

PIKE METROPOLITAN HOUSING AUTHORITY

Pike County, Ohio

Financial Statements

For the Year Ended December 31, 2017



Dave Yost • Auditor of State

Board of Directors
Pike Metropolitan Housing Authority
2626 Shyville Road
Piketon, Ohio 45661

We have reviewed the *Independent Auditor's Report* of the Pike Metropolitan Housing Authority, Pike County, prepared by Whited, Seigneur, Sams & Rahe CPAs, LLP, for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 24, 2018

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PIKE METROPOLITAN HOUSING AUTHORITY
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Independent Auditor's Report

June 29, 2018

Members of the Board of Commissioners
Pike Metropolitan Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Pike Metropolitan Housing Authority (the Authority), Pike County as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2017, and the respective changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and Schedules of the Authority's Proportionate Share of the Net Pension Liability and the Authority's Contributions on pages 31 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Financial Data Schedules (FDS) presented on pages 37 through 40 and the Statement and Certification of Actual Modernization Cost presented on pages 35 through 36 are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, Office of the Inspector General and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards on page 34 provides additional information required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is presented for purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE, CPAs, LLP

Whited Seigneur Sams & Rahe

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

This Management’s Discussion and Analysis (MD&A) for the Pike Metropolitan Housing Authority is intended to assist the reader identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Pike Metropolitan Housing Authority’s financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2017, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Financial Highlights

- The Authority’s total assets were \$6,689,730 and \$6,810,265 for 2017 and 2016, respectively. The Authority-wide statements reflect a decrease in total assets of \$120,535 for 2017.
- Revenues increased by \$577,830 during 2017 and were \$4,267,032 and \$3,689,202 for 2017 and 2016, respectively.
- The total expenses of all Authority programs increased by \$199,164. Total expenses were \$4,184,918 and \$3,985,754 for 2017 and 2016, respectively.

Overview of the Authority’s Financial Statements

The Basic Financial Statements included elsewhere in this report are:

The Statement of Net Position,
The Statement of Revenues, Expenses and Changes in Net Position, and
The Statement of Cash Flows.

The *Statement of Net Position* is very similar to, and what most people would think of as, a Balance Sheet. In the first half it reports the value of assets Pike Metropolitan Housing Authority holds at December 31, 2017, that is, the cash Pike Metropolitan Housing Authority has, the amounts that are owed Pike Metropolitan Housing Authority from others, and the value of the equipment Pike Metropolitan Housing Authority owns. In the other half of the report it shows the liabilities Pike Metropolitan Housing Authority has, that is what Pike Metropolitan Housing Authority owes others at December 31, 2017; and what Net Position (or what is commonly referred to as Equity) Pike Metropolitan Housing Authority has at December 31, 2017. The two parts of the report are in balance, thus why many might refer to this type of report as a balance sheet, in that the total of the assets part equals the total of the liabilities plus net position (or equity) part.

In the statement, the Net Position part is broken out into three broad categories:

Net Investment in Capital Assets
Restricted Net Position, and
Unrestricted Net Position.

**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

The balance in *Net Investment in Capital Assets* reflects the value of capital assets that is assets such as land, buildings, and equipment, reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owned on those assets.

The balance in *Restricted Net Position* reflects the value of assets reported in the top part of the statement that are restricted for use by law or regulation, or when use of those assets is restricted by constraints placed on the assets by creditors.

The balance in *Unrestricted Net Position* is what is left over of Net Position after what is classified in the two previously mentioned components of Net Position. It reflects the value of assets available to Pike Metropolitan Housing to use to further its purposes.

The Authority's financial statements also include a *Statement of Revenues, Expenses, and Changes in Net Position*, which is similar to an Income Statement. It is in essence a report showing what Pike Metropolitan Housing Authority earned, that is what its revenues or incomes were, versus what expenses Pike Metropolitan Housing Authority had over the same period. It shows how the Fund Balance (or net position or equity) changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if Pike Metropolitan Housing Authority had more in revenues than in expenses or vice-versa, and then how that net gain or net loss affected the Fund Balance (or net position or equity). The bottom line of the report, the Ending Total Net Position, is what is referred to in the above discussion of the Statement of Net Position that when added to the liabilities Pike Metropolitan Housing Authority has equals the total assets Pike Metropolitan Housing Authority has.

The *Statement of Cash Flows* is a report that shows how the amount of cash Pike Metropolitan Housing Authority had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in, and the cash going out. It helps the reader to understand the sources and uses of cash by Pike Metropolitan Housing Authority during the year, to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

Authority's Programs

The financial statements included elsewhere in this report are presented using the Authority-wide perspective meaning the activity reported reflects the summed results of all the programs, or business-type funds of Pike Metropolitan Housing Authority. Pike Metropolitan Housing Authority consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.

Pike Metropolitan Housing Authority's programs include the following:

- The Low Rent Public Housing program,
- The Housing Choice Voucher program,
- The Capital Fund Program (CFP),
- The Business Activities, and
- The State and Local Program.

**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

Under the *Low Rent Public Housing program*, Pike Metropolitan Housing Authority rents dwelling units it owns to low to moderate-income families. Through an Annual Contributions Contract (commonly referred to as an ACC) with HUD, HUD provides an operating subsidy to Pike Metropolitan Housing Authority to help support the operations of the program. In addition, HUD provides funds for physical improvements to Pike Metropolitan Housing Authority's properties and funds for management improvements through Capital Fund Program grants. During 2017, the Authority participated in HUD's Rental Assistance Demonstration Program (RAD). RAD allowed the Authority to convert Vansant Commons and Moore Meadows projects currently funded under the Public Housing program to a long-term, project-based Section 8 rental assistance program.

Under the *Section 8 Housing Choice Voucher program*, Pike Metropolitan Housing Authority subsidizes the rents of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. This is called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit.

Under the *Business Activities program*, Pike Metropolitan Housing Authority owns several rental properties. These properties are not related to the HUD funded activities, and that is why it is reported as a business activity.

Under the *State and Local program*, the state and local funds represent Pike Metropolitan Authority's contracts with the Ohio Housing Finance Agency for construction of four residential housing facilities located at 193, 195, 197 and 199 Delay Drive.

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**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

Condensed Financial Statements

Statement of Net Position

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

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

	<u>2017</u>	<u>2016</u>
<u>Assets and Deferred Outflows of Resources</u>		
Current and Other Assets	\$ 735,812	\$ 695,836
Capital Assets	<u>5,586,384</u>	<u>5,843,586</u>
Total Assets	<u>6,322,196</u>	<u>6,539,422</u>
Deferred Outflows of Resources	<u>367,534</u>	<u>270,843</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,689,730</u>	<u>\$ 6,810,265</u>
<u>Liabilities</u>		
Current Liabilities	\$ 313,760	\$ 315,761
Long-Term Liabilities	<u>3,998,009</u>	<u>4,005,184</u>
Total Liabilities	<u>4,311,769</u>	<u>4,320,945</u>
Deferred Inflows of Resources	<u>13,197</u>	<u>206,670</u>
<u>Net Position</u>		
Net Investment in Capital Assets	2,189,023	2,036,009
Restricted	406,593	135,948
Unrestricted	<u>(230,852)</u>	<u>110,693</u>
Total Net Position	<u>2,364,764</u>	<u>2,282,650</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 6,689,730</u>	<u>\$ 6,810,265</u>

Major Factors Affecting the Statement of Net Position

Current and other assets and current liabilities remained very consistent with 2016.

Statement of Revenues, Expenses, and Changes in Net Position

The following is a condensed Statement of Revenues, Expenses and Changes in Net Position. Pike Metropolitan Housing Authority is engaged only in business-type activities.

**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

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

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
Tenant Revenues- Rent and Others	\$ 491,156	\$ 440,449
Operating Subsidies and Grants	3,386,174	3,046,862
Capital Grants	-	3,887
Investment Income	105	81
Other Revenues	389,597	197,923
Total Revenues	<u>4,267,032</u>	<u>3,689,202</u>
<u>Expenses</u>		
Administrative	706,690	617,941
Utilities	117,145	120,919
Maintenance	517,831	420,015
General	116,073	117,553
Housing Assistance Payments	2,301,033	2,275,933
Depreciation	426,146	433,393
Total Expenses	<u>4,184,918</u>	<u>3,985,754</u>
Net Increase (Decrease) in Net Position	<u>\$ 82,114</u>	<u>\$ (296,552)</u>

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

Total revenues increased by \$577,830. There were increases in all revenue categories, but the largest increase was in other revenue due to the receipt of a subsidy grant.

Expenses overall increased in 2017 by \$199,164. This was primarily reflected in the increase in Administrative and Maintenance expenses under the Business Activity Program.

Capital Assets

The following is a condensed Statement of Changes in Capital Assets comparing the balance in capital assets at the year-end versus at the end of the prior year.

Table 3- Condensed Statement of Changes in Capital Assets

Net Beginning Balance, January 1, 2017	\$ 5,843,586
Additions	356,223
Depreciation	(426,146)
Disposals	(187,279)
Net Ending Balance, December 31, 2017	<u>\$ 5,586,384</u>

Excluding the change in accumulated depreciation, capital assets increased by \$168,944. Most of the increase was due to building improvements under the Business Activity.

**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
Year Ended December 31, 2017
(UNAUDITED)**

Debt

The following is a comparison of debt outstanding at the year-end versus at the end of the prior period.

Table 4- Condensed Statement of Changes in Debt Outstanding

Beginning Balance, January 1, 2017	\$ 3,458,871
New debt	357,800
Principal payments	(472,526)
Debt forgiveness	(99,783)
Ending Balance, December 31, 2017	\$ 3,244,362

Debt decreased by \$214,509 during 2017.

Economic Factors

Pike Metropolitan Housing Authority faces the continuing prospect of declining HUD subsidies used to administer their programs and maintain their properties. Unfavorable economic times, as reflected in the numbers of families earning less in addition to those leaving the community because they cannot find adequate employment opportunities, also mean revenues from tenants are reduced because generally rents are based on the tenant families' ability to pay as dictated by the Federal government. Rising insurance, utility and other operating rates compound the effect of the reduction in incomes available to Pike Metropolitan Housing Authority to administer its program and continue to challenge management to cut operating costs. The reduction in government assistance for the administration of programs and ongoing operating cuts by management means Pike Metropolitan Housing Authority can provide lesser services to clients.

Financial Contact

Questions concerning this report or requests for additional information should be directed to Ken Reed, Executive Director of the Pike Metropolitan Housing Authority, 2626 Shyville Road, Piketon, Ohio 45661.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
Year Ended December 31, 2017

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 217,041
Restricted Cash and Cash Equivalents	186,054
Accounts Receivable, current	3,000
Prepaid Expenses	29,172
Total Current Assets	435,267

Capital Assets

Non-depreciable Capital Assets	1,157,636
Depreciable Capital Assets, net	4,428,748
Total Capital Assets	5,586,384

Other Noncurrent Assets

Note Receivable	300,545
Total Other Noncurrent Assets	300,545

TOTAL ASSETS

6,322,196

Deferred Outflows of Resources

367,534

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 6,689,730

LIABILITIES

Current Liabilities

Accounts Payable	\$ 29,101
Tenant Security Deposits	24,361
Accrued Wages and Payroll Taxes	28,201
Intergovernmental Payable	5,465
Accrued Compensated Absences- Current	33,245
Current Portion of Long-Term Debt	193,387
Total Current Liabilities	313,760

Noncurrent Liabilities

Accrued Compensated Absences	51,646
Long-Term Debt- Net of Current Portion	3,050,975
Net Pension Liability	895,388
Total Noncurrent Liabilities	3,998,009
Total Liabilities	4,311,769

DEFERRED INFLOWS OF RESOURCES

13,197

NET POSITION

Net Investment in Capital Assets	2,189,023
Restricted Net Position	406,593
Unrestricted Net Position	(230,852)
Total Net Position	2,364,764

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

\$ 6,689,730

See the accompanying notes to the basic financial statements.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2017

Operating Revenues

Government Grants	\$ 3,386,174
Tenant Revenue	491,156
Other Revenue	389,597
Total Operating Revenues	<u>4,266,927</u>

Operating Expenses

Administrative	706,690
Utilities	117,145
Maintenance	517,831
General	46,505
Housing Assistance Payments	2,301,033
Total Operating Expenses Before Depreciation	<u>3,689,204</u>
Income (Loss) Before Depreciation	577,723
Depreciation	<u>426,146</u>
Operating Income (Loss)	<u>151,577</u>

Non-Operating Revenues (Expenses)

Interest and Investment Revenue	105
Interest Expense	<u>(69,568)</u>
Total Non-Operating revenues (Expenses)	<u>(69,463)</u>
Change in Net Position	<u>82,114</u>

Total Net Position, Beginning of Year	<u>2,282,650</u>
Net Position, End of Year	<u>\$ 2,364,764</u>

See the accompanying notes to the basic financial statements.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2017

Cash Flows from Operating Activities

Cash Received from Government Grants	\$3,510,321
Cash Received from Tenants	308,843
Cash Payments for Housing Assistance	(2,301,033)
Cash Payments for Administrative Expenses	(630,244)
Cash Payment for Other Operating Expenses	(709,741)
Net Cash Provided (Used) by Operating Activities	<u>178,146</u>

Cash Flow from Capital and Related Financing Activities

Acquisition of Capital Assets	(356,223)
Principal and Interest Paid on Debt	(401,381)
Debt Proceeds	357,800
Net Cash Provided by Capital and Other Related Financing Activities	<u>(399,804)</u>

Cash Flows from Investing Activities

Interest and Investment Income	105
Net Cash Provided by Investing Activities	<u>105</u>

Net Increase (Decrease) in Cash and Cash Equivalents	(221,553)
Cash and Cash Equivalents, Beginning	<u>624,648</u>

Cash and Cash Equivalents, Ending \$ 403,095

Reconciliations of Operating Loss to Net Cash Provided by Operating Activities

Net Operating (Loss)	\$ 151,577
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Debt Forgiveness	99,783
Depreciation	426,146
(Increase) Decrease in:	
Accounts Receivable- Tenant	3,765
Prepaid Expenses	16,098
Inventory	19,153
Other Receivables	(453,545)
Deferred Outflows of Resources	(96,691)
Increase (Decrease) in:	
Accounts Payable	10,927
Intergovernmental Payable	(3,218)
Accrued Compensated Absences	(2,987)
Tenants' Security Deposits	(16,482)
Accrued Wages and Payroll Taxes	6,855
Unearned Revenue	(22,734)
Other Current Liabilities	(225)
Net Pension Liability	233,197
Deferred Inflows of Resources	(193,473)
Net Cash Used by Operating Activities	<u>\$ 178,146</u>

See the accompanying notes to the basic financial statements.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 - as amended by GASB 61 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criterion of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units based on the above considerations.

Basis of Presentation

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

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

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

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

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

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Measurement Focus and Basis of Accounting

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

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

Use of Estimates

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

Cash and Cash Equivalents

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

Capital Assets

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

Buildings	40 years
Building Improvements	15-27.5 years
Land Improvements	15 years
Equipment	7 years
Autos	5 years
Computers	5 years

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Capitalization of Interest

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

Investments

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

Compensated Absences

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

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

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

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.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Deferred Outflows/Inflows of Resources

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

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2017, the Authority had undeposited cash on hand (petty cash) of \$150.

At December 31, 2017, the carrying amount of the Authority's cash deposits was \$403,095 and the bank balance was \$452,890. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2017, deposits totaling \$250,000 were covered by Federal Depository Insurance and deposits totaling \$202,892 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

Custodial credit is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 110 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority.

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Investments

The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value. At December 31, 2017, the Authority had no investments.

Interest Rate Risk

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

Credit Risk

The Authority has no investments at December 31, 2017 and therefore is not subject to credit risk.

Custodial Credit Risk

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

Concentration of Credit Risk

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

NOTE 3: **RESTRICTED CASH**

The restricted cash balance of \$186,054 on the financial statements represents the following:

Tenant Security Deposits	\$ 24,361
Housing Choice Vouchers Equity	10,685
Insurance and Escrow- Emmitt Station	15,102
Reserve for Replacement- Emmitt Station	135,906
	<u>\$ 186,054</u>

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 4: CAPITAL ASSETS

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

	<u>Balance 12/31/2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Adjustments/ Reclassifications</u>	<u>Balance 12/31/2017</u>
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 1,134,836	22,800	-	-	\$ 1,157,636
Construction in Progress	683,063	46,325	(187,283)	(542,105)	-
Total Capital Assets Not Being Depreciated	<u>1,817,899</u>	<u>69,125</u>	<u>(187,283)</u>	<u>(542,105)</u>	<u>1,157,636</u>
<u>Capital Assets Being Depreciated</u>					
Buildings and Improvements	11,097,404	287,103	-	542,105	11,926,612
Furniture, Equipment and Machinery	227,785	-	-	-	227,785
Subtotal Capital Assets Being Depreciated	<u>11,325,189</u>	<u>287,103</u>	<u>-</u>	<u>542,105</u>	<u>12,154,397</u>
Accumulated Depreciation	<u>(7,299,502)</u>	<u>(426,147)</u>	<u>-</u>	<u>-</u>	<u>(7,725,649)</u>
Net Depreciable Assets	<u>4,025,687</u>	<u>(139,044)</u>	<u>-</u>	<u>542,105</u>	<u>4,428,748</u>
Total Capital Assets, net	<u>\$ 5,843,586</u>	<u>\$ (69,919)</u>	<u>\$ (187,283)</u>	<u>\$ -</u>	<u>\$ 5,586,384</u>

NOTE 5: RESTRICTED NET POSITION

The Authority's restricted net position is as follows:

Housing Choice Voucher Funds in Excess of amounts used	\$ 10,685
Reserve for Replacement- Emmitt Station	135,906
Insurance and Escrow- Emmitt Station	15,102
Affordable Housing Program grant	244,900
	<u>\$ 406,593</u>

NOTE 6: DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Net Pension Liability (Continued)

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

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

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

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

Plan Description- Ohio Public Employees Retirement System (OPERS)

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

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

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

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$61,160 for 2017.

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

Proportionate Share of the Net Pension Liability	
- Prior Measurement Date	0.003823%
Proportionate Share of the Net Pension Liability	
- Current Measurement Date	0.003943%
Change in Proportionate Share	0.000120%
Proportion Share of the Net Pension Liability/Asset	\$ 895,388
Pension Expense	\$ 203,726

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

Deferred Outflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$ 133,344
Changes in proportion and differences between Authority contributions and proportionate share of contributions	167,372
Authority contributions subsequent to the measurement date	<u>66,818</u>
Total Deferred Outflows of Resources	<u><u>\$ 367,534</u></u>

Deferred Inflows of Resources

Differences between expected and actual experience	<u>\$ 13,197</u>
Total Deferred Inflows of Resources	<u><u>\$ 13,197</u></u>

\$66,818 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31st:	
2018	\$ 120,225
2019	123,200
2020	48,001
2021	<u>(3,907)</u>
Total	<u><u>\$ 287,519</u></u>

Actuarial Assumptions - OPERS

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

**PIKE METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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.

Actuarial Assumptions – OPERS (Continued)

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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

mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Actuarial Assumptions - OPERS (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92 %
Total	<u>100.00 %</u>	<u>35.68</u>

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

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability/(asset)	\$ 1,367,906	\$ 895,388	\$ 501,628

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. Plan Description

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

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

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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

OPERS issues 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, 1-800-222-7377, or by visiting, <http://www.opers.org/financial/reports.shtml#CAFR>.

B. 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 to fund OPERS healthcare plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016 and 2017, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0% [1]. The portion of actual Authority contributions for the year ended December 31, 2017, 2016, and 2015, which were used by OPERS to fund post-employment benefits were \$10,193, \$9,568 and \$9,837, respectively.

[1] – Information subsequent to 2016 unavailable as of report date

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 8: COMPENSATED ABSENCES

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

All permanent employees will earn 15 days sick leave per year. Unused sick leave may be accumulated without limit. At the time of separation, employees receive payment for up to sixty (60) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Vacation shall not be accrued for a period longer than two (2) years. Any vacation accrued in excess of two (2) years shall be forfeited.

At December 31, 2017, based on the vesting method, \$84,891 was accrued by the Authority for unused vacation and sick time. The current portion is \$33,245 and the long term portion is \$51,646.

NOTE 9: INSURANCE

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred. The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10: LONG-TERM DEBT

Change in long-term liabilities:

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017	Current Portion
Compensated Absences	\$ 87,878	58,980	(61,967)	\$ 84,891	\$ 33,245
Long-Term Debt	3,458,871	357,800	(572,309)	3,244,362	193,387
Net Pension Liability	662,191	233,197	-	895,388	-
Total	\$ 3,546,749	\$ 416,780	\$ (634,276)	\$ 3,329,253	\$ 226,632

The long-term debt is detailed below:

	Original Loan Amount	Range of Maturity Date	Interest Rate	Life of Loan	Balance 12/31/2017	Current Portion
Repayable Debt						
<u>Fifth Third Bank:</u>						
-Loan No. 00067	\$ 120,000	2002-2022	5.45%	20 Yrs.	\$ 41,067	\$ 7,821
<u>Ohio Valley Bank:</u>						
-412 Market St.	\$ 41,140	2005-2024	6.25%	20 Yrs.	\$ 20,128	\$ 2,395
-236 St. Mary's	\$ 55,009	2005-2025	7.25%	20 Yrs.	\$ 30,290	\$ 3,092
-83 Circleview	\$ 50,000	2010-2025	5.75%	15 Yrs.	\$ 30,657	\$ 3,282
-228 St. Mary's	\$ 46,206	2012-2027	5.63%	15 Yrs.	\$ 33,175	\$ 2,941
-Loan No. 069391	\$ 530,000	2014-2024	5.00%	10 Yrs.	\$ 373,601	\$ 50,021
-Loan No. 71447	\$ 35,610	2014-2030	4.38%	15 Yrs.	\$ 84,863	\$ 13,431
-Loan No. 85719	\$ 56,000	2018-2032	4.75%	15 Yrs.	\$ 56,000	\$ 2,658
-Loan No. 83836	\$ 25,000	2018-2033	4.75%	15 Yrs.	\$ 25,000	\$ 676
					\$ 694,781	\$ 86,317
Forgivable Debt						
<u>U.S. Department of Agriculture</u>						
-Emmitt Station	\$ 1,146,858	2005-2036	5.375%	30 Yrs.	\$ 1,068,915	\$ 8,960
-Emmitt Station	\$ 350,000	2006-2036	5.375%	30 Yrs.	\$ 330,267	\$ 2,564
<u>DODD Community Capital Assistance Program:</u>						
- 83 Circleview	\$ 118,889	2010-2025	0%	15 Yrs.	\$ 60,765	\$ 7,926
- 83 Circleview	\$ 14,997	2010-2025	0%	15 Yrs.	\$ 7,665	\$ 1,000
-102 Sunrise	\$ 3,961	2009-2024	0%	15 Yrs.	\$ 1,716	\$ 264
-102 Sunrise	\$ 20,832	2009-2024	0%	15 Yrs.	\$ 9,258	\$ 1,389
-102 Sunrise	\$ 5,000	2018-2032	0%	15 Yrs.	\$ 4,806	\$ 333
-107 Commercial	\$ 3,285	2004-2019	0%	15 Yrs.	\$ 237	\$ 219
-107 Commercial	\$ 34,727	2012-2027	0%	15 Yrs.	\$ 22,765	\$ 2,315
-212 St. Ann's Lane	\$ 4,560	2009-2024	0%	15 Yrs.	\$ 1,976	\$ 304
-221 St. Ann's Lane	\$ 8,911	2009-2024	0%	15 Yrs.	\$ 3,911	\$ 594
-221 St. Ann's Lane	\$ 2,388	2003-2018	0%	15 Yrs.	\$ 133	\$ 133
-228 St. Mary's	\$ 9,918	2012-2027	0%	15 Yrs.	\$ 6,447	\$ 661
-337 Arlington	\$ 27,300	2013-2028	0%	15 Yrs.	\$ 18,807	\$ 1,820
-393 Circleview Drive	\$ 95,000	2018-2032	0%	15 Yrs.	\$ 89,194	\$ 6,333
-412 Market	\$ 48,600	2005-2020	0%	15 Yrs.	\$ 8,640	\$ 3,240
-412 Market	\$ 32,600	2018-2032	0%	15 Yrs.	\$ 31,332	\$ 2,173
-419 Dean Street	\$ 106,000	2018-2032	0%	15 Yrs.	\$ 104,233	\$ 7,067
-421 Market	\$ 96,400	2013-2028	0%	15 Yrs.	\$ 63,731	\$ 6,427

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 10: LONG-TERM DEBT (Continued)

	Original Loan Amount	Range of Maturity Date	Interest Rate	Life of Loan	Balance 12/31/2017	Current Portion
Forgivable Debt (continued)						
<u>County MR/DD (continued):</u>						
-510 Rose Drive	\$ 91,612	2008-2023	0%	15 Yrs.	\$ 31,555	\$ 6,107
-510 Rose Drive	\$ 20,950	2013-2028	0%	15 Yrs.	\$ 13,967	\$ 1,397
-514 Carroll	\$ 72,750	2012-2027	0%	15 Yrs.	\$ 46,479	\$ 4,850
-514 Carroll	\$ 25,950	2013-2028	0%	15 Yrs.	\$ 17,877	\$ 2,230
-514 Carroll	\$ 25,450	2013-2028	0%	15 Yrs.	\$ 17,532	\$ 2,197
-514 Carroll	\$ 10,000	2015-2030	0%	15 Yrs.	\$ 8,278	\$ 667
-514 Carroll	\$ 20,000	2015-2030	0%	15 Yrs.	\$ 16,556	\$ 1,833
-77 Circleview Drive	\$ 38,200	2018-2032	0%	15 Yrs.	\$ 35,616	\$ 2,748
<u>County NSP:</u>						
-214 Grandview	\$ 204,751	2010-2029	0%	20 Yrs.	\$ 133,088	\$ 10,238
-146 Valleyview	\$ 103,270	2012-2027	0%	20 Yrs.	\$ 72,289	\$ 5,164
<u>Gallia-Meigs NSP:</u>						
-603 Church	\$ 185,000	2011-2030	0%	20 Yrs.	\$ 129,500	\$ 9,250
Mental Health- Hilltop	\$ 200,000	2016-2046	0%	30 Yrs.	\$ 192,046	\$ 6,667
Total Forgivable Debt:					<u>\$ 2,549,581</u>	<u>\$ 107,070</u>
Total Debt:					<u>\$ 3,244,362</u>	<u>\$ 193,387</u>

The following is a summary of the Authority's future debt service requirements for debt payable as of December 31, 2017:

For the Year Ended December 31st:	Principal Repayment	Interest Repayment	Total Payments	Debt Forgiveness
2018	\$ 88,864	\$ 67,065	\$ 155,929	\$ 102,820
2019	93,714	61,579	155,293	103,122
2020	97,644	56,979	154,623	102,693
2021	103,236	50,681	153,917	101,240
2022	105,667	44,859	150,526	101,986
2023-2027	194,208	134,974	329,182	460,534
2028-2032	43,364	85,084	128,448	308,760
2033-2037	961	40,639	41,600	1,174,088
2038-2042	-	-	-	33,335
2043-2047	-	-	-	28,126
	<u>\$ 727,658</u>	<u>\$ 541,860</u>	<u>\$ 1,269,518</u>	<u>\$ 2,516,704</u>

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017

NOTE 12: CONTINGENCIES

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

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

NOTE 13: COMMITMENTS

At November 28, 2017, the Authority entered into an unconditional guaranty of completion with The Park National Bank in relation to a construction loan agreement for Vansant Commons, L.P. The Ohio Housing Finance Agency has authorized the issuance of revenue bonds to provide funds for the acquisition, construction and equipping of Vansant Commons housing project, operated by Vansant Commons, L.P. The guaranty shall continue until the earlier of: (1) full performance of all guaranteed obligations as evidenced by the completion of the project in accordance with all requirements of the loan agreement, or (2) payment in full of the bonds and all amounts due and owing under the note.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability	0.003943%	0.003823%	0.003634%	0.003634%
Authority's Proportionate Share of the Net Pension Liability	\$ 895,388	\$ 662,191	\$ 438,300	\$ 428,401
Authority's Covered-Employee Payroll	\$ 513,971	\$ 475,792	\$ 445,575	\$ 434,326
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	174.21%	139.18%	98.37%	98.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1)- Information prior to 2013 is not available

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

**PIKE METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM- TRADITIONAL PLAN
LAST FOUR FISCAL YEARS (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions	\$ 61,677	\$ 61,161	\$ 57,095	\$ 53,469	\$ 56,465
Contributions in Relation to the Contractually Required Contribution	<u>(61,677)</u>	<u>(61,161)</u>	<u>(57,095)</u>	<u>(53,469)</u>	<u>(56,465)</u>
Contribution Deficiency/(Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority's Covered-Employee Payroll	\$ 513,971	\$ 509,675	\$ 475,792	\$ 445,575	\$ 434,346
Pension Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	12.00%	13.00%

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

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2017

Ohio Public Employees' Retirement System

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017 and 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2017 and 2016. For fiscal year 2017, the actuarial report was not available. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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PIKE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>US Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
<u>Public Housing Programs</u>		
Low Rent Public Housing Program	14.850	358,707
Capital Fund Program	14.872	366,055
		<u>724,762</u>
<u>Section 8 Tenant Based Programs</u>		
Section 8 Housing Choice Vouchers	14.871	<u>2,567,061</u>
<u>Total Direct US Department of Housing and Urban Development</u>		3,291,823
<u>US Department of Agriculture</u>		
<i>Direct Programs:</i>		
<u>Rural Rental Housing Loan subsidy</u>	10.415	<u>94,795</u>
Total Federal Expenditures		<u><u>3,386,618</u></u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Pike Metropolitan Housing Authority under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Pike Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the organization.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Pike Metropolitan Housing Authority has elected not to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

**PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
Year Ended December 31, 2017**

Capital Fund Program Number 501-14

1. The Program Costs are as Follows:

Funds Approved	\$	111,200
Funds Expended		111,200
Excess (Deficiency) of Funds Approved	\$	-
Funds Advanced	\$	111,200
Funds Expended		111,200
Excess (Deficiency) of Funds Advanced	\$	-

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed.
4. The final costs on the certification agree to the Authority's records.

Capital Fund Program Number 501-15

1. The Program Costs are as Follows:

Funds Approved	\$	110,311
Funds Expended		110,311
Excess (Deficiency) of Funds Approved	\$	-
Funds Advanced	\$	110,311
Funds Expended		110,311
Excess (Deficiency) of Funds Advanced	\$	-

2. All costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed.
4. The final costs on the certification agree to the Authority's records.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
Year Ended December 31, 2017

Capital Fund Program Number 501-16

1. The Program Costs are as Follows:

Funds Approved	\$	114,836
Funds Expended		<u>114,836</u>
Excess (Deficiency) of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	114,836
Funds Expended		<u>114,836</u>
Excess (Deficiency) of Funds Advanced	\$	<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.
4. The final costs on the certification agree to the Authority's records.

Capital Fund Program Number 501-17

1. The Program Costs are as Follows:

Funds Approved	\$	116,401
Funds Expended		<u>116,401</u>
Excess (Deficiency) of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	116,401
Funds Expended		<u>116,401</u>
Excess (Deficiency) of Funds Advanced	\$	<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.
4. The final costs on the certification agree to the Authority's records.

PIKE METROPOLITAN HOUSING AUTHORITY
Financial Data Schedule
Entity Wide Balance Sheet Summary
Year Ended December 31, 2017

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$36,728		\$1,085	\$179,228	\$217,041		\$217,041
113 Cash - Other Restricted		\$10,685			\$151,008	\$161,693		\$161,693
114 Cash - Tenant Security Deposits				\$837	\$23,524	\$24,361		\$24,361
100 Total Cash	\$0	\$47,413	\$0	\$1,922	\$353,760	\$403,095		\$403,095
125 Accounts Receivable - Miscellaneous	\$0				\$61,216	\$61,216		\$61,216
126 Accounts Receivable - Tenants				\$269	\$2,806	\$3,075		\$3,075
126.1 Allowance for Doubtful Accounts - Tenants				\$0	-\$75	-\$75		-\$75
126.2 Allowance for Doubtful Accounts - Other					\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0	\$269	\$63,947	\$64,216		\$64,216
142 Prepaid Expenses and Other Assets		\$1,875		\$848	\$26,449	\$29,172		\$29,172
150 Total Current Assets	\$0	\$49,288	\$0	\$3,039	\$444,156	\$496,483		\$496,483
161 Land				\$37,500	\$1,120,136	\$1,157,636		\$1,157,636
162 Buildings				\$279,540	\$10,438,141	\$10,717,681		\$10,717,681
163 Furniture, Equipment & Machinery - Dwellings					\$19,581	\$19,581		\$19,581
164 Furniture, Equipment & Machinery - Administration		\$13,789			\$194,415	\$208,204		\$208,204
165 Leasehold Improvements				\$18,021	\$1,190,910	\$1,208,931		\$1,208,931
166 Accumulated Depreciation		-\$13,789		-\$148,352	-\$7,563,508	-\$7,725,649		-\$7,725,649
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$186,709	\$5,399,675	\$5,586,384		\$5,586,384
171 Notes, Loans and Mortgages Receivable - Non-Current					\$239,329	\$239,329		\$239,329
180 Total Non-Current Assets	\$0	\$0	\$0	\$186,709	\$5,639,004	\$5,825,713		\$5,825,713
200 Deferred Outflow of Resources		\$135,988			\$231,546	\$367,534		\$367,534
290 Total Assets and Deferred Outflow of Resources	\$0	\$185,276	\$0	\$189,748	\$6,314,706	\$6,689,730		\$6,689,730

PIKE METROPOLITAN HOUSING AUTHORITY
Financial Data Schedule
Entity Wide Balance Sheet Summary
Year Ended December 31, 2017

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
311 Bank Overdraft								
312 Accounts Payable <= 90 Days		\$3,700		\$101	\$25,300	\$29,101		\$29,101
321 Accrued Wage/Payroll Taxes Payable		\$8,067			\$20,134	\$28,201		\$28,201
322 Accrued Compensated Absences - Current Portion		\$6,827			\$26,418	\$33,245		\$33,245
333 Accounts Payable - Other Government					\$5,465	\$5,465		\$5,465
341 Tenant Security Deposits				\$837	\$23,524	\$24,361		\$24,361
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$12,767	\$180,620	\$193,387		\$193,387
310 Total Current Liabilities	\$0	\$18,594	\$0	\$13,705	\$281,461	\$313,760		\$313,760
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$83,102	\$2,967,873	\$3,050,975		\$3,050,975
354 Accrued Compensated Absences - Non Current		\$1,403			\$50,243	\$51,646		\$51,646
357 Accrued Pension and OPEB Liabilities		\$331,294			\$564,094	\$895,388		\$895,388
350 Total Non-Current Liabilities	\$0	\$332,697	\$0	\$83,102	\$3,582,210	\$3,998,009		\$3,998,009
300 Total Liabilities	\$0	\$351,291	\$0	\$96,807	\$3,863,671	\$4,311,769		\$4,311,769
400 Deferred Inflow of Resources		\$4,882			\$8,315	\$13,197		\$13,197
508.4 Net Investment in Capital Assets	\$0	\$0		\$90,840	\$2,098,183	\$2,189,023		\$2,189,023
511.4 Restricted Net Position	\$0	\$10,685			\$395,908	\$406,593		\$406,593
512.4 Unrestricted Net Position	\$0	-\$181,582	\$0	\$2,101	-\$51,371	-\$230,852		-\$230,852
513 Total Equity - Net Assets / Position	\$0	-\$170,897	\$0	\$92,941	\$2,442,720	\$2,364,764		\$2,364,764
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$185,276	\$0	\$189,748	\$6,314,706	\$6,689,730		\$6,689,730

PIKE METROPOLITAN HOUSING AUTHORITY
Financial Data Schedule
Entity Wide Revenue and Expense Summary
Year Ended December 31, 2017

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$113,658			\$22,738	\$348,777	\$485,173		\$485,173
70400 Tenant Revenue - Other	\$3,891				\$2,092	\$5,983		\$5,983
70500 Total Tenant Revenue	\$117,549	\$0	\$0	\$22,738	\$350,869	\$491,156	\$0	\$491,156
70600 HUD PHA Operating Grants	\$439,964	\$2,567,061				\$3,007,025		\$3,007,025
70610 Capital Grants	\$284,354					\$284,354		\$284,354
70700 Total Fee Revenue						\$0	\$0	\$0
70800 Other Government Grants			\$94,795			\$94,795		\$94,795
71100 Investment Income - Unrestricted	\$9	\$12			\$84	\$105		\$105
71400 Fraud Recovery		\$1,532				\$1,532		\$1,532
71500 Other Revenue	\$94,886	\$4,098			\$289,081	\$388,065		\$388,065
70000 Total Revenue	\$936,762	\$2,572,703	\$94,795	\$22,738	\$640,034	\$4,267,032	\$0	\$4,267,032
91100 Administrative Salaries	\$147,966	\$153,225		\$44	\$31,360	\$332,595		\$332,595
91200 Auditing Fees	\$2,780	\$3,000		\$800	\$6,000	\$12,580		\$12,580
91400 Advertising and Marketing					\$208	\$208		\$208
91500 Employee Benefit contributions - Administrative	\$69,772	\$148,338		\$9	\$61,927	\$280,046		\$280,046
91600 Office Expenses	\$24,774	\$34,541		\$515	\$20,881	\$80,711		\$80,711
91700 Legal Expense	\$550					\$550		\$550
91000 Total Operating - Administrative	\$245,842	\$339,104	\$0	\$1,368	\$120,376	\$706,690	\$0	\$706,690
92400 Tenant Services - Other	\$191					\$191		\$191
92500 Total Tenant Services	\$191	\$0	\$0	\$0	\$0	\$191	\$0	\$191
93100 Water	\$36,074			\$1,247	\$41,622	\$78,943		\$78,943
93200 Electricity	\$8,757				\$25,757	\$34,514		\$34,514
93300 Gas	\$2,256				\$1,432	\$3,688		\$3,688
93000 Total Utilities	\$47,087	\$0	\$0	\$1,247	\$68,811	\$117,145	\$0	\$117,145
94100 Ordinary Maintenance and Operations - Labor	\$128,112			\$297	\$46,878	\$175,287		\$175,287
94200 Ordinary Maintenance and Operations - Materials and Other	\$62,401			\$1,287	\$40,355	\$104,043		\$104,043
94300 Ordinary Maintenance and Operations Contracts	\$8,578			\$741	\$71,073	\$80,392		\$80,392
94500 Employee Benefit Contributions - Ordinary Maintenance	\$84,728			\$88	\$73,293	\$158,109		\$158,109
94000 Total Maintenance	\$283,819	\$0	\$0	\$2,413	\$231,599	\$517,831	\$0	\$517,831

PIKE METROPOLITAN HOUSING AUTHORITY
Financial Data Schedule
Entity Wide Revenue and Expense Summary
Year Ended December 31, 2017

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$113,658			\$22,738	\$348,777	\$485,173		\$485,173
70400 Tenant Revenue - Other	\$3,891				\$2,092	\$5,983		\$5,983
70500 Total Tenant Revenue	\$117,549	\$0	\$0	\$22,738	\$350,869	\$491,156	\$0	\$491,156
70600 HUD PHA Operating Grants	\$439,964	\$2,567,061				\$3,007,025		\$3,007,025
70610 Capital Grants	\$284,354					\$284,354		\$284,354
70700 Total Fee Revenue						\$0	\$0	\$0
70800 Other Government Grants			\$94,795			\$94,795		\$94,795
71100 Investment Income - Unrestricted	\$9	\$12			\$84	\$105		\$105
71400 Fraud Recovery		\$1,532				\$1,532		\$1,532
71500 Other Revenue	\$94,886	\$4,098			\$289,081	\$388,065		\$388,065
70000 Total Revenue	\$936,762	\$2,572,703	\$94,795	\$22,738	\$640,034	\$4,267,032	\$0	\$4,267,032
91100 Administrative Salaries	\$147,966	\$153,225		\$44	\$31,360	\$332,595		\$332,595
91200 Auditing Fees	\$2,780	\$3,000		\$800	\$6,000	\$12,580		\$12,580
91400 Advertising and Marketing					\$208	\$208		\$208
91500 Employee Benefit contributions - Administrative	\$69,772	\$148,338		\$9	\$61,927	\$280,046		\$280,046
91600 Office Expenses	\$24,774	\$34,541		\$515	\$20,881	\$80,711		\$80,711
91700 Legal Expense	\$550					\$550		\$550
91000 Total Operating - Administrative	\$245,842	\$339,104	\$0	\$1,368	\$120,376	\$706,690	\$0	\$706,690
92400 Tenant Services - Other	\$191					\$191		\$191
92500 Total Tenant Services	\$191	\$0	\$0	\$0	\$0	\$191	\$0	\$191
93100 Water	\$36,074			\$1,247	\$41,622	\$78,943		\$78,943
93200 Electricity	\$8,757				\$25,757	\$34,514		\$34,514
93300 Gas	\$2,256				\$1,432	\$3,688		\$3,688
93000 Total Utilities	\$47,087	\$0	\$0	\$1,247	\$68,811	\$117,145	\$0	\$117,145
94100 Ordinary Maintenance and Operations - Labor	\$128,112			\$297	\$46,878	\$175,287		\$175,287
94200 Ordinary Maintenance and Operations - Materials and Other	\$62,401			\$1,287	\$40,355	\$104,043		\$104,043
94300 Ordinary Maintenance and Operations Contracts	\$8,578			\$741	\$71,073	\$80,392		\$80,392
94500 Employee Benefit Contributions - Ordinary Maintenance	\$84,728			\$88	\$73,293	\$158,109		\$158,109
94000 Total Maintenance	\$283,819	\$0	\$0	\$2,413	\$231,599	\$517,831	\$0	\$517,831

PIKE METROPOLITAN HOUSING AUTHORITY
Financial Data Schedule
Entity Wide Revenue and Expense Summary
Year Ended December 31, 2017

	Project Total	14.871 Housing Choice Vouchers	8 Other Federal Program 1	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
96110 Property Insurance	\$16,505			\$944	\$18,274	\$35,723		\$35,723
96100 Total insurance Premiums	\$16,505	\$0	\$0	\$944	\$18,274	\$35,723	\$0	\$35,723
96300 Payments in Lieu of Taxes	\$6,623					\$6,623		\$6,623
96400 Bad debt - Tenant Rents	\$2,843					\$2,843		\$2,843
96600 Bad debt - Other				\$1,125		\$1,125		\$1,125
96800 Severance Expense								
96000 Total Other General Expenses	\$9,466	\$0	\$0	\$1,125	\$0	\$10,591	\$0	\$10,591
96710 Interest of Mortgage (or Bonds) Payable				\$5,124	\$64,444	\$69,568		\$69,568
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$5,124	\$64,444	\$69,568	\$0	\$69,568
96900 Total Operating Expenses	\$602,910	\$339,104	\$0	\$12,221	\$503,504	\$1,457,739	\$0	\$1,457,739
97000 Excess of Operating Revenue over Operating Expenses	\$333,852	\$2,233,599	\$94,795	\$10,517	\$136,530	\$2,809,293	\$0	\$2,809,293
97300 Housing Assistance Payments		\$2,295,119				\$2,295,119		\$2,295,119
97350 HAP Portability-In		\$5,914				\$5,914		\$5,914
97400 Depreciation Expense	\$173,243			\$11,366	\$241,537	\$426,146		\$426,146
90000 Total Expenses	\$776,153	\$2,640,137	\$0	\$23,587	\$745,041	\$4,184,918	\$0	\$4,184,918
10010 Operating Transfer In	\$81,700				\$94,795	\$176,495		\$176,495
10020 Operating transfer Out	-\$81,700		-\$94,795			-\$176,495		-\$176,495
10093 Transfers between Program and Project - In					\$352,888	\$352,888	-\$352,888	\$0
10094 Transfers between Project and Program - Out	-\$352,888					-\$352,888	\$352,888	\$0
10100 Total Other financing Sources (Uses)	-\$352,888	\$0	-\$94,795	\$0	\$447,683	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$192,279	-\$67,434	\$0	-\$849	\$342,676	\$82,114	\$0	\$82,114
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$12,202	\$167,080	\$179,282		\$179,282
11030 Beginning Equity	\$1,488,454	-\$103,463	\$0	\$93,790	\$803,869	\$2,282,650		\$2,282,650
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$1,296,175				\$1,296,175	\$0		\$0
11170 Administrative Fee Equity		-\$181,582				-\$181,582		-\$181,582
11180 Housing Assistance Payments Equity		\$10,685				\$10,685		\$10,685
11190 Unit Months Available	1067	6300		48	924	8339		8339
11210 Number of Unit Months Leased	1031	6094		47	916	8088		8088
11270 Excess Cash	-\$43,434					-\$43,434		-\$43,434
11620 Building Purchases	\$284,354					\$284,354		\$284,354



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

June 29, 2018

Members of the Board of Commissioners
Pike Metropolitan Housing Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, of Pike Metropolitan Housing Authority, Pike County, Ohio, (the Authority), which comprise the statement of net position as of December 31, 2017, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon date June 29, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

Whited Seigneur Sams & Rahe



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

June 29, 2018

Members of the Board of Commissioners
Pike Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Pike Metropolitan Housing Authority's, (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2017. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

Whited Seigneur Sams & Rahe

**PIKE METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Type auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Major Program(s):	CFDA #14.871 Section 8 Housing Choice Vouchers CFDA #14.850 Low Rent Public Housing
Dollar Threshold: Type A/B Programs	\$750,000
Low Risk Auditee?	Yes

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

None.

3. FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

PIKE COUNTY METROPOLITAN HOUSING AUTHORITY

PIKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 6, 2018**