HARRISON METROPOLITAN
HOUSING AUTHORTIY
HARRISON COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
AND SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
MARCH 31, 2017

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

Dave Yost · Auditor of State

Board of Commissioners
Harrison Metropolitan Housing Authority
P. O. Box 146
82450 Cadiz-Jewett Road
Cadiz, Ohio 43907

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

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

Dave Yost

Dave Yost
Auditor of State

October 13, 2017

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HARRISON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2017

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Harrison Metropolitan Housing Authority
Cadiz, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Financial Data Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

September 11, 2017

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The management of the Harrison Metropolitan Housing Authority's (the "Authority" or Primary Government) offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended March 31, 2017. This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual account issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the fiscal year ended March 31, 2017 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 14). In accordance with GASB Statement No. 34, paragraph 10, the financial information and discussion presented below focuses on the primary government. Due to the significance of the component unit when compared to the primary government, the financial information is provided for the component unit in some instances to provide for a more complete and meaningful discussion of financial results. Regardless discussion in the MD&A attempts to distinguish between information pertaining to the primary government and that of its component unit.

FINANCIAL HIGHLIGHTS

The management of the Harrison Metropolitan Housing Authority operates an independent for profit limited liability company, Enterprise Housing Property Preservation, L.L.C.

The primary government's programs include: Conventional Public-Housing, Capital Fund Program (CFP), Housing Choice Voucher Program, State/Local, and USDA Rural Development. The discretely presented Component Unit consists of Enterprise Housing Property Preservation, L.L.C.

- Net position for the primary government was $1,088,592 and $1,165,904 for the fiscal years ended March 31, 2017 and 2016, respectively. The Authority's net position decreased by $77,312 or 6.63 percent during 2017, based on the current year activity.

- Revenues for the primary government increased by $42,821 or 3.04 percent during 2017, and were $1,450,202 and $1,407,381 for 2017 and 2016, respectively.

- Expenses increased by $114,945 or 8.14 percent during 2017 and were $1,527,514 and $1,412,569 for 2017 and 2016, respectively.

- Net position for the component unit was $350,918 and $380,927 for the fiscal years ended March 31, 2017 and 2016, respectively. The component unit Enterprise Housing Property Preservation, L.L.C.'s net position decreased by $30,009 or 7.88 percent during 2017, based on the current year activity.

- Revenues for the component unit decreased $61,566 or 45.62 percent during 2017, and were $73,397 and $134,963 for 2017 and 2016, respectively.

- Expenses decreased by $80,696 or 43.83 percent during 2017 and were $103,406 and $184,102 for 2017 and 2016, respectively

USING THIS ANNUAL REPORT

The following outlines the format of this report:

MD&A ~ Management Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to Financial Statements ~
Other Required Supplementary Information ~Required Supplementary Information~ (Other than the MD&A)

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented (pages 14-16) are those of the Authority as a whole (Authority-wide) and the component unit, discretely reported. The financial statements are further detailed by major account. This perspective (Authority-wide, major account, and component unit) allows the user to address relevant questions, broadens a basis for comparison year to year or Authority to Authority) and enhances the Authority's accountability.

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

Unrestricted **-** Consists of net position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

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

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

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

FINANCIAL STATEMENTS BY MAJOR FUND

In general, the Authority's financial statements consist exclusively of an enterprise fund. An enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by private sector accounting.

Many of the funds maintained by the Authority are required by the United States Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

THE AUTHORITY'S PROGRAMS

Business Type Programs

Conventional Public Housing and Capital Fund Program – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30 percent of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30 percent, and the Housing Authority subsidizes the balance.

THE AUTHORITY'S PROGRAMS (Continued)

Business Type Programs (Continued)

USDA Rural Development – Under the USDA Rural Development Program, the Authority rents units that is owns to low-income households. The USDA Rural Development Program is operated under a contract with the United States Department of Agriculture, and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

State/Local – The State and Local Programs include activity for management of a multi-family project, Bingham Terrace, and management of USDA Rural Development properties.

Component Unit Activity **-** represents resources developed from a variety of activities including, but not limited, to the following:

Enterprise Housing Property Preservation, L.L.C. **-** provides routine building maintenance, scheduled property maintenance, unit renovation services to home owners, landlords, banking institutions, real estate agencies and commercial businesses of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, and Muskingum counties. Also, Enterprise Housing Property Preservation L.L.C. purchases various types of residential properties, assesses and renovates as needed, and either utilizes them as an income-producing rental or places them back on the open market for resale.

GASB 68 REPORTING

Primary Government

During 2016, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, which significantly revises accounting for pension costs and liabilities. 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 costs, 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 68 REPORTING (Continued)

Primary Government (Continued)
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 the 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 not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its 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 payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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.

As a result of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Component Unit
There is no effect on the reporting of the component unit as it relates to GASB 68 as there are no pension benefits offered by Enterprise Housing Property Preservation, L.L.C.

AUTHORITY-WIDE STATEMENTS

The following table reflects the condensed Statement of Net Position compared to the prior-year. The Authority is engaged only in business-type activities.

Table 1
Condensed Statement of Net Position Compared to Prior Year Primary Government

	2017	2016
Assets		
Current and Other Assets	$ 576,648	$ 413,477
Capital Assets	1,199,975	1,318,089
Non-Current Assets	250,000	375,000
Deferred Outflow of Resources	160,722	72,406
Total Assets Deferred and Outflows of Resources	2,187,345	2,178,972
Liabilities		
Current Liabilites	86,154	137,605
Long-Term Liabilities	1,006,485	872,308
Deffered Inflow of Resources	6,114	3,155
Total Liabilities and Deferred Inflow of Resources	1,098,753	1,013,068
Net Position		
Net Investment in Capital Assets	573,523	677,409
Restricted	80,030	1,561
Unrestricted	435,039	486,934
Total Net Position	1,088,592	1,165,904
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 2,187,345	$ 2,178,972

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

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Primary Government

During 2017, total assets and deferred outflows of resources for the primary government increased by $8,373, due mainly to results of current year activities.

Total liabilities and deferred inflow of resources increased by $85,685. Most of the increase correlates with the implementation of GASB 68 and the reporting of deferred inflow of resources.

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

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION (Continued)

Primary Government (Continued)

Table 2
Change in Net Position - Primary Governmnet

	Unrestricted Net position	Net Invested In Capital	Restricted Net Position
Beginning Net Position	$ 486,934	$ 677,409	$ 1,561
Results From Operation	(91,152)	0	13,840
Adjustment:			
Current Year Depreciation Expense	118,115	(118,115)	0
Current Year Restatement of Restricted Cash	(64,629)	0	64,629
Net Change In Debt Balance	(14,229)	14,229	0
Ending Net Position	$ 435,039	$ 573,523	$ 80,030

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

Component Unit

During 2017, total assets for the component unit decreased by $32,257. Total liabilities decreased by $2,248 and the total net position decreased by $30,009 for the component unit Enterprise Housing Property Preservation, L.L.C.

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

Table 3
Change in Net Position - Component Unit

	Unrestricted Net position	Net Invested In Capital Assets	Restricted Net Position
Beginning Net Position	$ 82,695	$ 298,232	$ 0
Results From Operation	(26,209)	(3,800)	0
Adjustment:			
Current Year Depreciation Expense	11,734	(11,734)	0
Current Year Capital Expenditures	0	0	0
Ending Net Position	$ 68,220	$ 282,698	$ 0

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in Business-Type Activities only.

Table 4
Statement of Revenues, Expenses, and Changes in Net Position - Primary Government

	2017	2016
Revenues		
Tenant Revenue	$ 248,092	$ 259,283
Operating Subsidies	1,007,899	1,029,517
Investment/Other Income	194,211	118,581
Total Revenues	1,450,202	1,407,381
Expenses		
Administration	342,031	302,831
Tenent Services	672	517
Utilities	104,838	95,816
Maintenance	140,186	105,629
General, Insurance, Interest	54,600	37,964
Housing Assistance Payments	767,072	736,337
Other Non-Operating Expenses	0	16,985
Depreciation	118,115	116,490
Total Expenses	1,527,514	1,412,569
Change in Net Position	$ (77,312)	$ (5,188)

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Tenant revenue decreased slightly during 2017 in comparison to 2016. Operating subsidies from HUD decreased largely due to the federal pro-ration change from one year to another. The Authority also did not receive a CHIP grant award in 2017 and was awarded the grant in 2016.

Overall, total expenses increased $114,945 during 2017 in comparison to 2016. Contributing factors are due to a variety of increases and decreases within the individual expense categories of daily operations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of March 31, 2017, the Authority had $1,199,975 invested in a variety of capital assets as reflected in the following table, which represents a net decrease of $118,114.

Table 5
Capital Assets (Net of Depreciation)-Primary Government

	2017	2016
Land	$ 137,179	$ 137,179
Buildings	4,896,628	4,896,628
Furniture and Equipment	235,462	235,462
Accumulated Depreciation	(4,069,294)	(3,951,180)
Total Capital Assets	$ 1,199,975	$ 1,318,089

As of March 31, 2017, the component unit had $282,698 invested in a variety of capital assets.

The following table summarizes the change in Capital Assets.

Table 6
Change in Capital Assets-Primary Government

	2017
Beginning Balance-Net	$ 1,318,089
Depreciation Expense	(118,114)
Total Capital Assets	$ 1,199,975

Refer to Note 6 for additional information on Capital Assets.

As of March 31, 2017, the Authority had $626,452 in debt (mortgages) outstanding compared to $640,681 the prior year. The component unit, however, had no debt at the end of 2017.

Table 7
Condensed Statement of Changes in Debt Outstanding-Primary Government

	2017
Beginning Balance-April 1, 2016	$ 640,681
Current Year Principle Payments	(14,229)
Ending Balance-March 31, 2017	$ 626,452

Refer to Note 10 for additional information on Debt Outstanding.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the U.S. Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program
- Inflationary pressure on utility rates, supplies, and other costs

FINANCIAL CONTACT

Questions concerning any of the information provided in this Management Discussion & Analysis should be addressed to:

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HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2017

	Primary Government	Component Unit
Assets		
Current Assets		
Cash and Cash Equivalents	$ 240,072	$ 70,131
Cash and Cash Equivalents - Restricted	103,158	3,389
Receivables - Net of Allowance	86,544	0
Pledged Escrow Receivable - Current	125,000	0
Prepaid Expenses and Other Assets	21,874	1,570
Total Current Assets	576,648	75,090
Noncurrent Assets		
Capital Assets:		
Land	137,179	58,900
Other Capital Assets - Net	1,062,796	223,798
Total Capital Assets	1,199,975	282,698
Pledged Escrow Receivable - Noncurrent	250,000	0
Total Noncurrent Assets	1,449,975	282,698
Deferred Outflows of Resources	160,722	0
Total Assets and Deferred Outflows of Resources	$ 2,187,345	$ 357,788
Liabilities		
Current Liabilities		
Accounts Payable	$ 21,134	$ 326
Accrued Wages/Payroll Taxes	841	0
Accrued Compensated Absences - Current	17,267	0
Accrued Liabilities - Other	9,152	3,155
Tenant Security Deposits	23,128	3,389
Unearned Revenue	170	0
Current Portion of Long-Term Debt	14,462	0
Total Current Liabilities	86,154	6,870
Noncurrent Liabilities		
Accrued Compensated Absences - Noncurrent	14,766	0
Long-Term Debt	611,990	0
Net Pension Liability	379,729	0
Total Noncurrent Liabilities	1,006,485	0
Total Liabilities	1,092,639	6,870
Deferred Inflows of Resources	6,114	0
Net Position		
Net Investment in Capital Assets	573,523	282,698
Restricted	80,030	0
Unrestricted	435,039	68,220
Total Net Position	1,088,592	350,918
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,187,345	$ 357,788

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2017

	Primary Government	Component Unit
Operating Revenues		
Tenant Revenue	$ 248,092	$ 46,944
Government Operating Grants	1,007,899	0
Other Revenues	194,207	30,124
Total Operating Revenues	1,450,198	77,068
Operating Expenses		
Administrative	342,031	34,513
Tenant Services	672	0
Utilities	104,838	605
Maintenance	140,186	47,693
Insurance	22,615	5,108
General	22,072	3,753
Housing Assistance Payments	767,072	0
Depreciation	118,115	11,734
Total Operating Expenses	1,517,601	103,406
Operating Income/(Loss)	(67,403)	(26,338)
Non-Operating Revenues (Expenses)		
Interest Revenue	4	129
Interest Expense	(9,913)	0
Loss on Disposal of Capital Assets	0	(3,800)
Total Non-Operating Revenue (Expenses)	(9,909)	(3,671)
Change In Net Position	(77,312)	(30,009)
Total Net Position Beginning of Year	1,165,904	380,927
Total Net Position End of Year	$ 1,088,592	$ 350,918

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2017

	Primary Government	Component Unit
Cash Flows From Operating Activities		
Cash Received From HUD	$ 1,007,899	$ 0
Cash Received From Tenants	244,179	45,894
Cash Received From Other Sources	192,419	30,124
Cash Payments For Housing Assistance Payments	(767,072)	0
Cash Payments For Other Operating Expenses	(617,664)	(90,611)
Net Cash Provided By (Used In) Operating Activities	59,761	(14,593)
Cash Flows From Capital And Related Financing Activities		
Debt Payments - Principal	(14,227)	0
Debt Payments - Interest	(9,913)	0
Net Cash Provided By (Used In) Capital And Related Financing Activities	(24,140)	0
Cash Flows From Investing Activities		
Interest Income	4	129
Net Cash Provided By (Used In) Investing Activities	4	129
Net Increase (Decrease) in Cash and Cash Equivalents	35,625	(14,464)
Cash And Cash Equivalents, Beginning	307,605	87,984
Cash And Cash Equivalents, Ending	$ 343,230	$ 73,520
Reconciliation of Operating Income/Loss To Net Cash Provided by (Used in) Operating Activities		
Operating Income/(Loss)	$ (67,403)	$ (26,338)
Adjustments To Reconcile Operating Income/(Loss) To Net Cash Provided By (Used In) Operating Activities		
Depreciation	118,115	11,734
(Increase)Decrease In:		
Receivables - Net of Allowance	(3,057)	0
Prepaid Expenses	511	2,259
Increase(Decrease) In:		
Employer Contributions to Pension Plan Subsequent to Measurement Date	(8,208)	0
Accounts Payable	11,021	(729)
Accrued Wages/Payroll Taxes	(12,079)	(777)
Accrued Compensated Absences	24,135	0
Accrued Liabilities - Other	(630)	308
Tenant Security Deposits	(856)	(1,050)
Unearned Revenue	(1,788)	0
Net Cash Provided By (Used In) Operating Activities	$ 59,761	$ (14,593)

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

NOTE 1: **REPORTING ENTITY**

Introduction

The Harrison Metropolitan Housing Authority (the Authority) was established for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the low-income housing program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

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

As required by GAAP, the basic financial statements of the reporting entity include those of the Authority and any component units. Component units are separate legal entities. Elected officials of a primary government have financially accountability for the entity, and the nature and significance of the relationship between the entity and a primary government are such that to exclude the entity from the financial reporting entity would render the basic financial statements misleading or incomplete.

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. The following organization is described due to its relationship to the Authority.

The component unit column in the financial statements identifies the financial data of the Authority's individual component unit: Enterprise Housing Property Preservation, L.L.C. (the Company). It is reported separately to emphasize that it is a legally separate entity and provides services to clients of the Authority and others.

Enterprise Housing Property Preservation, L.L.C. is an organization that is owned by the Board of Commissioners of the Authority. It was established in 2014 as a for-profit company and is offering residents of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Muskingum, and Tuscarawas counties commercial and residential maintenance services that include routine building maintenance, scheduled property maintenance, and unit renovation services. The Company also purchases various types of residential properties that are assessed and renovated. These properties are either kept as an income-producing rental or are placed back on the open market for resale.

NOTE 1: **REPORTING ENTITY** (Continued)

Introduction (Continued)
There are no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Company is not included in any other reporting entity based on such criteria. A summary of each program administered by the Authority included in the financial statements is provided to assist the reader in interpreting the basic financial statements. These programs constitute all programs subsidized by HUD and operated by the Authority.

Description of Programs

A. **Public Housing Program**

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

B. **Capital Fund Program**

The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

C. **Housing Choice Voucher Program**

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit, or public landlords to subsidize rentals for low-income persons. Under this Program, the Authority determines the amount of subsidy a family will receive using HUD guidelines; however, there is a limit of the amount charged to the family.

D. **USDA Rural Development**

Under the USDA Rural Development Program, the Authority rents units that it owns to low-income households. The USDA Rural Development Program is operated under a contract with the United States Department of Agriculture (USDA), and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

E. **State and Local Program**

The State and Local Program includes activity for the management of a multi-family project, Bingham Terrace, and rural development projects Dunfee Court and Gable Estates, and any other non-federal activities conducted by the Authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounts of the Authority are organized based on funds, each of which is considered a separate accounting entity. The Authority has created a number of sub-funds within the enterprise fund. Each sub-fund is accounted for by a separate set of self- balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses.

The individual sub-funds account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. These sub-funds of the Authority are all considered Proprietary Fund Types. The sub-funds included in this category are as follows:

Public Housing Fund
This fund accounts for all activities and projects of the Public Housing Program (described previously), including Public Housing and Capital Fund Grants. The Authority either sets up separate funds within the Public Housing Fund for each program or assigns a particular set of general ledger accounts in order to account for income and expenses of each program separately. All sub-accounts or funds are combined to produce the financial statements of the Public Housing Fund.

Housing Choice Voucher Fund
This fund accounts for the rental assistance program more fully described under the "Housing Choice Voucher Program," in Note 1.

Operating/Business Activities Fund
This fund accounts for fees earned rendering contract administration services to agencies along with any non-federal miscellaneous activity.

Dunfee Court Fund
This fund accounts for all activities associated with the Rural Development Program (described previously) for this specific community. The Authority assigns a particular set of general ledger accounts in order to account for income and expenses of this community separately.

Gable Estates Fund
This fund accounts for all activities associated with the Rural Development Program (described previously) for this specific community. The Authority assigns a particular set of general ledger accounts in order to account for income and expenses of this community separately.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Basis of Accounting**

Primary Government

The accrual basis of accounting is used to account for those operations that are financed and operated in a manner similar to private business, or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses excluding depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Component Unit

The Company utilizes the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

C. **Investments**

Primary Government

Investments are restricted by the provisions of the HUD regulations (Note 4). Investments are valued at market value. Interest income earned in fiscal year 2017 totaled $4 for the primary government.

Component Unit

Investments are unrestricted and are valued at market value. Interest income earned in fiscal year 2017 totaled $129 for the component unit.

D. **Receivables – Net of Allowance**

Primary Government

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts was $1,242 at March 31, 2017.

Component Unit

The Authority has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Bad debts are treated as direct write-off in the period management determines that collection is not probable. There were no bad debts expensed for the year ended March 31, 2017.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Capital Assets**

Primary Government
Capital assets are stated at cost and depreciation is computed using the straight-line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority's capitalization policy is $1,500. The following are the useful lives used for depreciation purposes:

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	7 years

Component Unit
Fixed assets are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the Statement of Operations. The rental property is depreciated over estimated service levels as follows:

Buildings and Improvements	7- 40 years
Vehicles	5 years

F. **Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all liquid debt instruments with original maturities of three months of less.

G. **Compensated Absences**

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

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; 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.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

G. **Compensated Absences** (Continued)

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

The following is a summary of changes in compensated absences for the year ended March 31, 2017:

	Balance 3/31/2016	Increases	Decreases	Balance 3/31/2017	Due Within One Year
Compensated Absences	$ 27,345	$ 4,688	$ 0	$ 32,033	$ 17,267

H. **Unearned Revenue**

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied.

I. **Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual operating budgets for all of its HUD funded programs. The budgets for its programs are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. The Board adopts the budget through passage of an Authority budget resolution.

J. **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

K. **Net Position**

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

The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2**:** **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. **Operating Revenues and Expenses**

Primary Government

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

Component Unit

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the company and its tenants are typically one year or less. Service income is recognized as fees become due for monthly fixed fees and recognized, as work is completed per-unit fees.

M. **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 Authority's Ohio Public Employee Retirement System (OPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by OPERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

N. **Deferred Outflows 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 is applicable to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 7.

O. **Deferred Inflows of Resources**

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (Note 7).

NOTE 3: **DEPOSITS AND INVESTMENTS**

A. **Primary Government**

Deposits
At fiscal year end, the carrying amount of the primary government's deposits was $343,230 and its bank balances totaled $357,783. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2017, $288,472 of the primary government's bank balance was covered by Federal Depository Insurance (FDIC). The remainder was collateralized by securities pledged by the banking institution. Included in the carrying value of the Authority's deposits is $200 in petty cash.

Custodial credit risk is the risk that in the event of bank failure, the primary government's deposits may not be returned. All Deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted Chapter 135 of the Ohio Revised Code, is held in financial institutions 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 the public deposits it holds, or as specific collateral held at the Federal Reserve Bank in name of the Authority.

Investments
The Authority has a formal investment policy, although, the Authority did not have investments at March 31, 2017.

Cash and cash equivalents included in the primary government's cash position at March 31, 2017, are as follows:

Cash and Cash Equivalents	
Cash - Unrestricted	$ 240,072
Cash - Restricted	103,158
Total Cash and Cash Equivalents	$ 343,230

B. **Component Unit**

Deposits
At fiscal year end, the carrying amount of the component unit's deposits was $73,520 and its bank balances totaled $75,657. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2017, $75,657 of the component units' bank balance was covered by Federal Depository Insurance (FDIC). The Company has not experience any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

B. **Component Unit** (Continued)

Investments
The Authority has a formal investment policy it relies on to manage the investments of the component unit; however, the component unit had no investments at March 31, 2017.

Cash and cash equivalents included in the component unit's cash position at March 31, 2017, are as follows:

Cash and Cash Equivalents	
Cash - Unrestricted	$ 70,131
Cash - Restricted	3,389
Total Cash and Cash Equivalents	$ 73,520

NOTE 4: **RESTRICTED CASH**

Primary Government
The restricted cash balance of $103,158 on the financial statements for the primary government represents the following:

Tenant Security Deposits	$ 23,128
Housing Assistance Payments	15,401
Rural Development Program Reserves	64,629
Total Cash and Cash Equivalents	$ 103,158

Component Unit
The restricted cash balance of $3,389 on the financial statements for the component unit represents the following:

Tenant Security Deposits	$ 3,389
Total Cash and Cash Equivalents	$ 3,389

NOTE 5: **INSURANCE COVERAGE**

Primary Government
The Authority is covered for property damage, general liability, auto damage and liability, and public officials' liability through the State Housing Authority Risk Pool Association, Inc. (SHARP).

Additionally, workers' compensation is maintained through the State of Ohio, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan for employee health care benefits. There was no significant reduction in coverages and no claims exceed insurance coverage during the past three years.

Component Unit
The Company is covered for property damage, general liability, auto damage and liability through Nationwide Insurance.

NOTE 6: **CAPITAL ASSETS**

The reporting entity's capital asset balances at March 31, 2017 are as follows:

	Primary Government	Component Unit
Capital Assets Not Depreciated		
Land	$ 137,179	$ 58,900
Total Capital Assets Not Depreciated	137,179	58,900
Capital Assets Being Depreciated		
Buildings and Building Improvements	4,896,628	271,730
Furniture and Equipment	235,462	0
Subtotal Capital Assets Being Depreciated	5,132,090	271,730
Less: Accumulated Depreciation	(4,069,294)	(47,932)
Total Capital Assets Being Depreciated	1,062,796	223,798
Total Capital Assets	$ 1,199,975	$ 282,698

The following is a summary of changes:

A. **Primary Government**

	Balance March 31, 2016	Addiitons/ Transfers	Deletions/ Transfers	Balance March 31, 2017
Capital Assets Not Being Depreciated				
Land	$ 137,179	$ 0	$ 0	$ 137,179
Total Capital Assets Not Being Depreciated	137,179	0	0	137,179
Capital Assets Being Depreciated				
Buildings and Buildindg Improvements	4,896,628	0	0	4,896,628
Furniture and Equipment	235,462	0	0	235,462
Subtotal Capital Assets Being Depreciated	5,132,090	0	0	5,132,090
Less: Accumulated Depreciation	(3,951,180)	(118,114)	0	(4,069,294)
Total Capital Assets Being Depreciated	1,180,910	(118,114)	0	1,062,796
Total Capital Assets	$ 1,318,089	$ (118,114)	$ 0	$ 1,199,975
Accumulated Depreciation				
Buildings and Building Improvements				$ 3,891,663
Furniture and Equipment				177,631
Total Accumulated Depreciation				$ 4,069,294

The depreciation periods for the above asset classes are as follows:

Buildings	40 years
Building Improvements	15 years
Furniture and Equipment Dwellings	7 years
Furniture and Equipment Administration	3 to 7 years

NOTE 6: **CAPITAL ASSETS** (Continued)

B. **Component Unit**

	Balance March 31, 2016	Addiitons/ Transfers	Deletions/ Transfers	Balance March 31, 2017
Capital Assets Not Being Depreciated				
Land	$ 58,900	$ 0	$ 0	$ 58,900
Total Capital Assets Not Being Depreciated	58,900	0	0	58,900
Capital Assets Being Depreciated				
Buildings and Buildindg Improvements	271,730	0	0	271,730
Furniture and Equipment	6,000	0	6,000	0
Subtotal Capital Assets Being Depreciated	277,730	0	6,000	271,730
Less: Accumulated Depreciation	(38,398)	(11,734)	(2,200)	(47,932)
Total Capital Assets Being Depreciated	239,332	(11,734)	3,800	223,798
Total Capital Assets	$ 298,232	$ (11,734)	$ 3,800	$ 282,698

The depreciation periods for the above asset classes are as follows:

Buildings and Improvements	7 - 40 years
Vehicles	5 years

NOTE 7: **DEFINED BENEFIT PENSION PLANS**

Primary Government

Net Pension Liability

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

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

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

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Primary Government (Continued)

Net Pension Liability (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS provides retirement and 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 report can be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642, by calling (800) 222-7377, or by visiting the OPERS website at www.opers.org.

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):

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Primary Government (Continued)

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

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.

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Primary Government (Continued)

Funding Policy

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
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 $35,761 for fiscal year ending March 31, 2017.

Pension Liabilities, Pension Expenses, 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 on 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 Traditional Pension Plan	OPERS Combined Pension Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.001385%	0.013910%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.001705%	0.013382%	
Change in Proportionate Share	0.000320%	-0.000528%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 387,177	$ (7,448)	$ 379,729
Pension Expense	$ 82,198	$ 5,381	$ 87,579

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Primary Government (Continued)

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

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

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 57,659	$ 1,816	$ 59,475
Changes of assumptions	61,411	1,815	63,226
Differences between expected and actual experience	525	0	525
Changes in proportion and differences between Authority contributions and proportionate share of contributions	27,175	223	27,398
Authority contributions subsequent to the measurement date	8,168	1,930	10,098
Total Deferred Outflows of Resources	$ 154,938	$ 5,784	$ 160,722
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 2,305	$ 3,809	$ 6,114
Total Deferred Inflows of Resources	$ 2,305	$ 3,809	$ 6,114

$10,098 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 position liability in the year ending March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	Total
Year Ending March 31:			
2018	$ 61,410	$ 380	$ 61,790
2019	63,134	378	63,512
2020	21,613	301	21,914
2021	(1,692)	(343)	(2,035)
2022	0	(275)	(275)
Thereafter	0	(396)	(396)
Total	$ 144,465	$ 45	$ 144,510

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Primary Government (Continued)

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all prior 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 changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

The total pension asset 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	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Primary Government (Continued)

Actuarial Assumptions – OPERS (Continued)

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and 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:

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Primary Government (Continued)

Actuarial Assumptions – OPERS (Continued)

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

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Traditional Pension Plan	$ 591,499	$ 387,177	$ 216,910
Combined Plan	$ 535	$ (7,448)	$ (13,650)

Component Unit
The Authority offers no pension plan benefits for its employees.

NOTE 8: **POST-EMPLOYMENT BENEFITS**

Primary Government

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-Direct Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377, or by using the OPERS website at **http://www.opers.org**

Funding Policy

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

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

NOTE 8: **POST-EMPLOYMENT BENEFITS** (Continued)

Primary Government (Continued)

Funding Policy (Continued)

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan Members. Each year, the OPERS Board of Trustees 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 percent during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 was 1.0 percent for both plans.

The OPERS Board of Trustees is also authorized to establish rules for payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended March 31, 2017, 2016, 2015, and 2014, which were used to fund post-employment benefits, were $5,215, $5,633, $5,751 and $6,511, respectively.

Component Unit
The Company offers no post-employment pension plan benefits for its employees.

NOTE 9: **LONG-TERM DEBT**

A. **Primary Government**

The Authority has the following mortgages outstanding as of March 31, 2017:

Dunfee Court - A first and second mortgage with the United States Department of Agriculture (USDA) Rural Housing Service for a 12-unit project. Original loan amount $373,300, dated January 30, 1985. Term of the loan is 50 years with interest rate of 10.75 percent, discounted to 1 percent. Balance outstanding as of March 31, 2017 was $137,174. Second loan amount $23,580, dated April 25, 1985. Term of the loan is 50 years with interest rate of 11.875 percent, discounted to 1 percent. Balance outstanding as of March 31, 2017 was $9,409.

Gable Estate – USDA Rural Housing Service loan for a 16-unit project. The amount of the loan was $541,516, dated April 21, 1993. The term of the loan is 50 years with the interest rate of 7.75 percent, discounted to 1 percent. The outstanding balance as of March 31, 2017 was $479,868.

NOTE 9: **LONG-TERM DEBT** (Continued)

A. **Primary Government** (Continued)

The following is a summary of change in long-term debt for the year ended March 31, 2017:

Description	Balance 3/31/2016	Issued	Retired	Balance 3/31/2017	Due Within One Year
1st Mortgage Dunfee Court	$ 145,401	$ 0	$ 8,227	$ 137,174	$ 8,268
2nd Mortgage Dunfee Court	9,921	0	512	9,409	515
Gable Estate	485,356	0	5,487	479,869	5,679
Total Mortgage Notes	$ 640,678	$ 0	$ 14,226	$ 626,452	$ 14,462
Net Pension Liability	$ 233,131	$ 146,598	$ 0	$ 379,729	$ 0

Debt maturities for future years are as follows:

	Principal	Interest	Total
2018	$ 14,461	$ 6,265	$ 20,726
2019	14,989	6,120	21,109
2020	15,552	5,970	21,522
2021	16,153	5,814	21,967
2022	16,794	5,653	22,447
2023-2027	95,231	25,602	120,833
2028-2032	119,413	20,389	139,802
2033-2037	106,764	14,610	121,374
2038-2042	147,504	8,624	156,128
2043-2045	79,591	1,258	80,849
	$ 626,452	$ 100,305	$ 726,757

B. **Component Unit**

The Authority's component unit had no outstanding obligations on notes as of March 31, 2017.

NOTE 10: **CONTINGENCIES**

A. **Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at March 31, 2017.

NOTE 10: **CONTINGENCIES** (Continued)

B. **Litigation**

In the normal course of operations, the Authority may be subject to litigations and claims. At March 31, 2017, the Authority was not aware of any such matters.

NOTE 11: **FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended March 31, 2017, the Authority electronically submitted an unaudited version of the statement of net position, statement of revenues, expenses and changes in net position and other data to HUD REAC as required on the GAAP basis.

NOTE 12: **PLEDGED ESCROW RECEIVABLE**

On June 15, 2010, the Authority signed a guarantee agreement to Bingham Terrace Preservation, LP, an Ohio Limited Partnership, and Huntington Ohio ARRA Fund LLC, an Ohio Limited Liability Company. The Authority is an affiliate of the General Partner of the Partnership, owner of a low-income housing project constructed by the Partnership. The obligation of the Authority under the agreement was a pledge of $500,000, with a balance at March 31, 2017 of $375,000. The remaining amount will be paid as follows:

Primary Government	
Year Ending March 31:	
2018	$ 125,000
2027	250,000
Total Pledged	375,000
Current	0
Long-term	$ 375,000

NOTE 13: **SUBSEQUENT EVENT**

A. **Primary Government**

There were no subsequent events noted through the date of the report, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

B. **Component Unit**

There were no subsequent events noted through the date of the report, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

NOTE 14: **RELATED PARY TRANSACTIONS**

Administrative Reimbursement Agreement

The Authority has entered into an administrative reimbursement agreement with the Authority to pay for the Company's portion of shared administrative costs in the amount of $1,000 per month this agreement. The Company paid the Authority $12,000 in relation to these services during the year ended March 31, 2017.

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST THREE FISCAL YEARS (1)

	2016	2015	2014
Authority's Proportion of the Net Pension Liability			
Traditional Plan	0.036143%	0.001385%	0.138550%
Combined Plan	0.013382%	0.013910%	0.013910%
Authority's Proportionate Share of the Net Pension Liability/(Asset)			
Traditional Plan	$387,177	$239,899	$167,047
Combined Plan	(7,448)	(6,768)	(5,356)
Net Total	$379,729	$233,131	$161,691
Authority's Covered-Employee Payroll (2)	$281,657	$205,389	$232,543
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	134.82%	113.51%	69.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			
Traditional Plan	77.25%	81.08%	86.45%
Combined Plan	116.55%	116.90%	114.83%

(1) - Information prior to 2014 is not available. Schedule is intended to show ten years of information. Additional years will be displayed as information becomes available.

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
LAST FOUR FISCAL YEARS (1)

	2017	2016	2015	2014
Contractually Required Contributions				
Traditional Plan	$ 28,988	(2)	(2)	(2)
Combined Plan	6,773	(2)	(2)	(2)
Total Required Contributions	$ 35,761	$ 39,432	$ 28,755	$ 32,556
Contributions in Relation to the Contractually Required Contribution	(35,761)	(39,432)	(28,755)	(32,556)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0
Authority's Covered-Employee Payroll				
Traditional Plan	$ 241,567	(2)	(2)	(2)
Combined Plan	56,442	(2)	(2)	(2)
Total Covered-Employee Payroll	$ 298,009	$ 281,657	$ 205,389	$ 232,543
Pension Contributions as a Percentage of Covered-Employee Payroll				
Traditional Plan	12.00% *	12.00%	12.00%	12.00%
Combined Plan	12.00% *	12.00%	12.00%	12.00%

(1) - Information prior to 2014 is not available.
(2) - Information broken down by plan (Traditional vs. Combined) was not available.

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY-WIDE BALANCE SHEET
MARCH 31, 2017

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	Component Unit - Discretely Presented	State/Local	Subtotal	ELIM	Total
111 Cash - Unrestricted	82,398	2,505	37,001	70,131	118,168	310,203	-	310,203
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	64,629	15,401	-	-	80,030	-	80,030
114 Cash - Tenant Security Deposits	11,382	11,746	-	3,389	-	26,517	-	26,517
100 Total Cash	93,780	78,880	52,402	73,520	118,168	416,750	-	416,750
125 Accounts Receivable - Miscellaneous	115	-	-	-	71,456	71,571	-	71,571
126 Accounts Receivable - Tenants	12,424	36	-	-	-	12,460	-	12,460
126.1 Allowance for Doubtful Accounts -Tenants	-1,242	-	-	-	-	-1,242	-	-1,242
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	125,000	125,000	-	125,000
128 Fraud Recovery	-	-	4,418	-	-	4,418	-	4,418
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-663	-	-	-663	-	-663
120 Total Receivables, Net of Allowances for Doubtful Accounts	11,297	36	3,755	-	196,456	211,544	-	211,544
142 Prepaid Expenses and Other Assets	10,290	5,269	6,315	1,570	-	23,444	-	23,444
144 Inter Program Due From	-	-	-	-	24,646	24,646	-24,646	-
150 Total Current Assets	115,367	84,185	62,472	75,090	339,270	676,384	-24,646	651,738
161 Land	75,202	61,977	-	58,900	-	196,079	-	196,079
162 Buildings	3,803,047	1,093,581	-	271,730	-	5,168,358	-	5,168,358
163 Furniture, Equipment & Machinery - Dwellings	52,975	55,353	-	-	-	108,328	-	108,328
164 Furniture, Equipment & Machinery - Administration	120,642	3,937	-	-	2,555	127,134	-	127,134
166 Accumulated Depreciation	-3,333,855	-734,930	-	-47,932	-509	-4,117,226	-	-4,117,226
160 Total Capital Assets, Net of Accumulated Depreciation	718,011	479,918	-	282,698	2,046	1,482,673	-	1,482,673
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	250,000	250,000	-	250,000
180 Total Non-Current Assets	718,011	479,918	-	282,698	252,046	1,732,673	-	1,732,673
200 Deferred Outflow of Resources	79,634	27,967	53,121	-	-	160,722	-	160,722
290 Total Assets and Deferred Outflow of Resources	913,012	592,070	115,593	357,788	591,316	2,569,779	-24,646	2,545,133
312 Accounts Payable <= 90 Days	-	560	-	326	20,574	21,460	-	21,460
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	841	841	-	841
322 Accrued Compensated Absences - Current Portion	7,557	2,182	7,272	-	256	17,267	-	17,267
341 Tenant Security Deposits	11,382	11,746	-	3,389	-	26,517	-	26,517
342 Unearned Revenue	-	170	-	-	-	170	-	170
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	14,462	-	-	-	14,462	-	14,462
346 Accrued Liabilities - Other	9,152	-	-	3,155	-	12,307	-	12,307
347 Inter Program - Due To	3,259	18,984	2,403	-	-	24,646	-24,646	-
310 Total Current Liabilities	31,350	48,104	9,675	6,870	21,671	117,670	-24,646	93,024
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	611,990	-	-	-	611,990	-	611,990
354 Accrued Compensated Absences - Non Current	3,897	1,481	9,196	-	192	14,766	-	14,766
357 Accrued Pension and OPEB Liabilities	188,155	66,074	125,500	-	-	379,729	-	379,729
350 Total Non-Current Liabilities	192,052	679,545	134,696	-	192	1,006,485	-	1,006,485
300 Total Liabilities	223,402	727,649	144,371	6,870	21,863	1,124,155	-24,646	1,099,509
400 Deferred Inflow of Resources	3,028	1,064	2,022	-	-	6,114	-	6,114
508.4 Net Investment in Capital Assets	718,011	-146,534	-	282,698	2,046	856,221	-	856,221
511.4 Restricted Net Position	-	64,629	15,401	-	-	80,030	-	80,030
512.4 Unrestricted Net Position	-31,429	-54,738	-46,201	68,220	567,407	503,259	-	503,259
513 Total Equity - Net Assets / Position	686,582	-136,643	-30,800	350,918	569,453	1,439,510	-	1,439,510
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	913,012	592,070	115,593	357,788	591,316	2,569,779	-24,646	2,545,133

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
FINANCIAL DATA SCHEDULES
ENTITY-WIDE EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2017

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	Component Unit - Discretely Presented	State/Local	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	158,513	79,077	-	46,944	-	284,534		284,534
70400 Tenant Revenue - Other	6,917	3,585	-	-	-	10,502		10,502
70500 Total Tenant Revenue	165,430	82,662	-	46,944	-	295,036	-	295,036
70600 HUD PHA Operating Grants	122,651	-	885,248	-	-	1,007,899		1,007,899
70800 Other Government Grants	-	76,533	-	-	-	76,533		76,533
71100 Investment Income - Unrestricted	-	4	-	129	-	133		133
71400 Fraud Recovery	-	-	143	-	-	143		143
71500 Other Revenue	51,750	3,267	9,570	30,124	52,944	147,655		147,655
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-3,800	-	-3,800		-3,800
70000 Total Revenue	339,831	162,466	894,961	73,397	52,944	1,523,599	-	1,523,599
91100 Administrative Salaries	65,673	27,360	42,663	7,156	11,173	154,025		154,025
91200 Auditing Fees	1,394	781	7,388	7,000	-	16,563		16,563
91300 Management Fee	-	15,312	-	-	-	15,312		15,312
91400 Advertising and Marketing	79	-	-	712	-	791		791
91500 Employee Benefit contributions - Administrative	52,049	22,328	41,208	626	3,211	119,422		119,422
91600 Office Expenses	5,953	4,334	15,556	2,290	-	28,133		28,133
91700 Legal Expense	2,021	915	-	458	4,184	7,578		7,578
91800 Travel	943	150	1,971	1,242	330	4,636		4,636
91900 Other	3,345	439	10,023	15,029	1,248	30,084		30,084
91000 Total Operating - Administrative	131,457	71,619	118,809	34,513	20,146	376,544	-	376,544
92400 Tenant Services - Other	420	252	-	-	-	672		672
92500 Total Tenant Services	420	252	-	-	-	672	-	672
93100 Water	12,356	23,031	390	118	-	35,895		35,895
93200 Electricity	61,246	4,231	1,547	42	-	67,066		67,066
93300 Gas	185	1,227	500	445	-	2,357		2,357
93800 Other Utilities Expense	125	-	-	-	-	125		125
93000 Total Utilities	73,912	28,489	2,437	605	-	105,443	-	105,443
94100 Ordinary Maintenance and Operations - Labor	30,486	3,051	14	21,519	1,242	56,312		56,312
94200 Ordinary Maintenance and Operations - Materials and Other	23,192	11,742	794	15,522	162	51,412		51,412
94300 Ordinary Maintenance and Operations Contracts	31,611	18,658	2,590	8,807	-	61,666		61,666
94500 Employee Benefit Contributions - Ordinary Maintenance	14,664	1,572	204	1,845	204	18,489		18,489
94000 Total Maintenance	99,953	35,023	3,602	47,693	1,608	187,879	-	187,879
96110 Property Insurance	13,034	6,764	2,817	5,108	-	27,723		27,723
96100 Total insurance Premiums	13,034	6,764	2,817	5,108	-	27,723	-	27,723
96200 Other General Expenses	-	3,283	-	-	-	3,283		3,283
96210 Compensated Absences	3,704	296	240	-	448	4,688		4,688
96300 Payments in Lieu of Taxes	9,152	-	-	3,753	-	12,905		12,905
96400 Bad debt - Tenant Rents	1,351	3,598	-	-	-	4,949		4,949
96000 Total Other General Expenses	14,207	7,177	240	3,753	448	25,825	-	25,825
96710 Interest of Mortgage (or Bonds) Payable	-	9,913	-	-	-	9,913		9,913
96700 Total Interest Expense and Amortization Cost	-	9,913	-	-	-	9,913	-	9,913
96900 Total Operating Expenses	332,983	159,237	127,905	91,672	22,202	733,999	-	733,999
97000 Excess of Operating Revenue over Operating Expenses	6,848	3,229	767,056	-18,275	30,742	789,600	-	789,600
97300 Housing Assistance Payments	-	-	767,072	-	-	767,072		767,072
97400 Depreciation Expense	80,483	37,267	-	11,734	365	129,849		129,849
90000 Total Expenses	413,466	196,504	894,977	103,406	22,567	1,630,920	-	1,630,920
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-73,635	-34,038	-16	-30,009	30,377	-107,321	-	-107,321
11020 Required Annual Debt Principal Payments	-	14,227	-	-	-	14,227		14,227
11030 Beginning Equity	760,217	-102,605	-30,784	380,927	539,076	1,546,831		1,546,831
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-		-
11170 Administrative Fee Equity	-	-	-46,201	-	-	-46,201		-46,201
11180 Housing Assistance Payments Equity	-	-	15,401	-	-	15,401		15,401
11190 Unit Months Available	600	336	3,180	72	-	4,188		4,188
11210 Number of Unit Months Leased	586	319	2,205	68	-	3,178		3,178

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017

FEDERAL GRANTOR/ Program/Title	Federal CFDA Number	Federal Expenditures	Loan Balance
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Public and Indian Housing	14.850	$ 95,011	$ 0
Public Housing Capital Fund	14.872	27,640	0
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871	885,248	0
Total Housing Voucher Cluster		885,248	0
Total U.S. Department of Housing and Urban Development		1,007,899	0
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Rural Rental Housing Loans	10.415	0	640,679
Total U.S. Department of Agriculture		0	640,679
Total Expenditures of Federal Awards		$ 1,007,899	$ 640,679

This schedule is prepared on the accrual basis of accounting.

NOTE 1: **PRESENTATION**

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

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash 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 to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business in amounts reported as expenditures in prior years.

NOTE 3: **INDIRECT COST RATE**

The Harrison Metropolitan Housing Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: **COMPONENT UNIT**

There were no federal expenditures for the component unit, Enterprise Housing Property Preservation, L.L.C.

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

To the Members of the Board
Harrison Metropolitan Housing Authority
Cadiz, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 11, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

September 11, 2017

JAMES G. ZUPKA, C.P.A., INC.
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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board
Harrison Metropolitan Housing Authority
Cadiz, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Harrison Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended March 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for 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 the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

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

September 11, 2017

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2017

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED MARCH 31, 2017

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

HARRISON COUNTY METROPOLITAN HOUSING AUTHORITY

HARRISON 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
NOVEMBER 9, 2017

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