

**ADAMS METROPOLITAN
HOUSING AUTHORITY
ADAMS COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2017**

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



Dave Yost • Auditor of State

Members of the Board
Adams Metropolitan Housing Authority
401 E. 7th Street
Manchester, Ohio 45144

We have reviewed the *Independent Auditor's Report* of the Adams Metropolitan Housing Authority, Adams County, prepared by James G. Zupka, CPA, Inc., for the audit period October 1, 2016 through September 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

April 18, 2018

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ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Adams Metropolitan Housing Authority
Manchester, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Adams Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "James G. Zupka, CPA, Inc.".

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

March 26, 2018

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Unaudited)**

The Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the financial activity of the Adams Metropolitan Housing Authority (the Authority) for the period, (c) identify changes in the Authority's financial position from the previous year, and (d) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the financial activity of the current year, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- Total assets and Deferred Outflows of Resources were \$3,840,268 and \$3,935,218 in 2017 and 2016, respectively. The Authority-wide statements reflect a decrease in total assets and deferred outflow of resources of \$94,950 (or 2 percent) in 2017.
- Revenues decreased from \$2,237,260 in 2016 to \$2,120,752 in 2017, a decrease of 5 percent.
- The total expenses of all Authority programs increased in the current period. Total expenses were \$2,302,478 in 2017 and \$2,202,878 in 2016, an increase of \$99,600 (or 5 percent).

USING THIS ANNUAL REPORT

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

MD&A
- Management Discussion and Analysis -

Basic Financial Statements
- Authority-Wide Financial Statements -

Other Required Supplementary Information
**- Required Supplementary Information -
(Other than the MD&A)**

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Unaudited)

Authority Financial Statements

The Authority's financial statements are designed to be corporate-like in that all business-type activities of the Authority are consolidated into one column that summarizes all financial activity for all the Authority's programs.

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 of the Authority. The Statement is presented in the format where assets, minus liabilities, equals Net Position, commonly referred to 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, represents the net available liquid (non-capital) assets, net of liabilities, of the Authority. Net position is reported in three broad categories:

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

Restricted Net Position: This component of Net Position consists of restricted assets, those for which constraints are placed on the asset by creditors (such as debt covenants), or by grantors, contributors, laws, regulations, etc.

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

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

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

Finally, the Authority's financial statements also include a Statement of Cash Flows. This Statement reports net cash provided by or used for operating activities, non-operating financial activities, and capital and related financing activities.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Unaudited)**

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar than these for the Authority. The Authority consists exclusively of enterprise funds rather than governmental funds. Enterprise funds utilize the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting rather than what is more common in financial statements for other types of governmental entities.

The Authority maintains its accounting records by program consistent with how funding is provided for these programs by the U.S. Department of Housing and Urban Development (HUD).

THE AUTHORITY'S PROGRAMS

Conventional Public Housing

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

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to provide rental assistance to landlords so participants generally pay 30 percent of household income for rent and utilities.

Capital Fund Program

The Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties. HUD's Capital Fund Program provides grant funds for development, renovation, and construction of Public Housing projects.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Unaudited)**

AUTHORITY STATEMENTS

Statement of Net Position

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

Table 1 - Condensed Statement of Net Position

	2017	2016
Assets		
Current Assets	\$ 341,423	\$ 227,945
Capital Assets	3,352,571	3,591,417
Deferred Outflows	146,274	115,856
Total Assets and Deferred Outflows	<u>\$ 3,840,268</u>	<u>\$ 3,935,218</u>
Liabilities		
Current Liabilities	\$ 80,782	\$ 62,002
Long-Term Liabilities	486,019	407,447
Deferred Inflows	37,671	48,247
Total Liabilities and Deferred Inflows	<u>604,472</u>	<u>517,696</u>
Net Position		
Investment in Capital Assets	3,352,571	3,591,417
Restricted	16,514	8,062
Unrestricted	(133,289)	(181,957)
Total Net Position	<u>3,235,796</u>	<u>3,417,522</u>
Total Liabilities and Net Position	<u>\$ 3,840,268</u>	<u>\$ 3,935,218</u>

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

Major Factors Affecting the Statement of Net Position

Current assets increased by just about 50 percent over the prior year-end, and while the increase in current liabilities contributed to that it was another favorable year in operations that also played a part in this increase.

The other notable change was the increase in long-term liabilities (more than \$78,000) and the big change was to net pension liability which increased by more than \$67,000. Net pension liability is reported in accordance with GASB 68 and unlike other liabilities of the agency, this balance does not reflect a debt to be repaid by Adams MHA. Instead GASB 68 requires Adams MHA to report as net pension liability what is estimated to be its share of the unfunded pension liability of the Ohio Public Employees Retirement System (OPERS). Adams MHA employees are required by state law to be members of OPERS and requires Adams MHA to make retirement contributions to OPERS on behalf of its employees. What the balance represents is an estimate of what public employers in Ohio would have to contribute to OPERS if OPERS were to fully fund its pension obligation to its members.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Unaudited)**

Table 2 presents details on the changes in Unrestricted Net Position:

Table 2- Change in Unrestricted Net Position	
Beginning Balance at October 1, 2016	\$ (181,957)
Change in Net Position 2017	(181,726)
Adjustments:	
Current Year Depreciation Expense (1)	336,445
Capital Revenue (2)	(84,063)
Capital Additions from Operations (2)	(13,536)
Change in Restricted Net Position	(8,452)
Ending Balance at September 30, 2017	\$ (133,289)

- (1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.
- (2) Capital changes impact the component of Net Position named Net Investment in Capital Assets, and therefore must be deducted in this calculation.

While the change in net position is a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides, for some, a clearer indication of the change in the financial well-being of the Agency. See the discussion in the following section where changes in revenues and expenses are addressed.

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**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Unaudited)**

The following schedule compares the revenues and expenses for the current and previous fiscal years. The Authority is engaged only in business-type activities.

Table 3- Modified Statement of Revenues, Expenses, and Changes in Fund Net Position

	2017	2016
<u>Revenues</u>		
Tenant Revenue - Rents and Other	\$ 179,378	\$ 161,115
Operating Subsidies and Grants	1,835,571	1,816,740
Capital Grants	84,063	246,469
Investment Income	52	2,253
Gain on Sale of Capital Asset	2,760	4,501
Other Revenues	18,928	6,182
Total Revenues	2,120,752	2,237,260
 <u>Expenses</u>		
Administrative	369,502	395,731
Tenant Services	30,000	9,920
Utilities	139,965	133,142
Maintenance	324,894	288,149
General	96,834	50,682
Housing Assistance Payments	1,004,838	1,004,583
Depreciation	336,445	320,671
Total Expenses	2,302,478	2,202,878
 Net Increases (Decreases) in Net Position	 (181,726)	 34,382
 Beginning Net Position	 3,417,522	 3,383,140
 Ending Net Position	 \$ 3,235,796	 \$ 3,417,522

For more detailed information see Combined Statement of Revenues, Expenses and Changes in Fund Net Position presented elsewhere in this report.

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**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Unaudited)**

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

Total revenues dropped modestly and it was capital grant revenue where it occurred. The drop in total revenues was almost \$117,000 but the drop in capital grant revenue was more than \$162,000. Capital grant revenue is the part of Capital Fund Program funding used for making capital improvements to agency Public Housing properties and the Capital Fund Program is a reimbursing grant. So what the drop in capital grant revenue reflects is a normal fluctuation in program revenues to reimburse the agency for program expenditures for capital work items.

Total expenses increased modestly as well, by almost \$100,000 (about 5 percent). The biggest increases were to maintenance expenses and general expenses. The increase in maintenance expenses was due to increased contracting activity. In most recent years the agency has trimmed staffing as a cost saving measure but demands on the department to keep up with vacant unit turnover and mowing led the agency to increase contracting to get work done in 2017. The increase in general expense was reflected in the increase in collection loss expense (from about \$8,000 in 2016 to about \$52,000 in 2017). The agency encountered difficulty collecting amounts due from program participants for charges against tenants' accounts for things like rents and maintenance charges for damages caused by residents and their guests.

CAPITAL ASSETS

As of year end, the Authority had about \$3,353,000 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (current purchases less depreciation) of almost \$239,000 (or 7 percent) from the end of last year. Capital additions from Capital Fund Program activities of more than \$84,000 and more than \$13,000 from operations were outpaced by depreciation on assets of more than \$336,000.

Table 4 - Capital Assets at Year-End (net of Depreciation)

	2017	2016
Land and Land Rights	\$ 379,202	\$ 379,202
Buildings & Improvements	10,197,116	10,113,053
Equipment	402,028	415,897
Accumulated Depreciation	(7,625,775)	(7,316,735)
Total	<u>\$ 3,352,571</u>	<u>\$ 3,591,417</u>

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(Unaudited)**

DEBT

As of the year-end, the Authority had no debt.

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 is subject to cuts due to the tight Federal budget situation.
- 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.
- Inflationary pressure on utility rates, supplies, and other costs.

FINANCIAL CONTACT

The individual to be contacted regarding this report is James R. Bowman III, Executive Director of the Adams Metropolitan Housing Authority, at (937) 549-2648. Specific requests may be submitted to the Adams Metropolitan Housing Authority at 401 East Seventh Street, Manchester, Ohio 45144-1401.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 234,398
Restricted Cash	44,353
Receivables, Net	58,137
Prepaid Expenses and Other Assets	<u>4,535</u>
Total Current Assets	<u>341,423</u>

Noncurrent Assets

Non-depreciable Capital Assets	379,202
Depreciable Capital Assets, Net of Depreciation	<u>2,973,369</u>
Total Noncurrent Assets	<u>3,352,571</u>

DEFERRED OUTFLOWS OF RESOURCES	<u>146,274</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,840,268</u>
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LIABILITIES

Current Liabilities

Accounts Payable	\$ 46,431
Accrued Compensated Absences	7,750
Accrued Liabilities	3,253
Intergovernmental Payables	7,951
Tenant Security Deposits	<u>15,397</u>
Total Current Liabilities	<u>80,782</u>

Noncurrent Liabilities

Accrued Compensated Absences, Non-Current	79,588
Noncurrent Liabilities - Other	12,442
Net Pension Liability	<u>393,989</u>
Total Noncurrent Liabilities	<u>486,019</u>
Total Liabilities	<u>566,801</u>

DEFERRED INFLOWS OF RESOURCES	<u>37,671</u>
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NET POSITION

Investment in Capital Assets	3,352,571
Restricted	16,514
Unrestricted	<u>(133,289)</u>
Total Net Position	<u>3,235,796</u>

TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	<u>\$ 3,840,268</u>
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See accompanying notes to the basic financial statements.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

<u>Operating Revenues</u>	
Tenant Revenue	\$ 179,378
Government Operating Grants	1,835,571
Other Revenue	<u>18,928</u>
Total Operating Revenues	<u>2,033,877</u>
<u>Operating Expenses</u>	
Administrative	369,502
Tenant Services	30,000
Utilities	139,965
Maintenance	324,894
General	96,834
Housing Assistance Payments	1,004,838
Depreciation Expense	<u>336,445</u>
Total Operating Expenses	<u>2,302,478</u>
Operating Income (Loss)	<u>(268,601)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest and Investment Income	52
Gain (Loss) on Sale of Capital Asset	<u>2,760</u>
Total Non-Operating Revenues (Expenses)	<u>2,812</u>
 Income (Loss) before Contributions and Transfers	 (265,789)
 Capital Grants	 <u>84,063</u>
 Net Increase/(Decrease) in Net Position	 <u>(181,726)</u>
 Total Net Position at Beginning of Year	 <u>3,417,522</u>
 Total Net Position at End of Year	 <u>\$ 3,235,796</u>

See accompanying notes to the basic financial statements.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Cash Flows from Operating Activities</u>	
Operating Grants Received	\$ 1,839,191
Tenant Revenue Received	183,829
Other Revenue Received	17,884
General and Administrative Expenses Paid	(902,402)
Housing Assistance Payments	<u>(1,010,970)</u>
Net Cash Provided by Operating Activities	<u>127,532</u>
 <u>Cash Flows from Investing Activities</u>	
Interest Earned	<u>52</u>
Net Cash Provided from Investing Activities	<u>52</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Capital Grant Funds Received	84,063
Property and Equipment Purchased	(97,599)
Sale of Capital Assets	<u>2,760</u>
Net Cash Provided by Capital - Related Financing Activities	<u>(10,776)</u>
 Net Increase in Cash	 116,808
 Cash and Cash Equivalents at Beginning of Year	 <u>161,943</u>
 Cash and Cash Equivalents at End of Period	 <u>\$ 278,751</u>
 <u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u>	
Net Operating Income (Loss)	\$ (268,601)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	336,445
(Increase) Decrease in Accounts Receivable	2,590
(Increase) Decrease in Prepaid Expense	740
(Increase) Decrease in Deferred Outflows	(30,418)
Increase (Decrease) in Accounts Payable	33,871
Increase (Decrease) in Accrued Expenses Payable	(11,723)
Increase (Decrease) in Tenant Security Deposits	817
Increase (Decrease) in Compensated Absences	13,035
Increase (Decrease) in Deferred Inflows	(10,576)
Increase (Decrease) in Pension Liabilities	67,484
Increase (Decrease) in Non-Current Liabilities - Other	<u>(6,132)</u>
Net Cash Provided by Operating Activities	<u>\$ 127,532</u>

See accompanying notes to the basic financial statements.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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

Summary of Significant Accounting Policies

The financial statements of the Adams Metropolitan Housing Authority (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.

Reporting Entity

The Authority was created under the Ohio Revised Code Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, (as amended by GASB Statement No. 61) in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of a reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(CONTINUED)

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

Reporting Entity (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. The financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

Basis of Presentation

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

Fund Accounting

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

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

Proprietary Fund Types

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

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

ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(CONTINUED)

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

Description of Programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities, including modernization and development of housing owned by the Authority.

C. **Housing Choice Voucher Program**

The Housing Choice Voucher Program is 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.

Investments

The provisions of HUD Regulations restrict investments. There were no investments at September 30, 2017. Interest income earned in fiscal year ending September 30, 2017 totaled \$52.

**ADAMS METROPOLITAN HOUSING AUTHORITY
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(CONTINUED)**

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

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight line method over the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	3-7 years

Net Position

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

Operating Revenues and Expenses

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

Capital Contributions

This represents contributions made available to the Authority by HUD, which were used by the Authority to make capital improvements to its federally aided projects.

Cash and Cash Equivalents

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

ADAMS METROPOLITAN HOUSING AUTHORITY
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(CONTINUED)

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

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 using the vested method whereby the liability is recorded based on the sick leave accumulated at the balance sheet date by those employees who currently are expected to receive termination payouts. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment.

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

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

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.

Accounting and Reporting for Non-Exchange Transactions

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

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

Pensions

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

Deferred Outflows/Inflows of Resources

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

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

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ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(CONTINUED)

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

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

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year end September 30, 2017, the carrying amount of the Authority's deposits totaled \$278,751 (including \$75 petty cash) and its bank balance was \$313,960. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of September 30, 2017, \$292,939 was covered by Federal Depository Insurance.

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ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

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

Deposits (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits.

Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in a single financial institution's collateral pools at Federal Reserve banks, or at member banks of the Federal Reserve system, in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at the Federal Reserve bank in the name of the Authority. Deposits of \$21,021 were subject to custodial credit risk and were collateralized with eligible securities at September 30, 2017.

NOTE 3: **RESTRICTED CASH**

Restricted cash balance as of September 30, 2017 or \$44,353 represents cash on hand for the following:

Unspent Funding to make Rental Assistance Payments	\$ 16,514
FSS Escrow Funds Held for Tenants	12,442
Tenant Security Deposit	<u>15,397</u>
Total Restricted Cash and Investment	<u>\$ 44,353</u>

NOTE 4: **NET RECEIVABLES**

Receivable balances net of allowances for doubtful accounts as of September 30, 2017 of \$58,137 represents amounts due to the Authority from the following:

Current and former Tenants	\$ 92,362
Allowance for Doubtful Accounts	<u>(34,225)</u>
Total	<u>\$ 58,137</u>

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ADAMS COUNTY, OHIO
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(CONTINUED)**

NOTE 5: CAPITAL ASSETS

The following is a summary of changes:

	Balance 09/30/2016	Additions	Deletions	Balance 09/30/2017
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 379,202	\$ 0	\$ 0	\$ 379,202
Total Capital Assets Not Being Depreciated	<u>379,202</u>	<u>0</u>	<u>0</u>	<u>379,202</u>
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	10,113,053	84,063	0	10,197,116
Furniture, Equipment, and Machinery -				
Dwelling	229,391	0	0	229,391
Administrative	186,506	13,536	(27,405)	172,637
Total Capital Assets Being Depreciated	<u>10,528,950</u>	<u>97,599</u>	<u>(27,405)</u>	<u>10,599,144</u>
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(6,981,082)	(329,477)	0	(7,310,559)
Furniture and Equipment	(335,653)	(6,968)	27,405	(315,216)
Total Accumulated Depreciation	<u>(7,316,735)</u>	<u>(336,445)</u>	<u>27,405</u>	<u>(7,625,775)</u>
Depreciable Assets, Net	<u>3,212,215</u>	<u>(238,846)</u>	<u>0</u>	<u>2,973,369</u>
Total Capital Assets, Net	<u>\$ 3,591,417</u>	<u>\$ (238,846)</u>	<u>\$ 0</u>	<u>\$ 3,352,571</u>

NOTE 6: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 6: DEFINED BENEFIT PENSION PLANS (Continued)

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

Group A 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.

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

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(CONTINUED)**

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

	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 \$31,483 for the fiscal year ending September 30, 2017.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

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(CONTINUED)**

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

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

Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.1885%
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.1735%
Change in Proportionate Share	-0.0150%
Proportionate Share of the Net Pension Liability/(Asset)	\$ 393,989
Pension Expense	\$ 83,645

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

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

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

	<u>OPERS Traditional Pension Plan</u>
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$58,676
Changes of assumptions	62,492
Differences between expected and actual experience	534
Changes in proportion and differences between Agency contributions and proportionate share of contributions	0
Agency contributions subsequent to the measurement date	<u>24,572</u>
Total Deferred Outflows of Resources	<u><u>\$146,274</u></u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$2,345
Changes in proportion and differences between Agency contributions and proportionate share of contributions	<u>35,326</u>
Total Deferred Inflows of Resources	<u><u>\$37,671</u></u>

\$24,572 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

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

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

Year Ending September 30:	<u>OPERS Traditional Pension Plan</u>
2018	\$23,771
2019	41,642
2020	20,337
2021	(1,719)
2022	0
Thereafter	0
Total	\$84,031

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:

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(CONTINUED)**

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

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

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

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

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

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(CONTINUED)**

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

Actuarial Assumptions - OPERS (Continued)

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

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

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

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.

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(CONTINUED)**

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

Actuarial Assumptions - OPERS

Sensitivity of 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:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	\$601,906	\$393,989	\$220,727

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

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

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(CONTINUED)**

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

A. Plan Description

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

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

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016 and 2017, State and Local employers contributed at a rate of 14.0 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.

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 decreased to 1.0 percent for both plans.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(CONTINUED)**

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

B. **Funding Policy** (Continued)

The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA participants in the Member-Directed Plan starting in 2016 was 4.0 percent. The portion of actual Authority contributions for the year ended September 30, 2017, 2016, and 2015, which were used by OPERS to fund post-employment benefits were \$2,249, \$3,963, and \$4,843, respectively.

NOTE 8: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of the Authority and are based on local and state laws. All permanent employees will earn 4.6 hours of sick leave per eighty (80) hours of service. Unused sick leave may accumulated without limit. At the time of retirement, employees shall be paid the value of twenty-five (25) percent of unused sick leave subject to a maximum payment equal to sixty (60) days of sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Employees will be paid for all unused vacation time upon their separation from service.

NOTE 9: **SUMMARY OF CHANGES IN LONG TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2017:

	Balance			Balance	Due
	<u>09/30/16</u>	<u>Additions</u>	<u>Used</u>	<u>09/30/17</u>	<u>Within</u>
					<u>One Year</u>
Net Pension Liability	\$ 326,505	\$ 67,484	\$ 0	\$ 393,989	\$ 0
Compensated Absences	74,303	19,372	(6,337)	87,338	7,750
Family Self-Sufficiency Escrows	18,574	8,428	(14,560)	12,442	0
Total	<u>\$ 419,382</u>	<u>\$ 95,284</u>	<u>\$(20,897)</u>	<u>\$ 493,769</u>	<u>\$ 7,750</u>

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017
(CONTINUED)**

NOTE 10: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During fiscal year ending September 30, 2017, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 11: CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the Federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptures amounts would not have a material adverse effect on the overall financial position of the Authority at September 30, 2017.

Litigations and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 2017, the Authority was not aware of any such matters that would have a material effect on the financial statements.

Inspector General Audit/HUD Review

During the audit period the client identified suspected theft of Agency receipts by an employee. The Agency contacted State and Federal authorities about the discovery and HUD's Office of Inspector General and the Office of the Auditor of the State of Ohio commenced a review of the case. The results of the review is still pending and will be reported separately to the Adams Metropolitan Housing Authority at a later date in a report to be issued by HUD's Office of Inspector General and the Office of the Auditor of the State of Ohio. The effect of the suspected theft on the Agency's financial position is unknown. The Agency maintains fidelity coverage to protect it from loss related to employee theft.

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

Traditional Plan	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.001735%	0.001888%	0.002412%	0.002412%
Authority's Proportionate Share of the Net Pension Liability	\$393,989	\$326,506	\$290,914	\$284,343
Authority's Covered-Employee Payroll	\$231,121	\$261,883	\$303,533	\$311,369
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	170.47%	124.68%	95.84%	91.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) - Information prior to 2014 is not available.

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

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually Required Contributions	\$31,483	\$27,734	\$31,426	\$36,424	\$40,478	\$33,409	\$32,770	\$28,173	\$26,564	\$21,480
Contributions in Relation to the Contractually Required Contribution	<u>(\$31,483)</u>	<u>(\$27,734)</u>	<u>(\$31,426)</u>	<u>(\$36,424)</u>	<u>(\$40,478)</u>	<u>(\$33,409)</u>	<u>(\$32,770)</u>	<u>(\$28,173)</u>	<u>(\$26,564)</u>	<u>(\$21,480)</u>
Contribution Deficiency/ (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Authority's Covered-Employee Payroll	\$246,925	\$231,121	\$261,883	\$308,533	\$311,369	\$ 334,090	\$ 327,700	\$ 313,033	\$ 312,518	\$ 306,857
Pension Contributions as a Percentage of Covered-Employee Payroll	12.75% *	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%	7.00%

* Contribution rate increased from 12.00% to 13.00% as of January 1, 2017.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00 percent to 7.50 percent, (b) the expected long-term average wage inflation rate was reduced from 3.75 percent to 3.25 percent, (c) the expected long-term average price inflation rate was reduced from 3.00 percent to 2.50 percent, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) 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.

**ADAMS METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2017**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	137,351	-	97,047	234,398		234,398
113 Cash - Other Restricted	-	-	28,956	28,956		28,956
114 Cash - Tenant Security Deposits	15,397	-	-	15,397		15,397
100 Total Cash	152,748	-	126,003	278,751	-	278,751
122 Accounts Receivable - HUD Other Projects	-	10,000	-	10,000		10,000
125 Accounts Receivable - Miscellaneous	13,854	-	-	13,854		13,854
126 Accounts Receivable - Tenants	60,717	-	-	60,717		60,717
126.1 Allowance for Doubtful Accounts -Tenants	-26,700	-	-	-26,700		-26,700
126.2 Allowance for Doubtful Accounts - Other	-2,500	-	-	-2,500		-2,500
128 Fraud Recovery	6,053	-	1,738	7,791		7,791
128.1 Allowance for Doubtful Accounts - Fraud	-4,000	-	-1,025	-5,025		-5,025
120 Total Receivables, Net of Allowances for Doubtful Accounts	47,424	10,000	713	58,137	-	58,137
142 Prepaid Expenses and Other Assets	4,535	-	-	4,535		4,535
144 Inter Program Due From	12,949	-	-	12,949	-12,949	-
150 Total Current Assets	217,656	10,000	126,716	354,372	-12,949	341,423
161 Land	379,202	-	-	379,202		379,202
162 Buildings	10,197,116	-	-	10,197,116		10,197,116
163 Furniture, Equipment & Machinery - Dwellings	229,391	-	-	229,391		229,391
164 Furniture, Equipment & Machinery - Administration	123,815	-	48,822	172,637		172,637
166 Accumulated Depreciation	-7,581,101	-	-44,674	-7,625,775		-7,625,775
160 Total Capital Assets, Net of Accumulated Depreciation	3,348,423	-	4,148	3,352,571	-	3,352,571
180 Total Non-Current Assets	3,348,423	-	4,148	3,352,571	-	3,352,571
200 Deferred Outflow of Resources	114,094	-	32,180	146,274		146,274
290 Total Assets and Deferred Outflow of Resources	3,680,173	10,000	163,044	3,853,217	-12,949	3,840,268

**ADAMS METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
SEPTEMBER 30, 2017**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	40,362	-	6,069	46,431		46,431
321 Accrued Wage/Payroll Taxes Payable	3,253	-	-	3,253		3,253
322 Accrued Compensated Absences - Current Portion	2,330	-	5,420	7,750		7,750
333 Accounts Payable - Other Government	7,951	-	-	7,951		7,951
341 Tenant Security Deposits	15,397	-	-	15,397		15,397
347 Inter Program - Due To	-	10,000	2,949	12,949	-12,949	-
310 Total Current Liabilities	69,293	10,000	14,438	93,731	-12,949	80,782
353 Non-current Liabilities - Other	-	-	12,442	12,442		12,442
354 Accrued Compensated Absences - Non Current	48,293	-	31,295	79,588		79,588
357 Accrued Pension and OPEB Liabilities	307,311	-	86,678	393,989		393,989
350 Total Non-Current Liabilities	355,604	-	130,415	486,019	-	486,019
300 Total Liabilities	424,897	10,000	144,853	579,750	-12,949	566,801
400 Deferred Inflow of Resources	29,382	-	8,289	37,671		37,671
508.4 Net Investment in Capital Assets	3,348,423	-	4,148	3,352,571		3,352,571
511.4 Restricted Net Position	-	-	16,514	16,514		16,514
512.4 Unrestricted Net Position	-122,529	-	-10,760	-133,289		-133,289
513 Total Equity - Net Assets / Position	3,225,894	-	9,902	3,235,796	-	3,235,796
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	3,680,173	10,000	163,044	3,853,217	-12,949	3,840,268

**ADAMS METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	176,158	-	-	176,158		176,158
70400 Tenant Revenue - Other	3,220	-	-	3,220		3,220
70500 Total Tenant Revenue	179,378	-	-	179,378	-	179,378
70600 HUD PHA Operating Grants	681,450	30,000	1,124,121	1,835,571		1,835,571
70610 Capital Grants	84,063	-	-	84,063		84,063
71100 Investment Income - Unrestricted	52	-	-	52		52
71400 Fraud Recovery	-	-	1,044	1,044		1,044
71500 Other Revenue	1,106	-	16,778	17,884		17,884
71600 Gain or Loss on Sale of Capital Assets	2,223	-	537	2,760		2,760
70000 Total Revenue	948,272	30,000	1,142,480	2,120,752	-	2,120,752
91100 Administrative Salaries	121,345	-	34,444	155,789		155,789
91200 Auditing Fees	8,267	-	4,005	12,272		12,272
91500 Employee Benefit contributions - Administrative	103,630	-	26,183	129,813		129,813
91600 Office Expenses	44,235	-	22,441	66,676		66,676
91700 Legal Expense	381	-	-	381		381
91800 Travel	1,026	-	-	1,026		1,026
91900 Other	2,191	-	1,354	3,545		3,545
91000 Total Operating - Administrative	281,075	-	88,427	369,502	-	369,502
92100 Tenant Services - Salaries	-	20,868	-	20,868		20,868
92300 Employee Benefit Contributions - Tenant Services	-	9,132	-	9,132		9,132
92500 Total Tenant Services	-	30,000	-	30,000	-	30,000
93100 Water	117,089	-	-	117,089		117,089
93200 Electricity	20,764	-	-	20,764		20,764
93300 Gas	2,112	-	-	2,112		2,112
93000 Total Utilities	139,965	-	-	139,965	-	139,965
94100 Ordinary Maintenance and Operations - Labor	60,342	-	-	60,342		60,342

**ADAMS METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
94200 Ordinary Maintenance and Operations - Materials and Other	78,091	-	-	78,091		78,091
94300 Ordinary Maintenance and Operations Contracts	97,067	-	-	97,067		97,067
94500 Employee Benefit Contributions - Ordinary Maintenance	59,412	-	-	59,412		59,412
94000 Total Maintenance	294,912	-	-	294,912	-	294,912
96110 Property Insurance	26,282	-	-	26,282		26,282
96120 Liability Insurance	-	-	1,924	1,924		1,924
96100 Total insurance Premiums	26,282	-	1,924	28,206	-	28,206
96200 Other General Expenses	-	-	99	99		99
96210 Compensated Absences	5,669	-	7,366	13,035		13,035
96300 Payments in Lieu of Taxes	3,619	-	-	3,619		3,619
96400 Bad debt - Tenant Rents	51,875	-	-	51,875		51,875
96000 Total Other General Expenses	61,163	-	7,465	68,628	-	68,628
96900 Total Operating Expenses	803,397	30,000	97,816	931,213	-	931,213
97000 Excess of Operating Revenue over Operating Expenses	144,875	-	1,044,664	1,189,539	-	1,189,539
97100 Extraordinary Maintenance	29,982	-	-	29,982		29,982
97300 Housing Assistance Payments	-	-	998,963	998,963		998,963
97350 HAP Portability-In	-	-	5,875	5,875		5,875
97400 Depreciation Expense	336,126	-	319	336,445		336,445
90000 Total Expenses	1,169,505	30,000	1,102,973	2,302,478	-	2,302,478
10010 Operating Transfer In	40,000	-	-	40,000	-40,000	-
10020 Operating transfer Out	-40,000	-	-	-40,000	40,000	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-221,233	-	39,507	-181,726	-	-181,726

**ADAMS METROPOLITAN HOUSING AUTHORITY
 SUPPLEMENTAL FINANCIAL SCHEDULE
 ENTITY WIDE REVENUE AND EXPENSE SUMMARY
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	-	-	-	-		-
11030 Beginning Equity	3,447,127	-	-29,605	3,417,522		3,417,522
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-		-
11170 Administrative Fee Equity	-	-	-6,612	-6,612		-6,612
11180 Housing Assistance Payments Equity	-	-	16,514	16,514		16,514
11190 Unit Months Available	1,692	-	3,456	5,148		5,148
11210 Number of Unit Months Leased	1,591	-	2,877	4,468		4,468

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
Low Rent Public Housing Program	14.850	\$ 611,468
Housing Voucher Program Cluster:		
Section 8 Housing Choice Voucher Program	14.871	<u>1,124,121</u>
Total Housing Choice Voucher Cluster		<u>1,124,121</u>
Public Housing Capital Fund Program	14.872	<u>154,045</u>
PIH Family Self-Sufficiency Program	14.896	<u>30,000</u>
Total Expenditures of Federal Awards		<u>\$ 1,919,634</u>

See Notes to the Schedule of Expenditures of Federal Awards.

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

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Adams Metropolitan Housing Authority under programs of the Federal government for the year ended September 30, 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 of Schedule presents only a selected portion of the operations of Adams Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Adams Metropolitan Housing Authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

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

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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
Adams Metropolitan Housing Authority
Manchester, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Adams Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 26, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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.
Certified Public Accountants

March 26, 2018

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
Adams Metropolitan Housing Authority
Manchester, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Adams 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 September 30, 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 Adams 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 September 30, 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.
Certified Public Accountants

March 26, 2018

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 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 statements 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): Section 8 Housing Choice Voucher Program - 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.

**ADAMS METROPOLITAN HOUSING AUTHORITY
ADAMS COUNTY, OHIO
STATUS PRIOR YEAR CITATIONS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

The prior audit report, as of September 30, 2016, included management letter recommendations. The management letter recommendations have been repeated, corrected, or procedures instituted to prevent occurrences in this audit period.

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Dave Yost • Auditor of State

ADAMS METROPOLITAN HOUSING AUTHORITY

ADAMS 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
MAY 10, 2018**