases	18,000		18,000		0	0		18,000		18,000

Medina Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Costs
June 30, 2016

Capital Fund Program Number (OH12P027501-13)

1. The Program Costs are as follows:

Funds Approved	\$ 68,701
Funds Expended	<u>68,701</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -</u></u>

2. All Costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on April 16, 2016.
4. The Final Costs on the Certification agrees with the Authority's records.

Medina Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Costs
June 30, 2016

Capital Fund Program Number (OH12P027501-14)

1. The Program Costs are as follows:

Funds Approved	\$ 71,524
Funds Expended	<u>71,524</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -</u></u>

2. All Costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on April 16, 2016.
4. The Final Costs on the Certification agrees with the Authority's records.

Medina Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Costs
June 30, 2016

Capital Fund Program Number (OH12P027501-15)

1. The Program Costs are as follows:

Funds Approved	\$ 70,586
Funds Expended	<u>70,586</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -</u></u>

2. All Costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on April 16, 2016.
4. The Final Costs on the Certification agrees with the Authority's records.



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

December 15, 2016

Medina Metropolitan Housing Authority
Medina County
850 Walter Road
Medina, Ohio 44256

To the Board of Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Medina Metropolitan Housing Authority**, Medina County, (the Authority) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 15, 2016.

Internal Control Over Financial Reporting

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

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

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



...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

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

We did noted certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated December 15, 2016.

Purpose of this Report

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



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



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

December 15, 2016

Medina Metropolitan Housing Authority
Medina County
850 Walter Road
Medina, Ohio 44256

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited **Medina Metropolitan Housing Authority's**, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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



... "bringing more to the table"

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

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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



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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
FOR THE YEAR ENDED JUNE 30, 2016**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

MEDINA COUNTY METROPOLITAN HOUSING AUTHORITY

MEDINA 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
MARCH 30, 2017**