Certified Public Accountants, A.C.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
Single Audit
For the Year Ended December 31, 2017

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

Board of Commissioners
Ashtabula Metropolitan Housing Authority
3526 Lake Avenue
Ashtabula, Ohio 44004

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

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

Dave Yost
Auditor of State

November 21, 2018

This page intentionally left blank.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2017

TABLE OF CONTENTS

This page intentionally left blank.

Perry & Associates
Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

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

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

INDEPENDENT AUDITOR'S REPORT

October 26, 2018

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The supplemental financial data schedule presented on pages 35 through 37 and the Schedule of Federal Modernization Costs – Completed on page 38 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

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

Perry & Associates CPA's A.C.

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

As management of Ashtabula Metropolitan Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Special Conditions and Economic Factors

Management is not aware of any facts, decisions, or conditions that would have a significant effect on the future operation of the Authority.

Contacting The Authority

This financial report is designed to provide a general overview of the authority's finances for all those with an interest.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director of the Ashtabula Metropolitan Housing Authority.

Overview of the Financial Statements

During 2015, the Authority adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions*, which significantly revises accounting for pension costs and liabilities, most notably employers are now required to report a net pension liability or asset, along with deferred outflows and inflows. Many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

There is no repayment schedule for the net pension liability. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

The financial statements included in this annual audit report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

The Statement of Net Position

This statement reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

Unrestricted:
Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted".

Statement of Revenue, Expenses, and Change in Net Position
Reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions.

This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

Statement of Cash Flows
Presents information on the effects changes in assets and liabilities have on cash during the course of the Fiscal Year.

Notes to the Financial Statements
Provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

Analysis of the Housing Activity
Our overall analysis of the Authority as a whole begins on the following pages. The most important question asked about the Authorities finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of net position, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in them. One can think of the Authority's net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities).

The change in net position analysis will assist the reader with measuring the health or financial position of the Authority. Over time, significant changes in the Authorities net position are an indicator of whether its financial health is improving or deteriorating.

To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authorities capital assets.

To fully understand the financial statements of the Housing Authority, one must start with an understanding of what the Authority actual does.

The following is a brief description of the programs and services that the Authority provides for the residents of Ashtabula County, Ohio:

Analysis of the Housing Activity (Continued)

Housing Authority Programs

Low Income Public Housing (LIPH)

The Housing Authority has 555 units in its Public Housing inventory. The Authority is responsible for the management, maintenance, and utilities costs for all units. The units must be maintained in accordance with HUD established housing quality standards. An annual inspection of each unit must be performed by the Housing Authority to assure that they meet or exceed these standards.

Each Housing Authority Public Housing building, and the units that comprise those buildings, are subject to random third-party inspections as directed by HUD. In addition, the Housing Authority must annually recertify each of the tenants' family composition and their respective household income.

On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has a Project Expense Level (PEL). The PEL reflects estimated allowable operating expenditures and is calculated by HUD in accordance with the results of the Harvard Cost Study which was performed for HUD.

HUD funds the difference between these allowable costs incurred for all units leased units and the actual tenant revenue generated. Tenant rent is based on 30% of their adjusted household income. Actual funding received from HUD is made by the results of this formula calculation, subject to pro-ration in accordance with total funds actually appropriated by Congress. Actual funding is made by HUD, by formula, in accordance with total funds appropriated by Congress.

Section 8 Housing Choice Vouchers (HCV)

HUD has contracted with the Housing Authority to provide support for the Housing Choice Voucher Program. The Authority pays a Housing Assistance Payments to Landlords for Low Income tenants.

The Housing Assistance Payment matches the difference between the total rent that the Landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay based on 30% of their respective adjusted income.

For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Housing Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program, however, they are responsible for annually inspecting the units to assure that they meet or exceed HUD established Housing quality standards.

Rural Housing and Economic Development Program

This program consists of grants that are meant to meet rural communities' housing and economic development needs. Recent appropriations acts have provided funding for this program, which is used to encourage new and innovative approaches to serving the housing and economic development needs of the nation's rural communities.

Business Activities

This Housing Authority assists the local mental health group in administering a Shelter Plus Care program. This program provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immune deficiency syndrome (AIDS), and related diseases. Rental assistance must be matched by an equal value in cash or in-kind provided by the grantee from federal or private sources to be used for supportive services.

Capital Fund Program

Tenant Revenues generated by the Housing Authority are supplemented by operating subsidy from HUD. These two amounts combined are intended to cover only day to day routine expenses. This leaves the Housing Authority with little funding for modernizing of the structures and/or for the completion of non-routine maintenance.

The purpose of the Capital Fund grants is to give funds to the Housing Authority for improvement of the sites, to complete non-routine maintenance, and to assist with the improvement of the management of the Authority.

This grant program is awarded by HUD, by formula allocation, on an annual basis. The Housing Authority generally has two years to obligate the funds from these capital fund grants, and three to years to fully expend them. As formal contracts are awarded from this program, funds are requisitioned from HUD to pay periodic requests from the contractors.

Work completed under this grant program is temporarily charged to construction in process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and audited, the work items are moved from construction in process and placed into the Capital Assets. Depreciation begins at this point.

Supportive Housing Program

Grants offered through a competitive process for new construction, acquisition, rehabilitation, or leasing of buildings to provide transitional or permanent housing, as well as supportive services to homeless individuals and families; grants to fund a portion of annual operating costs; and grants for technical assistance.

Condensed Comparative Financial Statements

Analysis of Net Position (Statement of Net Position)

Total Net Position for FY 2017 was $10,705,993 and for FY 2016 the amount was $12,150,599. This represents an overall net decrease of $1,444,606, or 11.9%

Cash and Cash Equivalents (Including Investments) decreased to $2,175,639 in FY 2017 from $2,743,990 in FY 2016, or by $568,351, or 20.7%. The downward change in the authority's cash balance is primarily due to a decrease in operating subsidies.

Receivables decreased to $120,498 in FY 2017 from $187,744 in FY 2016. This represents a decrease of $67,246, or 35.8%. This change was the result of a decrease in subsidy owed for South Ridge Program and the authority's inter-program receivables.

Analysis of Net Position (Statement of Net Position) (Continued)

Other Current Assets decreased to $144,887 in FY 2017 from $154,831 in FY 2016, or by $9,944, or 6.4%. This change was primarily due to a decrease in pre-paid expenses.

Capital Assets decreased to $10,449,205 in FY 2017 from $11,047,443 in FY 2016, or by $598,238, or 5.4%. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities decreased to $326,596 in FY 2017 from $519,882 in FY 2016, or by $193,286, or 37.2%. This change is primarily the result of HCV Subsidies for 2017 received in 2016.

Non-Current Liabilities increased to $2,916,064 in FY 2017 from $2,204,264 in FY 2016, or by $711,800, or 32.3%. This change was a result of the Net Pension Liability.

The table below illustrates the changes in net position between December 31, 2017 and 2016 for the Authority as a whole:

	2017	2016	Net Change	Percent Variance
Cash & Cash Equivalents	$ 2,175,639	$ 2,743,990	$ (568,351)	-20.7%
Receivables	120,498	187,744	(67,246)	-35.8%
Other Current Assets	144,887	154,831	(9,944)	-6.4%
Capital Assets	10,449,205	11,047,443	(598,238)	-5.4%
Total Assets	**12,890,229**	**14,134,008**	**(1,243,779)**	**-8.8%**
Deferred Outflows	1,074,270	778,024	296,246	38.1%
Total Assets & Deferred Outflows	**13,964,499**	**14,912,032**	**(947,533)**	**-6.4%**
Current Liabilities	326,596	519,882	(193,286)	-37.2%
Non Current Liabilities	2,916,064	2,204,264	711,800	32.3%
Total Liabilities	**3,242,660**	**2,724,146**	**518,514**	**19.0%**
Deferred Inflows	15,846	37,287	(21,441)	-57.5%
Net Investment in Capital Assets	10,414,359	11,010,932	(596,573)	-5.4%
Restricted Net Position	123,927	187,094	(63,167)	-33.8%
Unrestricted Net Position	167,707	952,573	(784,866)	-82.4%
Total Net Position/Equity	**10,705,993**	**12,150,599**	**(1,444,606)**	**-11.9%**
Total Liabilities, Deferred Inflows and Net Position	**$ 13,964,499**	**$ 14,912,032**	**$ (947,533)**	**-6.4%**

Analysis of Entity-Wide Revenues (Statement of Revenues, Expenses, and Changes in Net Position)

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2017 were as follows:

Program		Revenues Generated
Low Income Public Housing (LIPH)	$	3,282,019
Section 8 Housing Choice Vouchers (HCV)		2,913,876
Public Housing Capital Fund Program (CFP)		794,556
Rural Housing & Economic Development (RH)		338,363
Central Office Cost Center (COCC)		19,432
Shelter plus Care (SPC)		25,533
Supportive Housing for Persons w/disabilities (SH)		262,449
Total Revenue	$	7,636,228

Total revenues for FY 2017 were $7,636,228 as compared to $7,871,309 of total revenues for FY 2016. Comparatively, FY 2016 revenues exceeded FY 2017 revenues by $235,081, or 3.0%. The primary reason for this change was the result of decreased funding from HUD capital fund grants.

		2017		2016		Net Change	Percentage Change
Total Tenant Revenue	$	1,301,075	$	1,329,199	$	(28,124)	-2.1%
HUD Operating Grants		5,719,505		5,735,183		(15,678)	-0.3%
HUD Capital Grants		550,072		745,028		(194,956)	-26.2%
Investment Income		3,118		3,450		(332)	-9.6%
Other Revenue		62,458		58,449		4,009	6.9%
Total Revenue	**$**	**7,636,228**	**$**	**7,871,309**	**$**	**(235,081)**	**-3.0%**

Analysis of Entity-Wide Expenditures

Total Expenditures for FY 2017 were $9,080,834 as compared to the $8,592,060 of total expenditures for FY 2016. This represents an increase of $488,774, or 5.7%.

Administrative expenditures for FY 2017 were $1,987,581 as compared to $1,886,445 in FY 2016. This represents an increase of $101,136, or 5.4%. This change is primarily the result of an increase in salaries and net pension benefits.

Utilities expenditures for FY 2017 were $790,459 as compared to $831,209 in FY 2016. This represents a decrease of $40,750, or 4.9%. The cause for this change is due to decreases in electric and water costs from the prior fiscal year. The electric company was reading the new meters incorrectly the previous year.

Maintenance expenditures for FY 2017 were $1,976,717 as compared to $1,788,773 in FY 2016. This represents an increase of $187,944, or 4.2%. The main reason for this change was due to increases in maintenance contract costs and net pension benefits.

Analysis of Entity-Wide Expenditures (Continued)

General expenditures for FY 2017 were $194,657 as compared to $166,463 for FY 2016. This represents an increase of $28,194, or 16.9%. The main cause for this change was due to increase in compensated absences expense.

The table below illustrates the change in expenses for the Authority for fiscal year 2017 compared to fiscal year 2016:

	2017	2016	Net Change	Percent Variances
Administrative	$ 1,987,581	$ 1,886,445	$ 101,136	5.4%
Tenant Services	5,188	5,316	(128)	-2.4%
Utilities	790,459	831,209	(40,750)	-4.9%
Maintenance	1,976,717	1,788,773	187,944	10.5%
Protective Services	58,270	61,273	(3,003)	-4.9%
Insurance & General	194,657	166,463	28,194	16.9%
Housing Assistance Payments	2,918,537	2,762,634	155,903	5.6%
Depreciation Expense	1,147,076	1,087,469	59,607	5.5%
Total Expenses	**$ 9,078,485**	**$ 8,589,582**	**$ 488,903**	**5.7%**

ANALYSIS OF CAPITAL ASSET ACTIVITY

The table below illustrates the changes in Capital Assets experienced from January 1, 2017 through December 31, 2017.

	2017	2016	Net Change	Percent Variance
Land	$ 1,116,241	$ 1,116,241	$ -	0.0%
Buildings	33,932,699	32,448,563	1,484,136	4.6%
Furniture, Equip., & Mach. - Dwelling	548,292	546,247	2,045	0.4%
Furniture, Equip., & Mach. - Administrative	1,006,080	1,014,195	(8,115)	-0.8%
Construction in Process	848,076	1,782,141	(934,065)	-52.4%
Total Fixed Assets	**37,451,388**	**36,907,387**	**544,001**	**1.5%**
Accumulated Depreciation	27,002,183	25,859,944	1,142,239	4.4%
Net Fixed Assets	**$ 10,449,205**	**$ 11,047,443**	**$ (598,238)**	**-5.4%**

As previously mentioned, work completed under the capital fund grant program is temporarily charged to Construction in Process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and audited, the work items are moved from Construction in Process and placed into the Capital Assets.

ANALYSIS OF CAPITAL ASSET ACTIVITY (Continued)

Increases in the various capital asset accounts, in the amount of $544,001, have been offset by the net change to accumulated depreciation, in the amount of $1,142,239. This reflects a net decrease in Capital Assets in the amount of $598,238, or by 5.4%.

Debt

The Authority had one loan payable to the Rural Economic and Community Development Services. The total balance due on the loan at December 31, 2017 was $34,846. Further detailed information is available in Note 10 to the financial statements.

Contacting the Authority

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director of the Ashtabula Metropolitan Housing Authority.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2017

ASSETS		
Current assets:		
Cash and Cash Equivalents - Unrestricted	$	1,750,680
Cash and Cash Equivalents - Restricted		173,941
Accounts Receivable, Net		120,498
Investments - Unrestricted		251,018
Inventory, Net		119,725
Prepaid Expenses		25,162
Total Current Assets		**2,441,024**
Non-Current Assets:		
Non-Depreciable Capital Assets		1,964,317
Depreciable Capital Assets, Net		8,484,888
Total Non-Current Assets		**10,449,205**
Total Assets		**12,890,229**
Deferred Outflows		
Net difference between projected and actual investment earnings on pension plan investments		396,515
Differences between expected and actual experience		3,609
Changes of assumptions		422,313
Changes in proportion and differences between contributions and proportionate share of contributions		65,025
Employer contributions to pension plan subsquent to measurement date		186,808
Total Deferred Outflows of Resources		**1,074,270**
Total Assets and Deferred Outflows of Resources	**$**	**13,964,499**
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	109,118
Accrued Wages and Payroll Taxes		59,773
Accrued Compensated Absences, Current		24,498
Interest Payable		191
Accounts Payable - Other Government		43,359
Tenant Security Deposits		76,461
Unearned Revenues		11,392
Current Portion of Long-Term Debt		1,804
Total Current Liabilities		**326,596**
Non-Current Liabilities:		
Long-Term Debt, Net of Current		33,042
Net Pension Liability		2,662,546
Accrued Compensated Absences, Net of Current Portion		220,476
Total Non-Current Liabilties		**2,916,064**
Total Liabilties		**3,242,660**
Deferred Inflows		
Differences between expected and actual experience		15,846
Total Deferred Inflows of Resources		15,846
NET POSITION:		
Net Investment in Capital Assets		10,414,359
Restricted Net Postion		123,927
Unrestricted Net Position		167,707
Total Net Position		**10,705,993**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$**	**13,964,499**

See accompanying notes to the financial statements.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2017

OPERATING REVENUES:		
Governmental Grants	$	5,719,505
Tenant Revenue		1,301,075
Other Revenue		62,458
Total Operating Revenues		**7,083,038**
OPERATING EXPENSES:		
Administrative		1,987,581
Tenant Services		5,188
Utilities		790,459
Maintenance		1,976,717
Protective Services		58,270
Insurance & General		194,657
Housing Assistance Payments		2,918,537
Depreciation		1,147,076
Total Operating Expenses		**9,078,485**
Operating (Loss)		**(1,995,447)**
NON-OPERATING REVENUES / (EXPENSES):		
Interest and Investment Revenue		3,118
Interest Expense		(2,349)
Total Non-Operating Revenue / (Expense)		**769**
Change in Net Position before Capital Grants		(1,994,678)
Capital Grants		550,072
Change in Net Position		**(1,444,606)**
Total Net Position - Beginning		12,150,599
Total Net Position - Ending	**$**	**10,705,993**

See accompanying notes to the financial statements.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows from Operating Activities		
Cash Received from HUD	$	5,966,940
Cash Received from Tenants		876,433
Cash Received from Other Sources		62,458
Cash Payment for Housing Assistance		(2,918,537)
Cash Payment for Administrative and Operating Expenses		(4,540,098)
Net Cash Flows Provided/(Used) by Operating Activities		**(552,804)**
Cash Flows from Investing Activities		
Sale of Investments		201,303
Cash Received for Interest Income		3,118
Net Cash Flows Provided/(Used) by Investing Activities		**204,421**
Cash Flows from Capital and Related Financing Activities		
Capital Grant Funding Received from HUD		550,072
Property and Equipment Purchased		(564,723)
Payments of Related Debt		(1,665)
Payments for Interest Expense		(2,349)
Net Cash Flows Provided/(Used) by Capital and Related Financing		**(18,665)**
Increase/(Decrease) in Cash and Cash Equivalents		(367,048)
Cash - Beginning of Period		2,291,669
Cash - End of Period	**$**	**1,924,621**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Net Operating Loss	$	(1,995,447)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation		1,147,076
- (Increase) Decrease in Receivables		67,246
- (Increase) Decrease in Inventories		1,825
- (Increase) Decrease in Prepaid Expenses and Other Assets		(288,127)
- (Decrease) Increase in Accounts Payable		30,206
- (Decrease) Increase in Accrued Liabilities		59,773
- (Decrease) Increase in Intergovernmental Payables		1,542
- (Decrease) Increase in Tenant Security Deposits		726
- (Decrease) Increase in Unearned Revenue		(246,721)
- (Decrease) Increase in Other Current Liabilities		(42,135)
- (Decrease) Pension Liability		732,785
- (Decrease) Increase in Interest Payable		(11)
- (Decrease) Increase in Accrued Compensated Absences		(21,542)
Net Cash Provided by Operating Activities	**$**	**(552,804)**

See accompanying notes to the financial statements.

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

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

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

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

The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board. The Authority’s basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows.

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

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

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

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

Measurement Focus and Basis of Accounting (Continued)

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

Use of Estimates

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

Cash and Cash Equivalents

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

Capital Assets

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

Buildings	40 years
Building Improvements	15 years
Land Improvements	15 years
Equipment	7 years
Autos	5 years
Computers	3 years

Capitalization of Interest

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

Investments

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

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 based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 7.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report 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 statement of net position for pension and deferred debt charges. The deferred outflows of resources related to pension are explained in Note 5.

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 are reported on the statement of net position for pension. The deferred inflows of resources related to pension are explained in Note 5.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

At December 31, 2017, the carrying amount of the Authority's cash deposits was $2,175,639 and its bank balance was $2,294,385. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2017, deposits totaling $341,480 were covered by Federal Depository Insurance and deposits totaling $1,952,504 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, in the Authority's name.

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

Cash on Hand

At December 31, 2017, the Authority had un-deposited cash on hand, including petty cash, of $300.

Investments

The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and records all its investments at fair value. However, at December 31, 2017, the Authority investments were limited to non-negotiable certificate of deposits.

Interest Rate Risk

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

Credit Risk

The credit risks of the Authority's investments are in the table below. The Authority has no investment policy that would further limit its investment choices.

Custodial Credit Risk

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

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

Concentration of Credit Risk

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

Cash and investments at year-end were as follows:

Cash and Investment Type	Fair Value	Investment Maturities (in Years) <1
Carrying Amount of Deposits	$2,175,339	$ 2,175,339
Petty Cash	300	300
Totals	$2,175,639	$ 2,175,639

NOTE 3: **CAPITAL ASSETS**

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

	1/1/2017	Transfer	Additions	Deletions	12/31/2017
Capital Assets Not Being Depreciated					
Land	$ 1,116,241	$ -	$ -	$ -	$ 1,116,241
Construction in Progress	1,782,141	(1,484,136)	550,071	-	848,076
Total Capital Assets Not Being Depreciated	2,898,382	(1,484,136)	550,071	-	1,964,317
Capital Assets Being Depreciated					
Buildings and Improvements	32,448,563	1,484,136	-	-	33,932,699
Furniture, Equipment, and Machinery - Dwellings	546,247	-	2,045	-	548,292
Furniture, Equipment, and Machinery - Administrative	1,014,195	-	12,607	(20,723)	1,006,080
Subtotal Capital Assets Being Depreciated	34,009,005	1,484,136	14,652	(20,723)	35,487,071
Accumulated Depreciation					
Buildings and Improvements	(24,368,444)	-	(1,123,066)	-	(25,491,510)
Furniture, Equipment, and Machinery - Dwellings	(516,910)	-	(13,232)	-	(530,142)
Furniture, Equipment, and Machinery - Administrative	(974,590)	-	(8,358)	2,417	(980,531)
Total Accumulated Depreciation	(25,859,944)	-	(1,144,656)	2,417	(27,002,183)
Depreciation Assets, Net	8,149,061	1,484,136	(1,130,004)	(18,306)	8,484,888
Total Capital Assets, Net	$ 11,047,443	$ -	$ (579,933)	$ (18,306)	$ 10,449,205

NOTE 4: **RESTRICTED NET POSITION**

The Authority's restricted net position is as follows:

Cash Held for South Ridge Village Reserve for Replacement	$	97,480
Unspent Funding Provided by HUD to pay Section 8 Housing Choice Voucher Housing Assistance Payments & Mainstream		26,447
Total Restricted Net Position	$	123,927

NOTE 5: **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.

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.

NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability (Continued)

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, 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.

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

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

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:

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
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 to the Traditional plan was $186,808 for the year ended December 31, 2017. Of this amount, $25,559 is reported as an intergovernmental payable.

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

	Traditional Plan
Proportionate Share of the Net Pension Liability / (Asset)	$ 2,662,546
Proportion of the Net Pension Liability / (Asset)	0.011725%
Pension Expense	$ 601,907
Change in Proportionate Share	0.005840%

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

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 3,609	$ 15,846
Changes of assumptions	422,313	-
Net difference between projected and actual earnings on pension plan investments	396,515	-
Changes in proportion and differences between contributions and proportionate share of contributions	65,025	-
Authority contributions subsequent to the measurement date	186,808	-
Total Deferred Resources	$ 1,074,270	$ 15,846

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

$186,808 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:		
	2018	$ 369,701
	2019	370,547
	2020	142,990
	2021	(11,622)
Total		$ 871,616

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 periods included in the measurement:

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

Mortality rates were based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base 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 of 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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

Actuarial Assumptions – OPERS (Continued)

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.

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 and the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 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 % 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:

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

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. 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 actually 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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

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

Authority's proportionate share of the net pension liability	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Traditional Plan	$4,067,637	$2,662,546	$1,491,655

Changes in Assumptions from Prior Measurement Date Changes in the assumptions approved by the Pension Plan Board and used in the 2016 valuations are:

Investment Return- 7.50% compounded annually, net of administrative expenses, a decrease of 0.50% from 8.00%.

Wage Inflation Rate- 3.25% per year, a decrease of 0.50% from 3.75%. Wage inflation is defined to be the portion of total pay increases for an individual due to macroeconomic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

Price Inflation- 2.50% of the investment return rate and wage inflation rate is assumed to be price inflation, a decrease of 0.50% from 3.00%.

Assumed Real Rate of Return- 4.25% per year (no change). The assumed real rate of return is defined as the portion of the 7.50% investment return greater than the assumed total wage growth rate of 3.25%.

Active Member Population- The sum of active members in the Traditional Pension Plan and Combined Plan, assumed to remain constant. For purposes of financing the unfunded actuarial liabilities, total payroll is assumed to grow at the wage inflation rate of 3.25% per year.

Individual Employee Pay Increases- An active employee's pay is assumed to increase each year, in accordance with an age-based table. Part of the assumed increase is for merit and/or seniority increases, and the balance recognizes the wage inflation rate.

Turnover- Represents the probabilities of separation from OPERS-covered employment before age-and-service retirement because of employment termination (withdrawal from service), death, or disability. The separation probabilities are based on historical trends of OPERS actual experience, without consideration of the manner in which the members' accounts are distributed.

Mortality- The tables used in evaluating age-and-service and survivor benefit allowances to be paid were updated as a result of the experience study and are now based on the RP-2014 Health Annuitant mortality tables. The Healthy Annuitant mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006, and then established the base year as 2015 for males and 2010 for females. The mortality rates used in evaluating disability allowances were also updated as a result of the experience study and are now based upon the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation period 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 previously noted tables.

NOTE 6: **POST-EMPLOYMENT BENEFITS**

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund 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 2017, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for MemberDirected Plan participants for 2017 was 4.0 percent. The portion of actual Authority contributions for the fiscal years ending 2017, 2016, and 2015, which were used by OPERS to fund post-employment benefits were $14,370, $25,386 and $27,732, respectively.

NOTE 7: **COMPENSATED ABSENCES**

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

All permanent employees will earn 10 hours sick leave per month of service. Unused sick leave may be accumulated without limit. At the time of separation, union employees receive payment for thirty (30) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time earned must be used in the year earned without accumulation.

At December 31, 2017, based on the vesting method, $244,974 was accrued by the Authority for unused vacation and sick time. The current portion is $24,498 and the long-term portion is $220,476.

NOTE 8: INSURANCE

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the Housing Authority Insurance Group. (HAI Group). HAI Group is a public housing authority-owned organization dedicated to providing reliable insurance solutions and related services to the public and affordable housing community in a manner which exceeds expectations. Deductibles and coverage limits are summarized below:

Type of Coverage	Coverage Deductible	Limits
Property	$ 1,000	$250,000,000 (per
Boiler and Machinery	1,000	50,000,000
General Liability	0	6,000,000
Automobile	500/0	ACV/6,000,000
Public Officials	0	6,000,000
Employee Dishonesty	0	500,000

NOTE 9: CONTINGENCIES

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

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

NOTE 10: LONG-TERM DEBT

Changes in the Authority's long-term debt during fiscal year 2017 are as follows:

	Balance at 1/1/2017	Additions	Deletions	Balance at 12/31/2017	Due Within One Year
Loan Payable - Rural Economic and Community Development - 8% Interest, $37,926 dated January 1, 2016	$ 36,511	$ -	$ (1,665)	$ 34,846	$ 1,804
Total Loans Payable	36,511	-	(1,665)	34,846	1,804
Compensated Absences	266,516	-	(21,542)	244,974	24,498
Net Pension Liability	1,929,761	732,785	-	2,662,546	-
Total Long-Term Liabilities	$ 2,232,788	$ 732,785	$ (23,207)	$ 2,942,366	$ 26,302

Long-term debt consists of one term loan payable in the amount of $37,926 at 8 percent, with the Rural Economic and Community Development Services, payable over a period of 15 years. Monthly payments are $335. Interest incurred during 2017 was $2,276. The Rural Economic and Community Development Services interest credit is reduced by rent collections by the Authority in excess of maximum contract rates. The balance due at December 31, 2017, was $34,846, of which $1,804 was the current portion.

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

Ended December 31	Principal	Interest	Payments
2018	$ 1,804	$ 2,222	$ 4,026
2019	1,954	2,072	4,026
2020	2,116	1,910	4,026
2021	2,291	1,735	4,026
2022-2026	14,644	5,486	20,130
2027-2029	12,037	380	12,417
Total	$ 34,846	$ 13,805	$ 48,651

NOTE 11: CONSTRUCTION AND OTHER COMMITMENTS

The Authority had no material construction commitments at December 31, 2017.

NOTE 12: **ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2017 consisted of the following:

HUD	$	33,405
Tenants - (net of allowance of $10,000)		28,356
A/R Other		58,075
Interest		662
Total Accounts Receivable	$	120,498

NOTE 13: **ONGOING INVESTIGATION**

The Auditor of State is currently conducting an investigation related to the Authority. As of the date of this report, the investigation is ongoing. Depending on the outcome, the results of this investigation may be reported at a later date.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
DECEMBER 31, 2017

Ohio Public Employees Retirement System
Last 10 Fiscal Years

	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset) (percentage)	0.011725%	0.011141%	0.010781%	0.010781%
Authority's proportionate share of the net pension liability (asset)	$ 2,662,546	$ 1,929,761	$ 1,300,309	$ 1,270,939
Authority's covered payroll	$ 1,517,886	$ 1,386,591	$ 1,322,926	$ 1,297,373
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	175.41%	139.17%	98.29%	97.96%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%

Information prior to fiscal year 2013 is not available.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF CONTRIBUTIONS
DECEMBER 31, 2017

Ohio Public Employees Retirement System
Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 186,808	$ 182,147	$ 166,391	$ 158,495	$ 168,658	$ 120,938	$ 113,666	$ 97,948	$ 87,236	$ 64,681
Contributions in relation to contractually required contribution	(186,808)	(182,147)	(166,391)	(158,495)	(168,658)	(120,938)	(113,666)	(97,948)	(87,236)	(64,681)
Contribution deficit (surplus)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 1,436,984	$ 1,517,886	$ 1,386,591	$ 1,322,926	$ 1,297,373	$ 1,209,379	$ 1,136,663	$ 1,097,117	$ 1,069,574	$ 924,011
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	11.98%	13.00%	10.00%	10.00%	8.93%	8.16%	7.00%

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs:		
Public Housing Programs:		
Public Housing Operating Subsidy	14.850	$ 2,116,015
Public Housing Capital Fund	14.872	794,556
Total Public Housing Programs		2,910,571
Section 8 Programs:		
Section 8 Project Based Cluster:		
Rural Housing & Economic Development	14.250*	199,189
Total Section 8 Project Based Cluster		199,189
Supportive Housing for Persons with Disabilities	14.181	262,449
Housing Choice Vouchers	14.871	2,897,368
Total Section 8 Programs		3,359,006
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		6,269,577
TOTAL FEDERAL AWARDS EXPENDITURES		$ 6,269,577

* Represents rental assistance for South Ridge Village Rural Housing Project #41-004-341031866

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Ashtabula Metropolitan Housing Authority
Financial Data Schedule - Entity Wide Balance Sheet
December 31, 2017

Line Item No.	Description	14.871 HCV Total	14.181 Mainstream Total	14.238 Shelter Plus Total	14.250 SRV Total	COCC OPERATIONS Total	All AMP Total Total	Subtotal Total	Elimination	Entity Wide Total
111	Cash-unrestricted	60,798	0	0	361,541	121,496	1,206,845	1,750,680		1,750,680
112	Cash-restricted-modernization and development	0	0	0	91,480	0	0	91,480		91,480
113	Cash-other restricted	0	0	0	6,000	0	0	6,000		6,000
114	Cash-tenant security deposits	0	0	0	7,888	0	68,573	76,461		76,461
100	**Total Cash**	60,798	0	0	466,909	121,496	1,275,418	1,924,621	0	1,924,621
121	Accounts receivable - PHA projects	43,258	0	0	0	0	0	43,258		43,258
122	Accounts receivable - HUD other projects	0	0	0	33,405	0	0	33,405		33,405
125	Account receivable - miscellaneous	0	0	14,817	0	0	0	14,817		14,817
126	Accounts receivable - tenants	0	0	0	659	0	37,697	38,356		38,356
126.1	Allowance for doubtful accounts - tenants	0	0	0	0	0	(10,000)	(10,000)		(10,000)
129	Accrued interest receivable	154	0	0	0	508	0	662		662
120	**Total receivables, net of allowance for doubtful accounts**	43,412	0	14,817	34,064	508	27,697	120,498	0	120,498
131	Investments - unrestricted	0	0	0	0	251,018	0	251,018		251,018
142	Prepaid expenses and other assets	3,774	0	0	2,516	1,258	17,614	25,162		25,162
143	Inventories	0	0	0	0	17,527	105,901	123,428		123,428
143.1	Allowance for obsolete inventories	0	0	0	0	(526)	(3,177)	(3,703)		(3,703)
144	Inter program - due from	0	111,217	0	0	0	0	111,217	(111,217)	0
150	**Total Current Assets**	107,984	111,217	14,817	503,489	391,281	1,423,453	2,552,241	(111,217)	2,441,024
161	Land	10,243	0	0	128,500	116,940	860,558	1,116,241		1,116,241
162	Buildings	0	0	0	1,286,725	3,082,127	29,563,847	33,932,699		33,932,699
163	Furniture, equipment and machinery - dwellings	0	0	0	50,457	68,700	429,135	548,292		548,292
164	Furniture, equipment and machinery - administration	48,613	0	0	2,522	137,379	817,566	1,006,080		1,006,080
166	Accumulated depreciation	(34,644)	0	0	(1,202,317)	(2,648,419)	(23,116,803)	(27,002,183)		(27,002,183)
167	Construction in progress	0	0	0	0	0	848,076	848,076		848,076
160	**Total capital assets, net of accumulated depreciation**	24,212	0	0	265,887	756,727	9,402,379	10,449,205	0	10,449,205
180	**Total Non-current Assets**	24,212	0	0	265,887	756,727	9,402,379	10,449,205	0	10,449,205
190	**Total Assets**	132,196	111,217	14,817	769,376	1,148,008	10,825,832	13,001,446	(111,217)	12,890,229
200	Deferred Outflow of Resources	204,111	21,485	10,743	64,456	279,311	494,164	1,074,270		1,074,270
290	**Total Assets and Deferred Outflow of Resources**	336,307	132,702	25,560	833,832	1,427,319	11,319,996	14,075,716	(111,217)	13,964,499
312	Accounts payable <= 90 days	0	0	0	321	108,797	0	109,118		109,118
321	Accrued wage/payroll taxes payable	12,912	0	0	3,733	11,040	32,088	59,773		59,773
322	Accrued compensated absences - current portion	5,419	0	0	1,584	6,191	11,304	24,498		24,498
325	Accrued interest payable	0	0	0	191	0	0	191		191
333	Accounts payable - other government	0	0	0	0	0	43,359	43,359		43,359
341	Tenant security deposits	0	0	0	7,888	0	68,573	76,461		76,461
342	Deferred revenue	0	0	0	2,547	0	8,845	11,392		11,392
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	0	0	0	1,804	0	0	1,804		1,804
347	Inter program - due to	99,451	0	11,766	0	0	0	111,217	(111,217)	0
310	**Total Current Liabilities**	117,782	0	11,766	18,068	126,028	164,169	437,813	(111,217)	326,596
351	Capital Projects/ Mortgage Revenue Bonds	0	0	0	33,042	0	0	33,042		33,042
354	Accrued compensated absences- Non-current	48,773	0	0	14,252	55,715	101,736	220,476		220,476
357	Accrued Pension and OPEB Liability	505,884	53,251	26,625	159,753	692,262	1,224,771	2,662,546		2,662,546
350	**Total Non-current liabilities**	554,657	53,251	26,625	207,047	747,977	1,326,507	2,916,064	0	2,916,064
300	**Total Liabilities**	672,439	53,251	38,391	225,115	874,005	1,490,676	3,353,877	(111,217)	3,242,660
400	Deferred Inflow of Resources	3,011	317	158	951	4,120	7,289	15,846		15,846
508.1	Invested in capital assets, net of related debt	24,212	0	0	231,041	756,727	9,402,379	10,414,359		10,414,359
511.1	Restricted Net Assets	0	26,447	0	97,480	0	0	123,927		123,927
512.1	Unrestricted Net Assets	(363,355)	52,687	(12,989)	279,245	(207,533)	419,652	167,707		167,707
513	**Total Equity/Net Assets**	(339,143)	79,134	(12,989)	607,766	549,194	9,822,031	10,705,993	0	10,705,993
600	**Total Liabilities and Equity/Net assets**	336,307	132,702	25,560	833,832	1,427,319	11,319,996	14,075,716	(111,217)	13,964,499

Ashtabula Metropolitan Housing Authority
Financial Data Schedule - Entity Wide Income Statement
December 31, 2017

Line Item No.	Description	14.871 HCV Total	14.181 Mainstream Total	14.238 Shelter Plus Total	14.250 SRV Total	COCC Total	0.000 All AMP Total Total	0.000 0 Subtotal Total	Elimination	Entity Wide Total
70300	Net tenant rental revenue	0	*0*	*0*	*125,757*	0	972,887	1,098,644		1,098,644
70400	Tenant revenue - other	0	*0*	*0*	*9,314*	0	193,117	202,431		202,431
70500	Total Tenant Revenue	0	0	0	135,071	0	**1,166,004**	1,301,075	0	1,301,075
70600-010	Housing assistance payments	2,615,482	225,825	0	0	0	0	2,841,307		2,841,307
70600-020	Ongoing administrative fees earned	281,886	36,624	0	0	0	0	318,510		318,510
70600-070	Admin fee calculation description									
70600	**HUD PHA operating grants**	2,897,368	262,449	0	199,189	0	2,360,499	5,719,505		5,719,505
70610	Capital grants	0	0	0	0	0	550,072	550,072		550,072
70710	Management Fee	0	0	0	0	425,285	0	425,285	(425,285)	0
70720	Asset Management Fee	0	0	0	0	66,600	0	66,600	(66,600)	0
70730	Book-Keeping Fee	0	0	0	0	49,643	0	49,643	(49,643)	0
70700	**Total Fee Revenue**	**0**	**0**	**0**	**0**	**541,528**	**0**	**541,528**	**(541,528)**	**0**
71100	Investment income - unrestricted	400	0	0	0	2,709	0	3,109		3,109
71400	Fraud recovery	16,108	0	0	0	0	0	16,108		16,108
71500	Other revenue	0	0	25,533	4,094	32,610	0	62,237		62,237
71600	Gain or loss on sale of capital assets	0	0	0	0	(15,887)	0	(15,887)		(15,887)
72000	Investment income - restricted	0	0	0	9	0	0	9		9
70000	**Total Revenue**	2,913,876	262,449	25,533	338,363	560,960	**4,076,575**	8,177,756	(541,528)	7,636,228
91100	Administrative salaries	250,336	30,079	18,659	68,385	341,986	337,821	1,047,266		1,047,266
91200	Auditing fees	1,500	0	0	0	2,607	7,393	11,500		11,500
91300	Management Fee	0	0	0	0	0	425,285	425,285	(425,285)	0
91310	Book-Keeping Fee	0	0	0	0	0	49,643	49,643	(49,643)	0
91400	Advertising and Marketing	0	0	0	0	0	0	0		0
91500	Employee benefit contributions - administrative	161,851	16,844	9,450	30,397	294,120	217,833	730,495		730,495
91600	Office Expenses	11,865	1,426	884	1,939	6,837	65,248	88,199		88,199
91700	Legal Expense	0	0	0	0	1,647	12,395	14,042		14,042
91900	Other	2,635	502	310	538	18,288	73,806	96,079	0	96,079
91000	**Total Operating-Administrative**	428,187	48,851	29,303	101,259	665,485	**1,189,424**	2,462,509	(474,928)	1,987,581
92000	Asset Management Fee	0	0	0	0	0	66,600	66,600	(66,600)	0
92400	Tenant services - other	0	0	0	0	0	5,188	5,188		5,188
92500	**Total Tenant Services**	0	0	0	0	0	**5,188**	5,188	0	5,188
93100	Water	0	0	0	9,136	1,183	298,611	308,930		308,930
93200	Electricity	0	0	0	22,787	6,163	232,433	261,383		261,383
93300	Gas	0	0	0	11,210	1,047	44,967	57,224		57,224
93600	Sewer	0	0	0	21,116	185	141,621	162,922		162,922
93000	**Total Utilities**	0	0	0	64,249	8,578	**717,632**	790,459	0	790,459

Ashtabula Metropolitan Housing Authority
Financial Data Schedule - Entity Wide Income Statement
December 31, 2017

Line Item No.	Description	14.871 HCV Total	14.181 Mainstream Total	14.238 Shelter Plus Total	14.250 SRV Total	COCC Total	0.000 All AMP Total	0.000 0 Subtotal Total	Elimination	Entity Wide Total
94100	Ordinary maintenance and operations - labor	0	0	0	30,874	0	483,255	514,129		514,129
94200	Ordinary maintenance and operations - materials and other	633	76	47	10,380	54,272	229,496	294,904		294,904
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	0	0	0	2,102	2,450	74,907	79,459		79,459
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	0	0	0	0	0	17,863	17,863		17,863
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	0	0	0	0	0	475	475		475
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	0	0	0	2,971	0	16,977	19,948		19,948
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	0	0	0	3,935	0	8,932	12,867		12,867
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	4,455	535	332	34,616	16,470	654,477	710,885		710,885
94300	**Ordinary Maintenance and Operations Contracts**	4,455	535	332	43,624	18,920	**773,631**	841,497	0	841,497
94500	Employee benefit contribution - ordinary maintenance	0	0	0	6,860	0	206,209	213,069		213,069
94000	**Total Maintenance**	5,088	611	379	91,738	73,192	**1,692,591**	1,863,599	0	1,863,599
95200	Protective services - other contract costs	0	0	0	2,140	21,669	34,461	58,270		58,270
95000	**Total Protective Services**	0	0	0	2,140	21,669	**34,461**	58,270	0	58,270
96140	All other Insurance	0	0	0	12,509	5,100	87,121	104,730		104,730
96100	**Total Insurance Premiums**	0	0	0	12,509	5,100	**87,121**	104,730	0	104,730
96200	Other general expenses	0	0	0	0	16,968	0	16,968		16,968
96210	Compensated absences	0	0	0	0	0	13,388	13,388		13,388
96300	Payments in lieu of taxes	0	0	0	0	0	43,359	43,359		43,359
96400	Bad debt - tenant rents	0	0	0	0	0	4,035	4,035		4,035
96800	Severance expense	0	0	0	0	58	0	58		58
96000	**Total Other General Expenses**	0	0	0	0	17,026	**60,782**	77,808	0	77,808
96720	Interest on Notes Payable (Short and Long Term)	0	0	0	2,349	0	0	2,349		2,349
96700	**Total Interest Expense and Amortization Cost**	0	0	0	2,349	0	**0**	2,349	0	2,349
96900	**Total Operating Expenses**	433,275	49,462	29,682	281,991	791,050	**3,959,170**	5,544,630	(541,528)	5,003,102
97000	**Excess Revenue Over Operating Expenses**	2,480,601	212,987	(4,149)	56,372	(230,090)	**117,405**	2,633,126	0	2,633,126
97100	Extraordinary maintenance	0	0	0	0	0	12,119	12,119		12,119
97300	Housing assistance payments	2,695,113	223,424	0	0	0	0	2,918,537		2,918,537
97400	Depreciation expense	7,304	0	0	34,385	47,109	1,058,278	1,147,076		1,147,076
90000	**Total Expenses**	3,135,692	272,886	29,682	316,376	838,159	**5,029,567**	9,622,362	(541,528)	9,080,834
10010	Operating transfer in	0	0	0	0	0	162,989	162,989	(162,989)	0
10020	Operating transfer out	0	0	0	0	0	(162,989)	(162,989)	162,989	0
10080	Special items, net gain/loss	0	(8,302)	(4,151)	(24,906)	(107,926)	(179,056)	(415,100)		(415,100)
10091	Inter Project Excess Cash Transfer In	0	0	0	0	0	250,000	250,000	(250,000)	0
10092	Inter Project Excess Cash Transfer Out	0	0	0	0	0	(250,000)	(250,000)	250,000	0
10100	**Total other financing sources (uses)**	0	(8,302)	(4,151)	(24,906)	(107,926)	**(179,056)**	(415,100)	0	(415,100)
10000	**Excess (Deficiency) of Revenue Over (Under) Expenses**	(221,816)	(10,437)	(4,149)	21,987	(277,199)	**(952,992)**	(1,444,606)	0	(1,444,606)
11030	Beginning equity	(117,327)	89,571	(8,840)	585,779	826,393	10,775,023	12,150,599		12,150,599
11170	**Administrative Fee Equity**	(248,384)	60,989					(187,395)		(187,395)
11180	**Housing Assistance Payments Equity**	0	26,447					26,447		26,447
11190	**Unit Months Available**	5,988	720	814	480		6,660	14,662		14,662
11210	**Unit Months Leased**	5,625	720	814	465		6,619	14,243		14,243
11630	Furniture & Equipment-Dwelling Purchases						550,072	550,072		550,072

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY, OHIO
SCHEDULE OF FEDERAL GRANTS - COMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2017

Note A: Documentation for the following grants have been submitted to HUD for close-out processing effective for fiscal year 2017. These grants were all completed either during fiscal year 2017 or prior.

HUD Grant Number:	**OH12P029501-13**
Description	Capital Fund Program (CFP)
A. Funds Approved	$748,662
B. Funds Disbursed	$748,662
C. Funds Expended (Actual Modernization Cost)	$748,662
D. Amount to be Recapured (A - C)	$0
E. Excess of Funds Disbursed (B - C)	$0

HUD Grant Number:	**OH12P029501-14**
Description	Capital Fund Program (CFP)
A. Funds Approved	$711,150
B. Funds Disbursed	$711,150
C. Funds Expended (Actual Modernization Cost)	$711,150
D. Amount to be Recapured (A - C)	$0
E. Excess of Funds Disbursed (B - C)	$0

HUD Grant Number:	**OH12P029501-15**
Description	Capital Fund Program (CFP)
A. Funds Approved	$725,174
B. Funds Disbursed	$725,174
C. Funds Expended (Actual Modernization Cost)	$725,174
D. Amount to be Recapured (A - C)	$0
E. Excess of Funds Disbursed (B - C)	$0

Perry & Associates
Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

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

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

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

October 26, 2018

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Ashtabula Metropolitan Housing Authority,** Ashtabula County, (the Authority) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 26, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated October 26, 2018.

Authority's Response to Finding

The Authority's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit the Authority's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Perry & Associates CPA's A.C.

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

Perry & Associates
Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

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

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

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

October 26, 2018

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

We have audited **Ashtabula Metropolitan Housing Authority's**, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for each of the Authority's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect the major federal programs 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.

Auditor's Responsibility (Continued)

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of audit findings as item 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to our noncompliance finding is described in the accompanying corrective action plan. We did not audit the Authority's response and accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

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

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

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

Perry & Associates CPA's A.C.

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2017

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Public Housing Operating Subsidy CFDA #14.850 Public Housing Capital Fund CFDA #14.872
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	No

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

Finding Number 2017-001

Significant Deficiency – Financial Reporting

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

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

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

Finding Number 2017-001 (Continued)

Significant Deficiency – Financial Reporting (Continued)

Certain errors were noted and corrected on the annual financial report. The following errors were identified:

- Pension expense was improperly classified as a Special Item;
- Deposits and Investments footnote did not properly disclose the bank balance and amount of deposits covered by Federal Depository Insurance;
- Restricted Net Position footnote was not accurately presented.

The adjustments have been made to the accompanying financial statements and footnotes. We recommend the Authority ensure a thorough review of the annual financial report occurs to prevent similar errors occurring in future years.

3. FINDINGS FOR FEDERAL AWARDS

Noncompliance – Performance Reporting

Finding Number		2017-002	
CFDA Title and Number		Public Housing Operating Subsidy – CFDA #14.850 Public Housing Capital Fund – CFDA #14.872	
Federal Award Number/Year		2017	
Federal Agency		U.S. Department of Housing and Urban Development	
Pass-Through Agencies		None - Direct	
Repeat Finding from Prior Audit?	No	**Finding Number**	N/A

24 C.F.R. 135.90 requires each recipient which receives directly from HUD financial assistance that is subject to the requirements of this part to submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of section 3. Where the program providing the section 3 covered assistance requires submission of an annual performance report, the section 3 report will be submitted with that annual performance report. If the program providing the section 3 covered assistance does not require an annual performance report, the section 3 report is to be submitted by January 10 of each year or within 10 days of project completion, whichever is earlier.

The Authority did not complete and file HUD-60002 for the Public Housing Operating Subsidy and Public Housing Capital Fund Programs for the year ended December 31, 2017 by the required due date.

The Authority should have policies and procedures in place to ensure all requirements are met and all laws and regulations are followed. Failure to have such policies and procedures in place could result in loss of federal funds.

Authority's Response to Findings: See corrective action plan.

ASHTABULA METROPOLITAN
HOUSING AUTHORITY
3526 Lake Avenue • P.O. Box 2350 • Ashtabula, Ohio 44005-2350

JAMES NOYES
Executive Director
440-992-3156 • FAX 440-992-7947

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

Finding Number	Finding Summary	Status	Additional Information
2017-001	Material Weakness – Credit Cards	Partially Corrected	Moved to the Management Letter

ASHTABULA METROPOLITAN
HOUSING AUTHORITY
3526 Lake Avenue • P.O. Box 2350 • Ashtabula, Ohio 44005-2350

JAMES NOYES
Executive Director
440-992-3156 • FAX 440-992-7947

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	*Finding 2017-001:* • *Pension expense will classified in the future as instructed.* • *Deposits and investments will be footnoted as instructed.* • *Restricted Net Position will be footnoted as instructed.*	02-01-2019 (next Audit Cycle)	James Noyes, Executive Director
2017-002	*Finding 2017-002:* • *Section 3 Reporting will be conducted according to HUD schedules.* • *HUD Form HUD-60002 will be submitted according to HUD scheduling.*	12-31-18 (completion of current fiscal quarter)	James Noyes, Executive Director

This page intentionally left blank.

ASHTABULA METROPOLITAN HOUSING AUTHORITY

ASHTABULA 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
DECEMBER 4, 2018