Perry & Associates

Certified Public Accountants, A.C.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
Single Audit
For the Year Ended September 30, 2017

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St.,
Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave.,
Suite 300
Cambridge, OH 43725
740.435.3417

www.perrycpas.com

Dave Yost · Auditor of State

Board of Directors
Vinton Metropolitan Housing Authority
310 W. High Street
McArthur, Ohio 45651

We have reviewed the *Independent Auditor's Report* of the Vinton Metropolitan Housing Authority, Vinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period October 1, 2016 through September 30, 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 Vinton Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

June 6, 2018

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VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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INDEPENDENT AUDITOR'S REPORT

April 27, 2018

Vinton Metropolitan Housing Authority
Vinton County
310 W. High St.
McArthur, Ohio 45651

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Vinton Metropolitan Housing Authority**, Vinton County, Ohio (the Authority), as of and for the year ended September 30, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Vinton Metropolitan Housing Authority, Vinton County as of September 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The supplemental financial data schedule presented on pages 27 and 28 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not required parts of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

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

As management of the Vinton Metropolitan Housing Authority ("Authority"), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2017. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

Financial Highlights

1. The Authority has a negative net position of $6,225. This net position results from the difference between total assets and deferred outflows of resources of $136,050 and total liabilities and deferred inflows of resources of $142,275.

2. Current and other assets of $67,146 consist of non-restricted Cash and Cash Equivalents of $60,754, Accounts Receivable of $5,280 and Prepaid Expenses of $1,112.

3. Current liabilities of $39,002 consist of Accounts Payable of $23,261; Accrued Wages and Payroll Taxes Payable of $11,683; Accrued Compensated Absences of $1,001 and Mortgages Payable of $3,057.

Basic Financial Statements and Presentation

The financial statements presented by the Authority are the Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position and Statement of Cash Flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority maintains several programs that are structured as a single enterprise fund with revenues recognized when earned and measureable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets are capitalized and depreciated except land, over their estimated useful lives.

The *Statement of Net Position* presents information on all the Authority's assets deferred outflows of resources and liabilities deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position increases when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net position, which indicate improved financial condition.

The *Statement of Revenues, Expenses, and Change in Net Position* present information showing how the Authority's net position changed during the year. This statement summarizes operating revenues and expenses along with nonoperating revenues and expenses. In addition, this statement lists capital grant revenues received from federal, state and local governments.

The Statement of Cash Flows allows financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is generally classified into four categories: 1) Cash flows from operating activities, 2) Cash flows from noncapital financing activities, 3) Cash flows from capital and related activities, and 4) Cash flows from investing activities.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of the Authority

Recall that the statement of net position provides the perspective of the Authority as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the Authority's net position for 2017 compared to 2016:

Table 1

Condensed Summary of Net Position

		Restated
Assets:	**2017**	**2016**
Current and Other Assets	$67,146	$56,776
Capital Assets, Net	31,974	33,830
Total Assets	99,120	90,606
Deferred Outflows of Resources	36,930	7,606
Liabilities:		
Current Liabilities	39,002	29,904
Long-Term Liabilities	102,160	84,874
Total Liabilities	141,162	114,778
Deferred Inflows of Resources	1,113	960
Net Position:		
Net Investments in Capital Assets	24,531	23,419
Restricted	0	94
Unrestricted	(30,756)	(41,039)
Total Net Position	($6,225)	($17,526)

During 2017, current and other assets increased by $10,370, and current liabilities increased by $9,098. The change in current assets was mainly due to the change in cash balance. This change was caused by the result of current year activities. The change in current liabilities is mainly due to the increase in accrued wages/payroll taxes payable.

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension cost, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payment, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2017 and 2016.

Table 2

Condensed Summary of Revenues, Expenses and Change in Net Position

	2017	2016
Operating Revenues (Expenses):		
Operating Revenues	$792,299	$780,970
Operating Expenses (excluding depreciation)	(778,683)	(778,814)
Depreciation Expenses	(1,856)	(2,158)
Operating Income (Loss)	11,760	(2)
Nonoperating Revenue (Expenses):		
Interest Income	78	65
Interest Expense	(537)	(963)
Total Nonoperating Revenue (Expense)	(459)	(898)
Change in Net Position	11,301	(900)
Net Position, Beginning of Year - Restated	(17,526)	(18,717)
Net Position, End of Year	($6,225)	($19,617)

Financial Operating Activities

The most significant operating expenses for the Authority are Housing Assistance Payments, Administrative Salaries, Employee Benefits and Material and Labor/Maintenance. These expenses account for 98% of the total operating expenses. Housing Assistance Payments, which accounts for 84% of the total, represents cost associated with providing housing assistance for low-income tenants. Administrative Salaries and Employee Benefits, which accounts for 13% of the total, represents costs associated with salaried and hourly and fringe benefits for employees. Material and Labor/Maintenance, which accounts for 1% of the total, represents maintenance expenses for normal business operations.

Funding for the most significant operating expenses indicated above is from HUD Grants. HUD Grants revenue for 2017 was $790,333.

The Authority monitors its sources of revenues very closely for fluctuations.

Capital Assets and Debt Administration

The Authority's investment in capital assets as of September 30, 2017, amounts to $24,531 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, equipment and vehicles.

Additional information concerning the Authority's capital assets can be found in Note 9 of the notes to the basic financial statements.

As of September 30, 2017, the Authority had $7,443 in mortgage payable with $3,057 due within one year.

Additional information concerning the Authority's long-term obligations can be found in Note 10 of the notes to the basic financial statements.

Economic Factors

The economic outlook for the Authority is uncertain at this time. The slow economy has an impact on low-income households' ability to pay rent. Federal funding is at the discretion of the U.S. Department of Housing and Urban Development and is insufficient to cover operating costs and capital related needs for Public Housing Units. Section 8 administrative fees decreased retroactively to January 1, 2004 by three percent and additional cuts are possible. Locally, we are being impacted by negative employment factors such as stagnant job growth and a sluggish market.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact J. Richard Griffith, Executive Director, 310 W. High St., P.O. Box 487, McArthur, OH 45651.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE- ENTERPRISE FUND
AS OF SEPTEMBER 30, 2017

	ENTERPRISE
Assets	
Current Assets:	
Cash and Cash Equivalents - Unrestricted	$ 60,754
Accounts Receivable	5,280
Prepaid Expenses and Other Assets	1,112
Total Current Assets	67,146
Noncurrent Assets:	
Capital Assets:	
Nondepreciable Capital Assets	5,000
Depreciable Capital Assets, Net of Accumulated Depreciation	26,974
Total Capital Assets	31,974
Total Noncurrent Assets	31,974
Total Assets	99,120
Deferred Outflows of Resources	36,930
Total Assets and Deferred Outflows of Resources	$ 136,050
Liabilities	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	$ 11,683
Accounts Payable	23,261
Compensated Absences, Current Portion	1,001
Loan Liability, Current Portion	3,057
Total Current Liabilities	39,002
Non-Current Liabilities:	
Accrued Compensated Absences - Non-Current	9,212
Loan-Liability	4,386
Accrued Pension and OPEB Liabilities	88,562
Total Non-Current Liabilities	102,160
Total Liabilities	141,162
Deferred Inflows of Resources	1,113
Total Liabilities and Deferred Inflows of Resources	142,275
Net Position:	
Net Investment In Capital Assets	24,531
Unrestricted (Deficit)	(30,756)
Total Net Position	(6,225)
Total Deferred Inflows of Resources, Liabilities and Net Position	$ 136,050

See accompanying notes to the basic financial statements.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE- ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	ENTERPRISE
Operating Revenues	
HUD PHA Operating Grants	$ 790,333
Other Revenue	1,966
Total Operating Revenues	792,299
Operating Expenses	
Administrative:	
Administrative	100,370
Utilities	1,955
Insurance Premiums	12,113
General Expenses	5,292
Housing Assistance Payments	658,953
Depreciation Expense	1,856
Total Operating Expenses	780,539
Operating Income	11,760
Non-Operating Revenues (Expenses):	
Interest Expense	(537)
Investment Income - Unrestricted	78
Total Non-Operating Revenues	(459)
Change in Net Position	11,301
Net Position, Beginning of Year - Restated - See Note 13	(17,526)
Net Position, End of Year	$ (6,225)

See accompanying notes to the basic financial statements.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	ENTERPRISE
Cash Flows from Operating Activities:	
Receipts from HUD PHA Operating Grants	$ 785,053
Other Revenue	1,966
Housing Assistance Payments	(658,953)
Payments for General and Administrative Expense	(119,467)
Net Cash Flows Provided by Operating Activities	8,599
Cash Flows from Capital and Related Financing Activities:	
Cash Payments for Interest	(537)
Cash Payments for Principal	(2,968)
Net Cash Flows Used in Capital and Related Financing Activities	(3,505)
Cash Flows from Investing Activities:	
Cash Received from Interest	78
Net Cash Provided by Investing Activities	78
Net decrease in cash and cash equivalents	5,172
Cash and cash equivalents at beginning of year	55,582
Cash and cash equivalents at end of year	$ 60,754
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Operating (Loss)	$ 11,760
Adjustments to reconcile net (loss) to net cash provided by operating activities	
Depreciation Expense	1,856
(Increase)Decrease In:	
Prepaid Expenses	82
Deferred Outflows of Resources	(29,324)
Accounts Receivable	(5,280)
Increase(Decrease) In:	
Accounts Payable	1,848
Accrued Wages and Benefits	7,224
Accrued Compensated Absences	(1,249)
Net Pension Obligation	21,529
Deferred Inflows of Resources	153
Net Cash Used for Operating Activities	$ 8,599

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF THE AUTHORITY, PROGRAM AND REPORTING ENTITY

Description of the Authority and Programs

Vinton Metropolitan Housing Authority was created under Section 3735.07 of the Ohio Revised Code. The Authority contracts with the U.S. Department of Housing and Urban Development (HUD) to provide low-income persons with safe and sanitary housing through rent subsidies provided by HUD (Section 8 Housing Assistance). The majority of the Authority's rental income is received from HUD.

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

> Section 8 Rental Voucher Program – Under the Section 8 Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn, contracts with the private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.
>
> Family Self Sufficiency (FSS) Program - This program is designed to help participants achieve economic independence and self-sufficiency.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Authority consists of all funds, departments, boards, and agencies that are not legally separate from the Authority. For all Authority, this includes general operations and the Section 8 program.

The Vinton Metropolitan Housing Authority was established for the purpose of engaging the development, acquisition, and administrative activities of the low-income housing program. An Annual Contributions Contract (ACC) was signed by the Vinton Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under 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 were 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 Statement No. 39 is the "primary government". "A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability, 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Presentation – Fund Accounting

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

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

PROPRIETARY FUND TYPE: The proprietary fund is used to account for the Authority's ongoing activities which are similar to those found in a private sector. The following is the Authority's proprietary fund:

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

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds.

Measurements Focus

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of change 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.

Basis of Accounting

The proprietary fund type uses the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and measurable and expenses are recorded at the time liabilities are incurred, if measurable.

Deferred Outflows and Deferred Inflows 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 (expenditures/expenses) until then. The Authority reports a deferred outflow of resources for pensions as of September 30, 2017. The deferred outflows of resources related to pension are explained in Note 4. Deferred inflows of resources related to pension are reported on the Statement of Net Position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Budgetary Data

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

Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in checking accounts and are stated at cost, which approximates market value.

For purposes of the statement of cash flows and for presentation on the statement of net position, cash and cash equivalents include all highly liquid debt instruments with an original maturity of three months or less at the time they are purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2017, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Capital Assets

Land, buildings, equipment and vehicles are recorded at historical cost. Donated land, buildings, equipment and vehicles are recorded at their acquisition value on the date donated. The Authority capitalizes all assets with a cost of $3,000 or more. Depreciation is calculated on a straight-line method using half-year convention over the following useful lives.

Description	Estimated Lives
Building and Improvements	30
Equipment	7
Vehicles	5-7

Compensated Absences

The Authority reports compensated absences in accordance with the provisions of GASB No. 16, Accounting for Compensated Absences.

Sick leave benefits are accrued as a liability using the vesting method. Sick leave benefits are accrued as a liability for employees who are currently eligible to receive termination benefits and those identified as probable to receiving payment in the future. Vacation benefits are accrued as a liability as the benefits are earned by the employees if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the Authority will compensate the employees for the benefits through paid time off or some other means. The liability for sick leave and vacation benefits is based on accumulated unused balances and employees' wage rates at fiscal year-end. Compensated absences are expensed when earned by the employees.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are primarily administrative, benefits, maintenance and operations, depreciation, and housing assistance payments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Pensions

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

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their internal or external restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

Legal Requirements

State Statutes require the classification of cash into three categories.

Active cash is public deposits necessary to meet demands on the treasury. Such funds must be maintained either as cash in the Authority's treasure, in commercial or depository accounts payable or withdraw able on demand including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive cash is public deposits not required for use within the current five-year period of designation of depositories. Inactive funds may only be used to purchase investments which mature or are redeemable within five years from the date of purchase.

NOTE 3 – CASH AND INVESTMENTS – (Continued)

Interim cash is public deposits not needed for immediate use but which will be needed before the current depository agreement expires. Interim funds may only be invested or deposited in the following securities.

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

Public depositories must give security for all public funds on deposit. Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

The following information classifies deposits by category of risk as defined in GASB Statement No. 3, Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements and GASB Statement No. 40, Deposit and Investment Risk Disclosures. The Authority held no investments at the end of the year.

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral 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 the Federal Reserve Bank in the name of the Authority.

At September 30, 2017, the carrying amount of all Authority deposits was $60,754. All of the Authority's bank balance was covered by the Federal Deposit Insurance Corporation.

NOTE 4 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB Statement No. 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 the plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual basis of accounting.

Ohio Public Employees Retirement System (OPERS)

Plan Description – All authority employees participate in the Ohio Public Employee 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-employee defined benefit plan with defined contribution features. While members (Authority employees) may elect the Member-Direct Plan and the Combined Plan all Authority employee members are in OPERS' Traditional Plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional plans. 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/investments/cafr.shtml. writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

NOTE 4 – DEFINED BENEFIT RETIREMENT PLANS – (Continued)

Ohio Public Employees Retirement System (OPERS) – (Continued)

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

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

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. The 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.

NOTE 4 – DEFINED BENEFIT RETIREMENT PLANS – (Continued)

Funding Policy – The Ohio Revised Code (ORC) provided statutory authority for member and employee contributions as follows.

	Through 12/31/16 State and Local	Beginning 1/1/17 State and Local
Statutory Maximum Contribution Rates		
Employer	14.0%	14.0%
Employee	10.0%	10.0%
Actual Contribution Rates		
Employer		
Pension	12.0%	13.0%
Post-employment Health Care Benefits	2.0%	1.0%
Total Employer	**14.0%**	**14.0%**
Employee	**10.0%**	**10.0%**

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $9,574 for year 2017.

Net Pension Liability

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

	OPERS
Proportionate Share of the Net Pension Liability	$ 88,562
Proportion of the Net Pension Liability	0.000390%
Increase/(decrease) in % from prior proportion measured	0.000051%
Pension Expense	$ 18,802

NOTE 4 – DEFINED BENEFIT RETIREMENT PLANS – (Continued)

At September 30, 2017, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional
Deferred Outflows of Resources	
Net difference between projected and actual investment earnings	$ 13,189
Changes in assumptions	14,047
Differences between expected and actual experience	120
Authority contributions subsequent to the measurement date	9,574
Total Deferred Outflows of Resources	$ 36,930
Deferred Inflows of Resources	
Difference between expected and actual experience	$ 527
Changes in proportion and differences between Authority Contributions and proportionate share of contributions	586
Total Deferred Inflows of Resources	$ 1,113

$9,574 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 September 30, 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:

	Traditional
Fiscal Year Ending June 30:	
2018	$ 10,715
2019	$ 11,245
2020	$ 4,673
2021	$ (390)
Total	$ 26,243

Actuarial Assumptions

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

NOTE 4 – DEFINED BENEFIT RETIREMENT PLANS – (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. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement in accordance with the requirements of GASB 67 In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changed in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results are presented below:

Key Methods and Assumptions Used in Valution of Total Pension Liability	
Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2016
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Indiviual entry age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3/00% Simple through 2018, then 2.15% Simple

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 table were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2000. The mortality rates used in evaluating disability allowance were based on the RP-2014 Disabled Mortality table, 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 table.

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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

NOTE 4 – DEFINED BENEFIT RETIREMENT PLANS – (Continued)

OPERS manages investments in four investment portfolios; the Defined Benefit portfolio, the 401(h) Health Care 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 Member-Directed retiree medical accounts funded through the VEBA Trust. Within the Define 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 investment expense and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return.

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

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Board's Proportionate Share of the Net Liability to Changes in the Discount Rate – The following table presents 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 (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the Net pension liability-Traditional	$ 135,299	$ 88,562	$ 49,616

NOTE 5 – POST-EMPLOYMENT BENEFITS

In addition to the pension benefit obligation described above, the OPERS provides post-employment health care coverage to age the service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Plan or Combined Plan. Health care coverage for disability recipients and primary survivor recipients is available. Members of the Member-Directed Plan do not qualify for postemployment health care coverage. Other postemployment benefits are advance-funded on an actuarially determine basis. A portion of each employer's contribution to the Traditional Plan or Combined Plan is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2017 contribution rate of local government employers was 14.0% of covered payroll. The portion of employer contributions allocated to health care for members 2.0% during calendar year 2016 and 1.0% during calendar year 2017. The Authority's required contribution that were allocated to fund postemployment benefits with OPERS for the year's ended September 30, 2017, 2016 and 2015 were $950, $2,953, and $2,801 respectively; 100% has been contributed for each year.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

NOTE 6 – COMPLENSATED ABSENCES

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

Sick leave is earned at a rate of 4.60 hours per 80 hours of service. Unused sick leave may be accumulated without limit. At time of separation, employees shall be paid the value of up to 30 days of unused sick leave.

All permanent employees will earn vacation hours accumulated based on length of service. Unused vacation leave will be paid to the employees at the time of separation not to exceed 160 hours.

As of September 30, 2017, $10,213 was accrued for unused sick leave and vacation.

NOTE 7 – RISK MANAGEMENT

The Authority maintains comprehensive liability insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage from the prior year. There were no settlements that exceeded insurance coverage during the past three years.

NOTE 8 – ADMINISTRATIVE FEE

The Authority receives an "administrative fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts.

NOTE 9 – CAPITAL ASSETS

A summary of changes in capital assets during fiscal year 2017 were as follows:

	Restated Balance at 10/01/2016	Additions	Deletions	Balance at 09/30/2017
Non-depreciable Capital Assets:				
Land	$ 5,000	$ 0	$ 0	$ 5,000
Depreciable Capital Assets:				
Buildings	57,531	0	0	57,531
Furniture and Equipment – Admin	34,660	0	0	34,660
Total Depreciable Capital Assets	92,191	0	0	92,191
Total Capital Assets	97,191	0	0	97,191
Accumulated Depreciation:				
Buildings	(28,701)	(1,856)	0	(30,557)
Furniture and Equipment - Admin	(34,660)	0	0	(34,660)
Total Accumulated Depreciation	(63,361)	(1,856)	0	(65,217)
Total Capital Assets	$ 33,830	$ (1,856)	$ 0	$ 31,974

NOTE 10 – LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the Authority during the 2017 fiscal year were as follows:

	Issue Date	Interest Rate	Principal Outstanding At October 1, 2016	Additions	Deductions	Principal outstanding at September 30, 2017	Amount Due in One Year
Administrative Building Mortgage	2010	4.95%	$ 10,411	$ 0	$ 2,968	$ 7,443	$ 3,057
Compensated Absences	n/a	n/a	$ 11,462	$ 0	$ 1,243	$ 10,219	$ 1,001
Net Pension Liability	n/a	n/a	$ 67,033	$ 21,529	$ 0	$ 88,562	$ 0
Total Long-Term Obligation			$ 88,906	$ 21,529	$ 4,211	$ 106,224	$ 4,042

The Authority entered into a mortgage payable obligation in fiscal year 2010 in the amount of $26,500 at an interest rate of 4.95% for the Authority's administrative building. Payments are required on a monthly basis in the amount of $280 with the final payment due on February 1, 2020.

Principal and interest requirements to retire debt at September 30, 2017 are as follows:

Year Ending September 30	Principal	Interest	Total
2018	$ 3,057	$ 309	$ 3,366
2019	3,211	155	3,366
2020	1,175	17	1,192
Total of all payments	$ 7,443	$ 481	$ 7,924

NOTE 11 – ECONOMIC DEPENDENCY

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

NOTE 12 – CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as no appropriate under the terms for the grants. Such audits could lead to reimbursement to the grantor agencies. Authority's management believes disallowance, if any will be immaterial.

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 2017, the Authority was involved in no matters management believes will have a material effect on the basic financial statements.

NOTE 13 – PRIOR PERIOD RESTATEMENT

The beginning balance for the Authority's capital assets has been restated to agree system balances with actual capital assets in use. This prior period restatement had the following effect on the Authority's capital assets beginning balance and net position beginning balance as of September 30, 2017:

	Balance at 9/30/16	Change	Restated Balance at 9/30/16
Land	$ 5,000	$ -	$ 5,000
Buildings	56,039	1,492	57,531
Furniture and Equipment - Admin	34,660	-	34,660
		-	
Total Capital Assets	95,699	1,492	97,191
Accumulated Depreciation:			
Buildings	(29,300)	599	(28,701)
Furniture and Equipment - Admin	(34,660)	-	(34,660)
		-	
Total Accumulated Depreciation	(63,960)	599	(63,361)
Total Capital Assets	$ 31,739	$ 2,091	$ 33,830

Net Position, September 30, 2016	$ (19,617)
Restatement	2,091
Net Position, October 1, 2016	$ (17,526)

VINTON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
September 30, 2017

Ohio Public Employees Retirement System
Last 10 Fiscal Years*

	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset) (percentage) - Traditional Plan	0.000390%	0.000387%	0.000392%	0.000392%
Authority's proportionate share of the net pension liability (asset) - Traditional Plan	$ 88,562	$ 67,033	$ 47,280	$ 46,212
Authority's covered payroll	$ 73,821	$ 70,029	$ 69,529	$ 69,028
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	119.97%	95.72%	68.00%	66.95%
Plan fiduciary net position as a percentage of the total pension liability (Traditional Plan)	77.25%	81.08%	86.45%	86.36%

Information prior to fiscal year 2013 is not available.

*The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

VINTON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF CONTRIBUTIONS
September 30, 2017
Ohio Public Employees Retirement System
Last 10 Fiscal Years

Traditional Plan:

	2017	2016	2015	2014	2013
Contractually required contribution	$ 9,574	$ 10,335	$ 9,804	$ 9,734	$ 9,664
Contributions in relation to contractually required contribution	(9,574)	(10,335)	(9,804)	(9,734)	(9,664)
Contribution deficit (surplus)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 75,168	$ 73,821	$ 70,029	$ 69,529	$ 69,029
Contributions as a percentage of covered payroll	12.74%	14.00%	14.00%	14.00%	14.00%

Calculated contribution rates above sometimes differ from published OPERS rates due to rate changes during the Authority's fiscal year (OPERS rates are effective based on a calendar year).

Information prior to fiscal year 2013 is not available.

Schedule will be built prospectively.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FINANCIAL DATA SCHEDULE
AS OF SEPTEMBER 30, 2017

		Section 8 Voucher	TOTAL ENTERPRISE
	Assets		
	Current Assets:		
111	Cash and Cash Equivalents - Unrestricted	$ 60,754	$ 60,754
	Accounts Receivable:		
122	HUD Other Projects	5,280	5,280
142	Prepaid Expenses and Other Assets	1,112	1,112
150	Total Current Assets	67,146	67,146
	Noncurrent Assets:		
	Capital Assets:		
161	Land	5,000	5,000
162	Building	57,531	57,531
164	Furniture, Equipment & Machinery - Admin	34,660	34,660
166	Accumulated Depreciation	(65,217)	(65,217)
160	Capital Assets, Net of Accumulated Depreciation	31,974	31,974
180	Total Noncurrent Assets	31,974	31,974
	Total Assets	99,120	99,120
200	*Deferred Outflows of Resources*	36,930	36,930
290	*Total Assets and Deferred Outflows of Resources*	136,050	136,050
	Liabilities		
	Current Liabilities:		
	Accrued Wages/Payroll Taxes Payable	11,683	11,683
	Accounts Payable:		
	<= 90 Days Past Due	23,261	23,261
322	Compensated Absences, Current Portion	1,001	1,001
348	Loan Liablitity, Current Portion	3,057	3,057
310	Total Current Liabilities	39,002	39,002
	Non-Current Liabilities:		
354	Accrued Compensated Absences - Non-Current	9,212	9,212
355	Loan Liability - Non-Current	4,386	4,386
357	Accrued Pension and OPEB Liabilities	88,562	88,562
350	Total Non-Current Liabilities	102,160	102,160
300	*Total Liabilities*	141,162	141,162
400	*Deferred Inflows of Resources*	1,113	1,113
	Total Liabilities and Deferred Inflows of Resources	142,275	142,275
	Net Position:		
508.1	Net Investment In Capital Assets	24,531	24,531
512.4	Unrestricted Net Position	(30,756)	(30,756)
513	*Total Equity - Net Assets/Position*	(6,225)	(6,225)
600	*Total Liabilities, Deferred Inflows of Resources and Equity*	$ 136,050	$ 136,050

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Section 8 Voucher	TOTAL ENTERPRISE
	Revenues		
70600	HUD PHA OperatingGrants	$ 790,333	$ 790,333
71100	Investment Income - Unrestricted	78	78
71500	Other Revenue	1,966	1,966
70000	Total Revenues	792,377	792,377
	Operating Expenses		
	Administrative:		
91100	Administrative Salaries	73,919	73,919
91200	Auditing and Accounting Fees	5,225	5,225
91600	Office Expenses	14,774	14,774
91700	Legal Expense	67	67
91900	Other Operating	6,385	6,385
91000	Total Administrative	100,370	100,370
	Utilities:		
93100	Water	291	291
93200	Electricity	1,141	1,141
93400	Fuel	523	523
93000	Total Utilities	1,955	1,955
	Insurance Premiums:		
96110	Property Insurance	1,391	1,391
96120	Liability Insurance	1,150	1,150
96130	Workmen's Compensation	685	685
96140	All Other Insurance	8,887	8,887
96100	Total Insurance Premiums	12,113	12,113
	General:		
96200	Other General Expenses	5,292	5,292
96000	Total Other General Expenses	5,292	5,292
	Interest Expense and Amorization Costs:		
96710	Interest of Mortgage Payable	537	537
96700	Total Interest Expense and Amortization Costs	537	537
96900	Total Operating Expenses	120,267	120,267
97000	Excess of Operating Revenue over Operating Expenses	672,110	672,110
97300	Housing Assistance Payments	658,953	658,953
97400	Depreciation Expense	1,856	1,856
90000	Total Expenses	781,076	781,076
10000	Excess (Deficiency) of Total Revenue Over (Under) Total	11,301	11,301
11030	Net Position, Beginning of the Year - Restated - See Note 13	(17,526)	(17,526)
	Net Position, End of Year	$ (6,225)	$ (6,225)
11020	Debt Principal Payments	$ 2,968	$ 2,968
11190	Unit Months Available	2,352	2,352
11210	Number of Unit Months Leased	2,128	2,128

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VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

FEDERAL GRANTOR/ PASS-THROUGH ENTITY/ PROGRAM TITLE	FEDERAL CFDA NUMBER	2017 FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
DIRECT AWARDS:		
Section 8 Housing Choice Vouchers	14.871	$ 790,333
Total U.S. Department of Housing and Urban Development		790,333
TOTAL FEDERAL AWARDS EXPENDITURES		$ 790,333

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

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Expenditures, (the Schedule), is a summary of the activity of the Authority's federal award programs for the year end September 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

April 27, 2018

Vinton Metropolitan Housing Authority
Vinton County
310 W. High St.
McArthur, Ohio 45651

To the Board of Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Vinton Metropolitan Housing Authority,** Vinton County, (the Authority) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 27, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2017-001 to be a significant deficiency.

Compliance and Other Matters

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

Purpose of this Report

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

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

April 27, 2018

Vinton Metropolitan Housing Authority
Vinton County
310 W. High St.
McArthur, Ohio 45651

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited **Vinton Metropolitan Housing Authority's**, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended September 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended September 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Perry & Associates CPA's A.C.

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Marietta, Ohio

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING 2017-001

Financial Statement Adjustments – Significant Deficiency

Sound financial reporting is the responsibility of the Authority and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. A monitoring system by the Authority should be in place to prevent or detect misstatements to help ensure the accurate presentation of the Authority's financial statements.

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

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

FINDING 2017-001 (Continued)

Financial Statement Adjustments – Significant Deficiency (Continued)

Certain errors were corrected in the financial statements, and while not material to the financial statements, adjustments were necessary for the financial statements to be correctly presented. We have communicated adjustments for capital assets, revenues and deferred outflows of resources to the Authority, as well as made adjustments to the notes to the financial statements, including GASB 68, and completed the Statement of Cash Flows. The Authority agrees to all adjustments made.

We recommend the Authority review the adjustments and use this information to ensure that similar errors are not reported on financial statements in subsequent years. In addition, we recommend the Authority adopt procedures for the review of the activity posted to the accounting records and implement monitoring procedures over the financial reporting process to ensure that financial information presented adheres to generally accepted accounting principles.

Management's Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None

Vinton Metropolitan Housing Authority

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Executive Director
J. Richard Griffith

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	Authority will adopt procedures for the review of the activity posted to the accounting records and implement monitoring procedures over the financial reporting process to ensure that financial information presented adheres to generally accepted accounting principles.	Immediately	J. Richard Griffith, Executive Director

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Executive Director
J. Richard Griffith

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Financial Statement Adjustments	Not Corrected	Repeated as Finding 2017-001

Dave Yost • Auditor of State

VINTON COUNTY METROPOLITAN HOUSING AUTHORITY

VINTON 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
JUNE 19, 2018