HURON METROPOLITAN HOUSING AUTHORITY

HURON COUNTY

SINGLE AUDIT

JULY 1, 2016 – JUNE 30, 2017

WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

Dave Yost • Auditor of State

Board of Directors
Huron Metropolitan Housing Authority
88 W. Third St
Mansfield, OH 44901

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

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

Dave Yost
Auditor of State

November 7, 2017

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HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

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INDEPENDENT AUDITOR’S REPORT

Huron Metropolitan Housing Authority
Huron County
645 West Harding Way
Norwalk, Ohio 44857

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Huron Metropolitan Housing Authority, Huron County, Ohio (the Authority), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority’s internal control. Accordingly, we express no such 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 overall financial statement presentation.

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

10 West Locust Street | Newark, Ohio 43055 | Phone: 740-345-6611 | Fax: 740-345-5635 | wssinc.net

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Huron Metropolitan Housing Authority, Huron County as of June 30, 2017, and the changes in its financial position and its cash flows for the fiscal 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 Information

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

The Financial Data Schedules as required by the Department of Housing and Urban Development present additional analysis and are 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 October 6, 2017, 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.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
October 6, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Huron Metropolitan Housing Authority's (the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 11)

FINANCIAL HIGHLIGHTS

- During fiscal year 2017, the Authority's net position decreased by $9,307 (or 63.85%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net positions were $14,577 and $5,270 for fiscal year 2016 and fiscal year 2017 respectively.

- The revenue increased by $118,368 (or 4.47%) during fiscal year 2017, and was $2,645,931 and $2,764,299 for fiscal year 2016 and fiscal year 2017 respectively.

- Total expenses increased by $72,135 (or 2.67%) during fiscal year 2017 and were $2,701,471 and $2,773,606 for fiscal year 2016 and fiscal year 2017 respectively.

USING THIS ANNUAL REPORT

The Report includes the following sections:

MD&A ~ Management's Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (Pension Schedules) ~
Supplementary Information ~ Financial Data Schedules ~ ~ Schedule of Expenditures of Federal Awards ~

The primary focus of the Authority's financial statement is on the Authority as a whole The Authority operates as a single enterprise fund and this presentation allows the user to address relevant questions, broaden a basis for comparison (fiscal year to fiscal year or Authority to Authority) and enhance the Authority's accountability.

Government-Wide Financial Statements

The Government-wide financial statements are designed to be corporate-like in that all business-type activities are consolidated into columns, which add to a total for the entire Authority.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflow of resources, minus liabilities and deferred inflow of resources, equal "Net Position". Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted" portion) is designed to represent the net available liquid (non-capital) assets and deferred outflows, net of liabilities and deferred inflows, for the entire Authority. Net Position is reported in three broad categories:

Investment in Capital Assets: This component of Net Position consists of all Capital Assets, net of accumulated depreciation, 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. The Authority does not have any outstanding debt.

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 "Investment in Capital Assets", or "Restricted".

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

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

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

The Authority's Fund

The Authority consists of exclusively an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector. The fund maintained by the Authority is required by the Department of Housing and Urban Development (HUD).

Business-Type Activities:

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of adjusted household income.

Other Programs – In addition to the major program above, the Authority also maintains other activities which are listed below.

> Business Activities – represents resources developed from services provided to other metropolitan housing authorities.
>
> Home Investment Partnerships Program – grant monies are received from local sources to administer this program in a manner similar to the Housing Choice Voucher Program.

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

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

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law.

The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior fiscal year.

STATEMENT OF NET POSITION

	2017	2016
Current and Other Non-Current Assets	$264,950	$215,832
Capital Assets	42,183	48,119
Total Assets	307,133	263,951
Deferred Outflow of Resources	116,748	95,150
Current Liabilities	36,511	10,084
Non-Current Liabilities	380,167	329,139
Total Liabilities	416,678	339,223
Deferred Inflow of Resources	1,933	5,301
Net Position:		
Investment in Capital Assets	42,183	48,119
Restricted	59,058	2,747
Unrestricted	(95,971)	(36,289)
Total Net Position	$ 5,270	$ 14,577

For more detailed information see page 11 for the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current and other assets increased by $49,118 or 22.76% in fiscal year 2017. This difference mostly represents the increase of Restricted cash for HAP under the Housing Choice Voucher Program; this is also represented in the increase of current fiscal year HAP reserve. Liabilities increased by $77,455 mostly due to the changes in net pension liability caused by GASB 68. For fiscal year 2016, the Authority reported $1,698 for unearned revenue (related to administrative fees) and in fiscal year 2017, $20,096 was reported for unearned revenue (related to administrative fees).

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes in Unrestricted and Restricted Net Position provides a clearer change in financial well-being.

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net position June 30, 2016		$ (36,289)
Results of Operations	$(65,618)	
Adjustments:		
Depreciation (1)	10,191	
Adjusted Results from Operations		(55,427)
Capital Expenditures		(4,255)
Unrestricted Net position June 30, 2017		$(95,971)

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net position.

CHANGE OF RESTRICTED NET POSITION

Restricted Net position June 30, 2016		$ 2,747
Results of Operations		
HAP reserves spent	$55,435	
Fraud Recovery Payments	876	
Adjusted Results from Operations		56,311
Restricted Net position June 30, 2017		$ 59,058

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	2017	2016
Revenues		
HUD PHA Operating Grants	$2,685,350	$2,569,166
Investment Income	263	231
Other Revenues	76,934	74,328
Fraud Recovery	1,752	2,206
Total Revenue	2,764,299	2,645,931
Expenses		
Administrative	401,089	381,800
Maintenance & operations	7,984	6,012
General	18,265	8,950
Housing Assistance Payments	2,336,077	2,294,229
Depreciation	10,191	10,480
Total Expenses	2,773,606	2,701,471
Change in Net Position	(9,307)	(55,540)
Net Position at July 1	14,577	70,117
Net Position at June 30	$5,270	$14,577

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

HUD PHA Operating Grants increased by $116,184 or 4.52% in fiscal year 2017 due funding increases for the HCV program and a slight increase in local grant funding.

Leasing increased less than 1% in fiscal year 2017 with total unit months leased of 6,820 compared to 6,757 unit months leased in fiscal year 2016.

Housing Assistance Payments increased by $41,848 or 1.82% in fiscal year 2017. Administrative, Maintenance & Operations, and General expenses also increased in fiscal year 2017 by a total of $30,576 or 7.71%

The $9,307 decrease in net position is the result of a $65,618 decrease to administrative operations offset by a $56,311 increase in HAP equity.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the Authority had $42,183 invested in capital assets as reflected in the following schedule, which represents a decrease of $5,936 from fiscal year 2016 (related to additions, deductions and depreciation).

CAPITAL ASSETS AT FISCAL YEAR-END (NET OF ACCUMULATED DEPRECIATION)

	Business-Type Activities	
	2017	2016
Capital Assets, Cost	$236,420	$243,979
Accumulated Depreciation	(194,237)	(195,860)
Total	$ 42,183	$ 48,119

Capital Assets are presented in detail on page 18 of the notes.

CHANGE IN CAPITAL ASSETS

	Business Type Activities
Beginning Balance	$ 48,119
Additions	4,255
Depreciation	(10,191)
Ending Balance	$ 42,183

Fiscal year 2017 additions consist of the purchase of new computers. The Authority also had deletions of capital assets totaling $11,814 which were fully depreciated.

Debt Outstanding
As of June 30, 2017, the Authority has no outstanding debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the demand for housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Marsha K. Inscho; Finance Manager for the Huron Metropolitan Housing Authority, at (419) 526-1622 Specific requests may be submitted to the Authority at P.O. Box 1029, Mansfield, OH 44901.

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

Assets		
Current Assets:		
Cash and Cash Equivalents	$	200,767
Intergovernmental Receivable		2,760
Prepaid Items		2,365
Total Current Assets		205,892
Non-Current Assets:		
Restricted Cash		59,058
Capital Assets:		
Nondepreciable Capital Assets		10,000
Depreciable Capital Assets		226,420
Accumulated Depreciation		(194,237)
Total Capital Assets		42,183
Total Non-Current Assets		101,241
Total Assets		307,133
Deferred Outflow of Resources		116,748
Liabilities		
Current Liabilities:		
Accounts Payable		3,733
Accrued Wages and Payroll Taxes		3,837
Unearned Revenue		20,096
Accrued Compensated Absences		8,845
Total Current Liabilities		36,511
Non-Current Liabilities:		
Accrued Compensated Absences		55,438
Net Pension Liability		324,729
Total Non-Current Liabilities		380,167
Total Liabilities		416,678
Deferred Inflow of Resources		1,933
Net Position		
Investment in Capital Assets		42,183
Restricted		59,058
Unrestricted		(95,971)
Total Net Position	$	5,270

The notes to the basic financial statements are an integral part of this statement.

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenues		
HUD PHA Operating Grants		$ 2,685,350
Fraud Recovery		1,752
Other Revenues		76,934
Total Operating Revenues		2,764,036
Operating Expenses		
Housing Assistance Payments	2,336,077	
Administrative	401,089	
Ordinary Maintenance & Operations	7,984	
General	18,265	
Depreciation	10,191	
Total Operating Expenses		2,773,606
Operating Loss		(9,570)
Nonoperating Revenues		
Interest		263
Total Nonoperating Revenues		263
Change in Net Position		(9,307)
Net Position at July 1, 2016		14,577
Net Position at June 30, 2017		$ 5,270

The notes to the basic financial statements are an integral part of this statement.

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash flows from operating activities:	
Cash received from HUD/grant agencies	$ 2,703,748
Cash received from other sources	78,686
Cash payments to employees for services	(341,187)
Cash payments for good or services - HUD	(2,336,077)
Cash payments for goods or services	(43,907)
Net cash provided by operating activities	61,263
Cash flows from capital and related activities:	
Cash payments for capital assets	(4,255)
Net cash used by capital and related activities	(4,255)
Cash flows from investing activities:	
Interest	263
Net cash provided by investing activities	263
Net change in cash and cash equivalents	57,271
Cash and cash equivalents at July 1, 2016	202,554
Cash and cash equivalents at June 30, 2017	$ 259,825
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (9,570)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	10,191
Changes in assets and liabilities:	
Accounts receivable, net	8,188
Prepaid items	(35)
Accounts payable	(306)
Unearned revenue	18,398
Accrued wages and payroll taxes	158
Compensate absences	8,845
Net pension liability	50,360
Change in deferred outflow of resources	(21,598)
Change in deferred inflow of resources	(3,368)
Net cash provided by operating activities	$ 61,263

The notes to the basic financial statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

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

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

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

Fund Accounting

The Authority uses a proprietary fund to report on its financial position and the results of its operations for the Section 8 Housing Choice Voucher program. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary Fund Types:

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

Enterprise Fund – The Authority is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Accounting and Reporting for Nonexchange Transactions

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

In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Accounts Receivable

Management considers all accounts receivable (excluding the fraud recovery receivable) to be collected in full.

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are recorded as prepaid items via the consumption method.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Housing Assistance Payment equity balances of $59,058.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

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

Description	Estimated Useful Life – Years
Building	40
Building Improvements	5-15
Vehicles	5
Equipment	3-7

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. 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. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

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

Pensions – Deferred Inflow/Outflow of Resources

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

Net Position

Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. The investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did report restricted net position for HAP reserves of $59,058 at June 30, 2017.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

<u>Estimates</u>

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

<u>Operating Revenues and Expenses</u>

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as non-operating revenues.

2. CASH AND CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

All monies are deposited into banks as determined by the Authority. Funds are deposited in a non-interest bearing checking account. Security shall be furnished for all accounts in the Authority’s name.

Cash and cash equivalents included in the Authority's cash position at June 30, 2017 are as follows:

Demand deposits:	Checking	Savings
Bank balance	$ 93,650	$ 173,460
Items-in-transit	(7,285)	-
Carrying balance	$ 86,365	$ 173,460

The fiscal year-end bank balance of $250,000 was covered by federal deposit insurance and $17,110 was exposed to custodial risk.

Based on the Authority having only demand deposits at June 30, 2017, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

3. RISK MANAGEMENT

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

Type of Coverage	Deductible	Coverage Limits
General Liability	$5,000	$2,000,000 (per occurrence)
Transportation	$2,000	$ 500,000
Employee Dishonesty		$ 25,000

4. CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2017:

	Balance at July 1, 2016	Additions	Disposals	Balance at June 30, 2017
Capital Assets Not Depreciated				
Land	$ 10,000	$ -	$ -	$ 10,000
Total Capital Assets Not Depreciated	10,000	-	-	10,000
Capital Assets Depreciated				
Building and Improvements	195,928	-	-	195,928
Vehicles	13,260	-	-	13,260
Equipment	24,791	4,255	(11,814)	17,232
Total Capital Assets Depreciated	233,979	4,255	(11,814)	226,420
Accumulated Depreciation				
Building and Improvements	(173,816)	(5,381)	-	(179,197)
Vehicles	(5,304)	(2,652)	-	(7,956)
Equipment	(16,740)	(2,158)	11,814	(7,084)
Total Accumulated Depreciation	(195,860)	(10,191)	11,814	(194,237)
Total Capital Assets Depreciated, Net	38,119	(5,936)	-	32,183
Total Capital Assets, Net	$ 48,119	$ (5,936)	$ -	$ 42,183

5. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

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

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

Plan Description – All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined pension plan.

2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

5. DEFINED BENEFIT PENSION PLAN – CONTINUED

OPERS provides age and service retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 145. OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. That report can be obtained by visiting the OPERS website at www.opers.org.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Authority is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the PERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the contribution rate consistent across all three plans.

The Authority's contractually required contribution to OPERS was $27,750 for fiscal year 2017. Of this amount $2,323 is reported within accounts payable.

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

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

	OPERS Traditional Plan
Proportionate Share of the Net Pension Liability	$324,729
Proportion of the Net Pension Liability	0.001430%
Change in Proportion From Prior Measurement Date	(.000154%)
Pension Expense	$68,941

The Authority's employees have only participated in the Traditional Plan.

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

	Total Deferred Outflows
Net difference between projected and actual investment earnings on pension plan investments	$ 48,800
Changes of assumptions	51,506
Authority contributions subsequent to the measurement date	16,442
Total Deferred Outflows of Resources	$ 116,748

5. DEFINED BENEFIT PENSION PLAN – CONTINUED

	Total Deferred Inflows
Difference between expected and actual experience	$1,933

The $16,442 reported as deferred outflows of resources resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Under the Traditional Pension Plan, the 2016 amortization period for the difference between expected and actual experience is 3.1673 years, and 5 years for the net difference between projected and actual investment earning on pension plan investments. Other amounts reported as deferred outflows of resources and deferred inflows of resources related will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	
2017	$ 19,451
2018	19,451
2019	19,451
2020	19,958
2021	20,062
Total	$ 98,373

Actuarial Assumptions

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:

Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Investment Rate of Return	7.50%
Wage Inflation	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)
Cost-of-living Adjustments	Pre-1/7/13 Retirees: 3.00% Simple Post-1/7/13 Retirees: 3.00% Simple Through 2018, then 2.15 Simple
Price Inflation	3%

Special tables are used for the period after disability retirement and post-retirement mortality. The most recent experience study was completed December 31, 2010.

The long-term return expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

5. DEFINED BENEFIT PENSION PLAN – CONTINUED

Asset Class	Target Allocation for 2016	Weighted Average Long-Term Expected Real Rate of Return
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 total pension liability was calculated using the discount rate of 7.5 percent. The projection of cash flows used to determine the discount rate assumed the employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate 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 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability	$ 496,096	$ 324,729	$ 181,925

Plan Fiduciary Net Position Detailed information about the Plan's fiduciary net position is available in the separately issued OPERS's financial report.

Other Post Retirement Benefits – In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Retirement Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

5. DEFINED BENEFIT PENSION PLAN – CONTINUED

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan and Combined Plan was 2% during calendar year 2016. Effective January 1, 2017, the portion of employer contributions allocated to healthcare will decrease to 1% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the fiscal years ended June 30, 2017, 2016 and 2016, which were used to fund post-employment benefits, were $3,963, $3,726 and $3,882, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions towards the health care fund after the end of the transition period.

6. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities at June 30, 2017:

	Balance at July 1, 2016	Additions	Deductions	Balance at June 30, 2017	Due in One Year
Compensated Absences	$ 55,438	$ 9,513	$ (668)	$ 64,283	$ 8,845
Net Pension Liability	274,369	50,360	-	324,729	-
Total	$ 329,807	$ 59,873	$ (668)	$ 389,012	$ 8.845

See Note 5 for information on the Authority's net pension liability.

7. CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

The Authority is unaware of any outstanding lawsuits or other contingencies.

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.001430%	0.001584%	0.001554%	0.001554%
Authority's Proportionate Share of the Net Pension Liability	$324,729	$274,369	$187,430	$183,196
Authority's Covered Employee Payroll	$198,098	$186,388	$194,204	$174,497
Authority's Proportionate Share of the Net Pension Liability As a Percentage of its Covered Employee Payroll	163.92%	147.20%	96.51%	104.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	89.19%

(1) Information prior to 2014 is not available
(2) The amounts presented for each fiscal year were determined as of the calendar year-ended that occurred within the fiscal year.

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required employer contribution	$ 27,750	$ 26,095	$ 27,188	$ 24,415	$ 25,572	$ 25,903	$31,321	$ 28,288	$ 27,325	$ 26,897
Contributions in Relation to the Contractually Required Contribution	(27,750)	(26,095)	(27,188)	(24,415)	(25,572)	(25,903)	(31,321)	(28,288)	(27,325)	(26,897)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Authority Covered-Employee Payroll	$198,098	$186,388	$194,204	$174,497	$182,657	$185,021	$223,721	$202,057	$195,179	$193,226
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.92%

Ohio Public Employees' Retirement System

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

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for the fiscal years presented. See the notes to the basic financial statements for the methods and assumptions in this calculation.

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2017

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activities	Total
	Current Assets			
	Cash			
111	Cash - Unrestricted	$ 96,755	$ 104,012	$ 200,767
113	Cash - Other Restricted	59,058	-	59,058
100	Total Cash	155,813	104,012	259,825
	Accounts Receivable			
124	Accounts Receivable - Other Government	2,760	-	2,760
128	Fraud Recovery	39,244	-	39,244
128.1	Allowance for Doubtful Accounts	(39,244)	-	(39,244)
120	Total Receivables, Net of Allowance for Doubtful Accounts	2,760	-	2,760
	Other Assets			
142	Prepaid Expenses and Other Assets	2,365	-	2,365
150	Total Current Assets	160,938	104,012	264,950
	Noncurrent Assets			
	Capital Assets			
161	Land	-	10,000	10,000
162	Buildings	-	109,000	109,000
164	Furniture and Equipment - Administration	30,492	-	30,492
165	Leasehold Improvements	86,928	-	86,928
166	Accumulated Depreciation	(85,237)	(109,000)	(194,237)
160	Total Capital Assets net of accumulated depreciation	32,183	10,000	42,183
180	Total Noncurrent Assets	32,183	10,000	42,183
200	Deferred Outflow of Resources	116,748	-	116,748
290	Total Assets and Deferred Outflow of Resources	$ 309,869	$ 114,012	$ 423,881
	Current Liabilities			
312	Accounts Payable	$ 3,733	$ -	$ 3,733
321	Accrued Wages and Payroll Taxes	3,837	-	3,837
322	Accrued Compensated Absences - Current	8,845	-	8,845
342	Unearned Revenue	20,096	-	20,096
310	Total Current Liabilities	36,511	-	36,511
	Non-Current Liabilities			
354	Accrued Compensationd Absences-Non-Current	55,438	-	55,438
357	Accrued Pension and OPEB Liabilities	222,671	102,058	324,729
350	Total Non-Current Liabilities	278,109	102,058	380,167
300	Total Liabilities	314,620	102,058	416,678
400	Deferred Inflow of Resources	1,933	-	1,933
	Net Position			
508.4	Investment in Capital Assets	32,183	10,000	42,183
511.4	Restricted	59,058	-	59,058
512.4	Unrestricted	(97,925)	1,954	(95,971)
	Total Net Position	(6,684)	11,954	5,270
600	Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 309,869	$ 114,012	$ 423,881

NOTE FOR REAC REPORTING: The accompanying statements have been prepared in accordance with the format as required for HUD's electronic filing REAC system. The format and classifications of various line items may differ from those used in the preparation of the financial statements presented in accordance with accounting principles generally accepted in the United States of America.

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	14.239 HOME Investment Partnership Program	Business Activities	Total
	Revenue				
70600-010	Housing Assistance Payment Revenues	$ 2,379,037			$ 2,379,037
70600-020	Administrative Fees Revenues	292,588			292,588
70600	HUD PHA Operating Grants	2,671,625	$ 13,725		2,685,350
71100	Investment Income - Unrestricted	125	-	$ 138	263
71400-010	Housing Assistance Payments	876	-	-	876
71400-020	Administrative Fees	876	-	-	876
71400	Fraud Recovery	1,752	-	-	1,752
71500	Other Revenue	-	-	76,934	76,934
70000	Total Revenue	2,673,502	13,725	77,072	2,764,299
	Expenses				
91100	Administrative Salaries	116,357	875	80,982	198,214
91200	Auditing Fees	5,246	-	-	5,246
91400	Advertising and Marketing	131	-	-	131
91500	Employee Benefit Contribution - Administrative	92,842	285	29,952	123,079
91600	Office Expenses	44,677	90	379	45,146
91800	Travel	7,662	-	-	7,662
91900	Other	21,611	-	-	21,611
91000	Total Operating - Administrative	288,526	1,250	111,313	401,089
94200	Ordinary Maintenance and Operations - Materials and Other	7,984	-	-	7,984
94000	Total Maintenance and Operations	7,984	-	-	7,984
95200	Protective Services - Other Contract Costs	324	-	-	324
95000	Total Protective Services	324	-	-	324
96120	Liability Insurance	7,900	-	-	7,900
96130	Workmen's Compensation	1,196	-	-	1,196
96100	Total Insurance Premiums	9,096	-	-	9,096
96210	Compensated Absences	8,845	-	-	8,845
96000	Total Other General Expenses	8,845	-	-	8,845
96900	Total Operating Expenses	314,775	1,250	111,313	427,338
97000	Excess Operating Revenue Over Operating Expenses	2,358,727	12,475	(34,241)	2,336,961
	Other Expenses				
97300	Housing Assistance Payments	2,323,602	12,475	-	2,336,077
97400	Depreciation Expense	10,191	-	-	10,191
	Total Other Expenses	2,333,793	12,475	-	2,346,268
90000	Total Expenses	2,648,568	13,725	111,313	2,773,606
10000	Excess of Revenues under Expenses	24,934	-	(34,241)	(9,307)
11030	Beginning Equity	(31,618)	-	46,195	14,577
11170	Administrative Fee Equity	(65,742)	-	-	(65,742)
11180	Housing Assistance Payment Equity	59,058	-	-	59,058
	Total Ending Net Position	$ (6,684)	$ -	$ 11,954	$ 5,270

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

STATEMENT OF CHANGES IN EQUITY BALANCES
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers			
11170-001	Administrative Fee Equity - Beginning Balance			$	(34,365)
11170-010	Administrative Fee Revenue	292,588			
11170-040	Investment Income	125			
11170-045	Fraud Recovery Revenue	876			
11170-060	Total Admin Fee Revenues		293,589		
11170-080	Total Operating Expenses	314,775			
11170-090	Depreciation	10,191			
11170-110	Total Expenses		324,966		
11170-002	Net Administrative Fee				(31,377)
11170-003	Administrative Fee Equity - Ending Balance				(65,742)
11170	Administrative Fee Equity			$	(65,742)
11180-001	Housing Assistance Payments Equity - Beginning Balance			$	2,747
11180-010	Housing Assistance Payment Revenues	2,379,037			
11180-015	Fraud Recovery Revenue	876			
11180-030	Total Housing Assistance Payments Revenues		2,379,913		
11180-080	Housing Assistance Payments	2,323,602			
11180-100	Total Housing Assistance Pyaments Expenses		2,323,602		
11180-002	Net Housing Assistance Pyaments				56,311
11180-003	Housing Assistance Payments Equity - Ending Balance				59,058
11180	Housing Assistance Payments Equity			$	59,058

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor Program/Cluster Title	Pass-Through Number	Federal CFDA Number		Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Section 8 Housing Choice Vouchers	N/A	14.871	$	2,671,625
Passed through City of Norwalk:				
Home Investment Partnerships Program	A-C-11-2CZ-2	14.239		13,725
Total Expenditures of Federal Awards			$	2,685,350

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

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

Huron Metropolitan Housing Authority
Huron County
P.O. Box 1029
Mansfield, Ohio 44501

To the Board of Directors:

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 Huron Metropolitan Housing Authority, Huron County, (the Authority) as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 6, 2017.

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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 Standards*.

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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.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
October 6, 2017

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

Huron Metropolitan Housing Authority
Huron County
P.O. Box 1029
Mansfield, Ohio 44501

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Huron 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 Huron Metropolitan Housing Authority's major federal program for the fiscal year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Huron Metropolitan Housing 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 fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
October 6, 2017

HURON METROPOLITAN HOUSING AUTHROITY
HURON COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

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)?**	No
(d)(1)(vii)	**Major Programs (list):**	Housing Choice Vouchers/CFDA #14.871
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost · Auditor of State

HURON COUNTY METROPOLITAN HOUSING AUTHORITY

HURON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 21, 2017