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Certified Public Accountants, A.C.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
Single Audit
For the Year Ended June 30, 2017**

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...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Commissioners
Medina Metropolitan Housing Authority
850 Walter Road
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of the Medina Metropolitan Housing Authority, Medina County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Medina Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

February 7, 2018

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
FOR THE YEAR ENDED JUNE 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

December 29, 2017

Medina Metropolitan Housing Authority
Medina County
850 Walter Road
Medina, Ohio 44256

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Medina Metropolitan Housing Authority**, Medina County, Ohio (the Authority), as of and for the 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 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.



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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 Medina Metropolitan Housing Authority, Medina County as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The supplemental financial data schedules presented on pages 39 through 44 and the PHA's Statement of Certification of Actual Modernization Costs on page 45 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED 30, 2017
UNAUDITED**

Medina 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 year's activities, resulting changes, and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 12).

Financial Highlights

- The Authority's Net Position decreased by \$190,410 during the fiscal year 2017. Net Position was \$6,849,267 and \$7,039,677 for 2017 and 2016 respectively.
- Revenues increased by \$358,021 during fiscal year 2017, and were \$6,415,976 and \$6,057,955 for 2017 and 2016 respectively.
- The total expenses of the Authority's programs increased by \$698,065. Total expenses were \$6,606,386 and \$5,908,321 for 2017 and 2016 respectively.

Overview of the Financial Statements

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See notes to the financial statements for a summary of the Authority's significant accounting policies and practices.

USING THIS REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)," "Basic Financial Statements," and "Other Required Supplementary Information". The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide).

Authority-Wide Financial Statements

The Authority-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.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED 30, 2017
UNAUDITED**

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, minus liabilities, equal “Net Position,” formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current.”

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

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

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

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

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). 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.

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

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

THE AUTHORITY’S PROGRAMS

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and capital improvement funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The conventional Public Housing Program was converted to the Rental Assistance Demonstration (RAD) Program effective July 1, 2016.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED 30, 2017
UNAUDITED**

The Rental Assistance Demonstration is a voluntary program of the Department of Housing and Urban Development (HUD). RAD seeks to preserve public housing by providing Public Housing Agencies with access to more stable funding to make needed improvements to properties. RAD allows PHAs to manage a property using one of two types of HUD funding contracts that are tied to a specific building:

- Section 8 project-based voucher (PBV); or
- Section 8 project-based rental assistance (PBRA)

Medina Metropolitan Housing Authority selected the PBRA model. Under this model, Medina Metropolitan Housing Authority is the property owner of the building known as North View Manor and HUD removed the declaration of trust. Management entered into a contract agreement with HUD to subsidize the rent for tenants residing at the units. The contract agreement equals to the operating subsidies and capital improvement funding previously received under the public housing program.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property for use by eligible families. The Authority subsidizes the families' rent through a monthly 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 contracts that set the families' rent at 30% of household income.

Shelter Plus Care Program – The Shelter Plus Care program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Business Activities – This represents non-HUD resources developed from a variety of activities. These include:

Leases – The Authority leases residential property from two different entities: the Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC). The housing units are then sublet to eligible households consistent with the Authority's mission. The fee income and operating expenses for those services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Position.

Service Contracts – The Authority provides property management services for three properties owned by the Medina County ADAMH Board. The properties provide housing to persons with severe mental illness. The Authority also administers a program for the ADAMH Board that provides affordable housing services for persons with low to moderate income that have been diagnosed with severe mental illness.

The Authority also provided management services to a 70-unit residential apartment complex owned by Menwa, Inc. The purpose of this apartment complex is to provide housing for seniors with head of household 62 years of age or older.

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED 30, 2017
UNAUDITED**

In addition the Authority has an agreement with Battered Women's Shelter to provide maintenance services.

The fee income and operating expenses for those services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Position.

Grants

The Authority administers one state grant and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis. The fee income and operating expenses for services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Position.

Interest Income

The Authority manages its surplus cash in compliance with HUD and State guidelines. The Authority generates interest income from the investment of surplus cash. Interest income is also derived from allowable forms of investment, including loans to affiliated organizations, which furthers the development of housing. The loans are secured by notes and mortgages.

Other Rental Units

Wadsworth Villas - The Authority constructed a new five unit, non-subsidized housing development in fiscal year 2011 named Wadsworth Villas. These units are designated for persons with sensory and/or mobility impairments. The units were constructed using Authority funds (lent to the development) and a loan from the Ohio Housing Finance Agency.

AUTHORITY-WIDE STATEMENTS

The following table reflects the condensed Statement of Net Position compared to the prior year. The Authority is engaged only in Business-Type Activities.

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**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED 30, 2017
UNAUDITED**

Table 1 - Condensed Statement of Net Position Compared to Prior Year

	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 5,965,706	\$ 6,074,333
Capital Assets	2,780,260	2,652,234
Deferred Outflows	<u>513,245</u>	<u>360,048</u>
 Total Assets	 <u>\$ 9,259,211</u>	 <u>\$ 9,086,615</u>
 Current Liabilities	 \$ 297,329	 \$ 325,994
Long-Term Liabilities	2,079,381	1,699,188
Deferred Inflows	<u>33,234</u>	<u>21,757</u>
 Total Liabilities	 <u>2,409,944</u>	 <u>2,046,939</u>
 Net Position:		
Net Investment in Capital Assets	2,343,666	2,200,566
Restricted Net Position	889,930	970,122
Unrestricted Net Position	<u>3,615,671</u>	<u>3,868,988</u>
 Total Net Position	 <u>6,849,267</u>	 <u>7,039,676</u>
 Total Liabilities and Net Position	 <u>\$ 9,259,211</u>	 <u>\$ 9,086,615</u>

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

Major Factors Affecting the Statement of Net Position

Total assets increased \$172,596 from 2016 to 2017. The increase in assets was due mainly to results of current year activities including deferred outflows.

Total liabilities increased by \$363,005 due to increase in net pension liability.

Capital assets net of accumulated depreciation increased by \$128,026. The change is due to current year acquisitions less depreciation expense for the fiscal year.

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED 30, 2017
UNAUDITED**

Table 2 - Change in Net Position

	<u>Unrestricted N/A</u>	<u>Net Inv in C/A</u>	<u>Restr N/A</u>
Beginning Net Position	\$ 3,868,988	\$ 2,200,566	\$ 970,122
Results from Operation	(110,218)	-	(80,192)
Adjustment:			
Current Year Depreciation Expense	202,857	(202,857)	-
Current Year Capital Expenditures	(330,882)	330,882	-
Net Change in Debt Balance	(15,074)	15,074	-
Rounding Adjustment	-	1	-
Ending Net Position	<u>\$ 3,615,671</u>	<u>\$ 2,343,666</u>	<u>\$ 889,930</u>

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

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Position compared to prior year.

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,883,666	\$ 1,845,955
Operating Subsidies Grants	3,908,595	3,568,810
Capital Grants	-	18,000
Investment Income	105,534	101,861
Gain on sale of capital assets	-	1,067
Other Revenue	518,181	522,262
Total Revenues	<u>6,415,976</u>	<u>6,057,955</u>
<u>Expenses</u>		
Administrative	1,481,957	1,245,739
Tenant Services	2,301	5,535
Utilities	261,592	275,481
Maintenance	616,407	580,358
General Expenses	865,061	777,564
Housing Assistance Payments	3,168,316	2,819,624
Interest expense	7,895	9,189
Depreciation	202,857	194,831
Total Expenses	<u>6,606,386</u>	<u>5,908,321</u>
Net Increases (Decreases)	<u>\$ (190,410)</u>	<u>\$ 149,634</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED 30, 2017
UNAUDITED**

Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Position

Total revenue increased by \$358,021 in comparison with last year. The increase was mainly due to operating subsidies received from HUD.

Total expenses increased \$698,065. The increase in expenses is mainly due to increase in housing assistance payments for the year and the effect of GASB 68.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had \$2,780,260 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions and depreciation) of \$128,026 from the end of last year.

	<u>2017</u>	<u>2016</u>
Land	\$ 268,851	\$ 262,076
Building & Improvements	4,941,074	4,869,697
Equipment	1,177,194	1,143,374
Construction in Progress	228,642	4,647
Accumulated Depreciation	<u>(3,835,501)</u>	<u>(3,627,560)</u>
Total	<u>\$ 2,780,260</u>	<u>\$ 2,652,234</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the Table above.

Beginning Balance	\$ 2,652,234
Current year purchases	330,882
Less Depreciation Expense	(202,857)
Rounding Adjustment	<u>1</u>
Ending Balance	<u>\$ 2,780,260</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED 30, 2017
UNAUDITED**

Current year purchases are summarized as follows:

- Fire Alarm Equipment	\$ 4,995
- Snowplow	3,275
- Units Renovation	83,435
- Outdoor Lighting	2,707
- HVAC Equipment	12,475
- Construction in Progress	<u>223,995</u>
 Total Current Additions	 \$ <u><u>330,882</u></u>

Debt Outstanding

The following is a summary of the change in outstanding debt:

	<u>2017</u>	<u>2016</u>
Beginning Balance	\$ 690,032	\$ 705,105
Current year debt retired	<u>(15,074)</u>	<u>(15,073)</u>
Ending Balance	\$ <u><u>674,958</u></u>	\$ <u><u>690,032</u></u>

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, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program;
- Inflationary pressure on utility rates, supplies and other costs;
- Decreased rates of return on investments which affect investment income.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Skip Sipos, Executive Director of the Medina Metropolitan Housing Authority. Specific requests may be submitted to Mr. Sipos' attention at 850 Walter Road; Medina, Ohio 44256-1515 or skip@mmha.org. His telephone number is 330-725-7531.

MEDINA METROPOLITAN HOUSING AUTHORITY

Statement of Net Position

Proprietary Funds

June 30, 2017

ASSETS

Current assets

Cash and cash equivalents	\$ 483,625
Restricted cash and cash equivalents	1,015,295
Receivables, net	91,352
Prepaid expenses and other assets	81,856
Total current assets	<u>1,672,128</u>

Noncurrent assets

Capital assets:

Land	268,851
Building and equipment	6,118,268
Construction in Progress	228,642
Less accumulated depreciation	<u>(3,835,501)</u>
Capital assets, net	2,780,260
Other noncurrent assets	4,293,578
Total noncurrent assets	<u>7,073,838</u>
Total Assets	<u>8,745,966</u>

Deferred Outflows	513,245
Total assets and deferred outflows	<u>\$ 9,259,211</u>

LIABILITIES

Current liabilities

Accounts payable	\$ 22,486
Accrued liabilities	101,027
Intergovernmental payables	1,268
Tenant security deposits	125,365
Unearned revenue	8,835
Current Portion of Long-term Debt	15,073
Other current liabilities	23,275
Total current liabilities	<u>\$ 297,329</u>

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

MEDINA METROPOLITAN HOUSING AUTHORITY

Statement of Net Position (Continued)

Proprietary Funds

June 30, 2017

Noncurrent liabilities	
Loan Liability - noncurrent	\$ 659,885
Net Pension Liability	<u>1,419,496</u>
<i>Total noncurrent liabilities</i>	<i>2,079,381</i>
Deferred Inflows	<u>33,234</u>
Total liabilities	<u>2,438,609</u>
<i>Net Position</i>	
Net Investment in Capital Assets	\$ 2,343,666
Restricted Net Position	889,930
Unrestricted Net Position	<u>3,615,671</u>
Total Net Position	<u>6,849,267</u>

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

MEDINA METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

OPERATING REVENUES

Tenant Revenue	\$ 1,883,666
Government operating grants	3,908,595
Other revenue	518,181
Total operating revenues	<u>6,310,442</u>

OPERATING EXPENSES

Administrative	1,481,957
Tenant services	2,301
Utilities	261,592
Maintenance	616,407
General	865,061
Housing assistance payment	3,168,316
Depreciation	202,857
Total operating expenses	<u>6,598,491</u>
Operating income (loss)	<u>(288,049)</u>

NON-OPERATING REVENUES (EXPENSES)

Interest and investment revenue	105,534
Interest Expense	(7,895)
Total nonoperating revenues (expenses)	<u>97,639</u>

Change in Net Position	(190,410)
Total Net Position - beginning	<u>7,039,677</u>
Total Net Position - ending	<u>\$ 6,849,267</u>

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

Medina Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	\$ 3,909,341
Tenant revenue received	1,882,887
Other revenue received	455,502
General and administrative expenses paid	(2,949,762)
Housing assistance payments	<u>(3,168,316)</u>
Net cash provided (used) by operating activities	<u>129,652</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment revenue	105,534
Increase of notes receivable from BHDC	<u>(53,247)</u>
Net cash provided (used) by investing activities	<u>52,287</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal debt retired	(15,074)
Payment of interest expense	(7,895)
Property and equipment purchased	<u>(330,882)</u>
Net cash provided (used) by capital and related financing activities	<u>(353,851)</u>
Net increase (decrease) in cash	(171,912)
Cash and cash equivalents - Beginning of year	<u>1,670,832</u>
Cash and cash equivalents - End of year	<u>\$ 1,498,920</u>

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

Medina Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2017

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating Income (Loss)	\$ (288,049)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	202,857
(Increases) Decreases in:	
- Accounts Receivables	(14,212)
- Prepaid Assets	4,174
- Deferred Outflows	(153,197)
Increases (Decreases) in:	
- Accounts Payable	(12,373)
- Intergovernmental Payable	47
- Accrued Liabilities Payable	(17,657)
- Unearned Revenue	3,713
- Tenant Security Deposits	(2,755)
- Other Current Liabilities	360
- Deferred Inflows	11,477
- Pension Liability	<u>395,267</u>
Net cash provided by operating activities	<u>\$ 129,652</u>

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

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

The Medina Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) and other outside entities to provide safe and sanitary housing for people in low to moderate income brackets.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, in that the statements include all organizations, activities, functions and component units for which the Authority (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the Authority's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the Authority. There were no potential component units that met the criteria imposed by GASB Statement No. 61 to be included in the Authority's reporting entity.

Description of Programs

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

A. Housing Choice Voucher Program

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

B. Shelter Plus Care Program

The Shelter Plus Care program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

C. State and Local Grants

The Authority administers a state grant and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis.

D. Business Activity

The Business Activity Program was set-up to separate the HUD funded programs with non-HUD activities. This program is used to account for the financial activities for the various properties and programs managed by the Authority that are separate from annual contribution contracts with HUD.

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E. Rental Assistance Demonstration Program

The Authority voluntarily converted the Low Rent Public Housing Program known as Northview Manor to a Section 8 (PBRA) platform with a long-term contract with HUD to provide a project based rental assistance. Residents continue to pay 30% of their income toward the rent, HUD subsidizes the remaining balance of the contract rent.

Fund Accounting/Financial Reporting Entity

The Authority's basic financial statements consist of a Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows. It uses the proprietary fund to report on its financial position and the results of its operations for its programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. The Board of Commissioners adopts the budget through passage of a budget resolution.

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Accounting and Reporting for Non-exchange Transactions

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

In conformity with the requirements of GASB 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 Revenue, Expenses, and Changes in Net Position.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal period.

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees, if both of the following conditions are met:

- 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee.
- 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

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Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

Restricted Cash and Investments

Restricted cash and investments represent money required by the lease agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation to be kept in separate restricted bank accounts that can only be used for specific purposes:

Reserves for Replacements - Money set aside each month to cover the cost for property repairs and replacements.

Operating Reserve - The Operating Reserve is primarily for the purpose of covering any deficiencies the other various reserve accounts suffer. If no deficiencies exist, the balance in the operating reserve fund may be used for any purpose with the agreement of both parties to the lease.

Taxes and Insurance Fund - Funds set aside to cover the cost of taxes and insurance.

Property and Equipment

Property and equipment is stated at cost. Renewals and betterments are capitalized. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$2,500 or more per unit. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and building improvements	40 years
Furniture, equipment and machinery	5 years
Leasehold improvements	20 years

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable includes amounts due from tenants, amounts identified for fraud recovery, accrued interest on certificates of deposits, and other revenue sources. Management considers all accounts receivable (excluding tenant accounts receivable) to be collected in full. At June 30, 2017, allowance for doubtful accounts in tenant accounts receivable was \$47,916.

**MEDINA METROPOLITAN HOUSING AUTHORITY
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Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Actual results could vary from those estimates.

Net Position

Net Position represents the difference between all other elements of the Statement of Net Position. Net Position – net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position are recorded as restricted when there are limitations imposed on their use by internal or external restrictions. The amount reported as restricted Net Position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts required by the leased agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation that can only be used for specific purposes. When an expense is incurred for purposes which both restricted and unrestricted Net Position are available, the Authority first applies restricted Net Position.

Income Taxes

No provision for income taxes is recorded as the Authority is a political subdivision of the State of Ohio and is exempt from all income taxes.

Operating Revenues and Expenses

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

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

Deferred Outflows/Inflows of Resources

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

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

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 investments at fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority treasury, in commercial accounts payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit, maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

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

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At fiscal year end June 30, 2017, the carrying balance was \$1,498,920 and the bank balance was \$1,594,765. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2017, \$1,344,765 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

NOTE 3 – RELATED PARTY TRANSACTIONS

**Brunswick Housing Development Corporation
Wadsworth Housing Development Corporation**

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC) are both non-profit corporations under the internal revenue service ruling 501(c) (3). Both entities operate autonomously and each is governed by its own separate Board of Directors (independent of the MMHA). WHDC owns Wadsworth Tower, a federally-assisted, elderly housing complex located in Wadsworth, Ohio. The BHDC owns Southwick Place, Jefferson Place, New Manhattan Place, and Home Place. Southwick Place, Jefferson Place, and New Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Home Place is a group of scattered-site rental single family units located in Medina County.

Medina Metropolitan Housing Authority has entered into a lease agreement with both non-profit corporations to manage the operation of the apartment complexes for which in return the Authority receives all revenues associated with the operation of the projects and is responsible for all expenses related thereto. The non-profit corporations retain ownership to the properties and are responsible for the debt associated with the buildings. The repayment of the debt is made by Medina Metropolitan Housing Authority from the rental revenue collected during the fiscal year. The current year activities of these apartment complexes have been reported in the financial statements of Medina Metropolitan Housing Authority as Business Activities.

Medina Metropolitan Housing Authority has several loans outstanding with Brunswick Housing Development Corporation. The details of these loans are listed in footnote 5, below.

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NOTE 4 – INSURANCE COVERAGE

As of June 30, 2017, the Authority had general liability insurance limits of \$2,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of \$2,000,000 per loss and in the aggregate; vehicle liability coverage of \$2,000,000; and real and personal property coverage of \$250,000,000 per occurrence. Insurance settlements have not exceeded available coverage limits during each of the years ended June 30, 2017, 2016, and 2015.

NOTE 5 – NOTES RECEIVABLE – RELATED ENTITIES

Notes receivable – related entities consists of the following as of June 30, 2017:

Mortgage note receivable from Brunswick Housing Development Corporation with interest at 2% per annum, to be received by the Authority as the income and cash flow of BHDC permits, with the entire remaining outstanding balance payable to the Authority; secured by an open end Mortgage on Southwick Place property. Interest accrued on this note is \$380,000 which is included in the balance outstanding.	\$2,380,000
Mortgage note receivable Brunswick Housing Development Corporation for \$564,730 with interest at 2% per annum; interest only monthly payments in the amount of \$941.22 is due with a balloon payment for the principle on February 2020; secured by New Manhattan Place property.	564,730
Mortgage note receivable Brunswick Housing Development Corporation with interest at 4% per annum; payable in monthly installment of \$1,118.12 through February 2024 secured by Jefferson Place Apartments.	335,437
Mortgage note receivable Southwick Manor Apartments, Inc with interest at 2% per annum on the unpaid balance. In fiscal year 2014, the Authority entered into an open-end mortgage of \$400,000 with Southwick Manor Apartments, LLC for the Southwick Manor property. Interest accrued on this note as of June 30, 2017 is \$12,000 which is included in the balance outstanding.	421,096
Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$233 through February 2024; secured by the Home Place scattered-site rental single family properties.	140,000
Mortgage note receivable from Brunswick Housing Development Corporation with interest at 4% per annum; payable in interest only payments of \$1,167 per month beginning on January 1, 2010 and ending on December 1, 2019. The principal portion of \$350,000 is due on December 1, 2019. This note is secured by Home Place scattered-site rental single family properties.	350,000

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On January 27, 2016, Medina MHA entered into a promissory note with Menwa Apartments LP for \$100,000 with interest at 2.5% per annum. Principle and interest is due and payable on December 2060. The note is secured by a mortgage on Menwa Apartments, a 70- unit multi-family dwelling. Interest accrued on the note as of June 30, 2017 is \$1,247.	102,315
Total Note Receivable	\$4,293,578

NOTE 6 – 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.

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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 the accrual basis of accounting.

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 combined plan, substantially all employees are in the OPERS’ traditional plan; therefore the following disclosure focuses on the traditional pension plan.

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

Final Average Salary (FAS) represents the average of the three highest years of earnings over a members’ 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.

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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:

	7/1/16-12/31/16	1/1/17-6/30/17
	State and Local	State and Local
2016 Statutory Maximum Contribution Rates:		
Employer	14.0%	14.0%
Employee	10.0%	10.0%
2016 Actual Contribution Rates:		
Employer:		
Pension	12.0%	13.0%
Post-employment Health Care Benefits	<u>2.0%</u>	<u>1.0%</u>
Total Employer	<u>14.0%</u>	<u>14.0%</u>
Employee	<u>10.0%</u>	<u>10.0%</u>

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 contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>Traditional</u>
Proportion Share of Net Pension Liability	\$1,419,496
Proportion of Net Pension Liability	.006251%
Pension Expense	\$143,402
Increase/(Decrease) in Proportionate Share Percentage from Prior Year	.000315%

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

	<u>Traditional</u>
Deferred Outflows of Resources	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$236,182
Difference between expected and actual experience	1,924
Change in Assumption	225,149
Authority contributions subsequent to the measurement date	<u>49,990</u>
Total Deferred Outflows of Resources	<u><u>\$513,245</u></u>
 Deferred Inflows of Resources	
Difference between expected and actual experience	\$8,450
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>24,784</u>
Total Deferred Inflows of Resources	<u><u>\$33,234</u></u>

\$49,990 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 June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:	<u>Traditional</u>
2017	\$177,376
2018	183,695
2019	75,147
2020	(6,197)
2021	-
Thereafter	-
Total	<u><u>\$430,021</u></u>

Actuarial Assumptions – PERS

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.

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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 with the latest experience study being 2011-2015:

Actuarial Information	Traditional Plan
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25 - 10.75 %
Cost-of-Living Adjustment	Pre 01/07/13 Retirees: 3% Simple Post 01/07/13 Retirees: 3% Simple through 2018, then 2.15% Simple
Investment Rate of Return	7.50%
Actuarial Cost Method	Individual entry age

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit 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 contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 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 investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

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

Asset Class	Target Allocation 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 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	\$2,168,597	\$1,419,496	\$795,252

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NOTE 7 – POSTEMPLOYMENT BENEFITS

A. Plan Description

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

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

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

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

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016-2017, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board 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 contribution allocated to the health care plan was 2.0 percent during calendar 2016. Effective January 1, 2017, the portion of employer contributions allocated to health care decreased to 1% for both plans, as recommended by OPERS' actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the years ended June 30, 2017, 2016 and 2015, which were used to fund post-employment benefits, were \$17,503, \$18,393 and \$17,416, respectively.

NOTE 8 - CAPITAL ASSETS

The following is a summary of the capital assets activities during the fiscal year:

	Balance 06/30/16	Increases	Adjust / Decreases	Balance 06/30/17
Capital Assets Not Depreciated:				
Land	\$262,076	\$0	\$6,775	\$268,851
Construction in Process	4,647	225,685	(1,690)	228,642
Total Capital Assets Not Depreciated	266,723	225,685	5,085	497,493
Capital Assets Depreciated:				
Building	4,128,584	0	0	4,128,584
Furniture, Mach & Equip	1,143,373	33,821	0	1,177,194
Leasehold Improvement	741,114	71,376	0	812,490
Total Assets Depreciated	6,013,071	105,197	0	6,118,268
Accumulated Depreciation:				
Building	(2,486,490)	(73,854)	(5,084)	(2,565,428)
Furniture, Mach & Equip	(960,227)	(62,952)	0	(1,023,179)
Leasehold Improvement	(180,843)	(66,051)	0	(246,894)
Total Accumulated Depreciation	(3,627,560)	(202,857)	(5,084)	(3,835,501)
Total Assets Depreciated, Net	2,385,511	(97,660)	(5,084)	2,282,767
Total Capital Assets, Net	\$2,652,234	\$128,025	\$1	\$2,780,260

NOTE 9 – COMPENSATED ABSENCES

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of June 30, 2017, the liability for compensated absences totaled \$71,345 and has been included in the accompanying State of Net Position. The Authority considers all compensated absences payable as due within one year.

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 10 – LONG-TERM DEBT

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended June 30, 2017:

	Balance 06/30/16	Additions	Deletion	Balance 06/30/17	Due Within One Year
Promissory Note – WHDC	\$238,364	\$0	\$0	\$238,364	\$0
Promissory Note – MCBDD	81,168	0	9,740	71,428	9,740
Promissory Note – MCBDD	68,000	0	5,334	62,666	5,333
Promissory Note – OHFA	302,500	0	0	302,500	0
Total Promissory Notes	\$690,032	\$0	\$15,074	\$674,958	\$15,073
Compensated Leave Liability	\$67,579	\$3,766	\$0	\$71,345	\$71,345
Net Pension Liability	\$1,024,229	\$395,267	\$0	\$1,419,496	\$0

On December 8, 2009, the Authority entered into a no interest promissory note with the Medina County Board of Developmental Disabilities (MCBODD) in the amount of \$146,102 to purchase the property located in Chippewa Lake, Ohio (known as Honey Shade). The note is forgiven over 180 month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2017 is \$71,428.

On May 13, 2014, the Authority entered into a no interest promissory note with the Medina County Board of Development and Disability (MCBODD) in the amount of \$80,000 to purchase the Coal Ridge property in Wadsworth. The note is forgiven over 180 month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2017 is \$62,666.

Below is the amortization of the promissory note schedule:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2018	\$15,073	\$0
2019	15,073	0
2020	15,073	0
2021	15,073	0
2022	15,073	0
2023-After	58,729	0
Total	\$134,094	\$0

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 10 – LONG-TERM DEBT (Continued)

The Authority issued a no interest promissory note in the amount of \$238,364 dated October 31, 2008 to Wadsworth Housing Development Corporation (WHDC). The funds are due in a balloon payment on October 31, 2038. There is no repayment schedule. Therefore, no amortization schedule is presented.

On July 9, 2010, the Authority entered into a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of \$302,500 to build housing units located in Wadsworth, Ohio for mobility and sensory impaired persons (known as Wadsworth Villas). The note accrues interest at a rate of two percent per annum. The note shall become due upon specific events as detailed in the agreement, of which, as of June 30, 2017, none of these events have occurred or are anticipated to occur. Therefore, no amortization schedules are provided.

NOTE 10 - 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.

NOTE 11 - SUBSEQUENT EVENTS

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through December 29, 2017, the date on which the financial statements were available to be issued.

Medina Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Medina Metropolitan Housing Authority
 Proportionate Share of Net Pension Liability
 For the Last Ten Fiscal Years

Traditional Plan	2016	2015	2014
Authority's Proportion of the Net Pension Liability /(Asset)	0.006251%	0.005936%	0.005978%
Authority's Proportionate Share of the Net Pension Liability	\$1,419,496	\$1,028,190	\$721,014
Authority's Covered Payroll	\$875,477	\$738,806	\$732,870
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	162.14%	139.17%	98.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%

(1) Information prior to 2014 is not available.

Medina Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Medina Metropolitan Housing Authority's
 OPERS Schedule of Ten Year Contributions
 For the Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually Required Contribution	\$117,904	\$110,413	\$104,799	\$109,180	\$80,424	\$85,687	\$79,299	\$69,540	\$59,124	\$55,291
Contributions in Relation to the Contractually Required Contribution	\$117,904	\$110,413	\$104,799	\$109,180	\$80,424	\$85,687	\$79,299	\$69,540	\$59,124	\$55,291
Authority's Covered Payroll	\$982,534	\$920,109	\$873,325	\$873,440	\$699,948	\$856,870	\$862,884	\$794,743	\$762,890	\$744,159
Contributions as a Percentage of Covered Payroll	12.00%	12.00%	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%	7.43%

Medina Metropolitan Housing Authority
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2017

FEDERAL GRANTOR / GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Programs:		
Shelter Plus Care	14.238	\$352,080
Section 8 Housing Assistance Payment Program – Special Allocation	14.195	108,448
Low Rent Public Housing	14.850	65,357
Housing Choice Voucher	14.871	3,160,651
Capital Fund Program	14.872	<u>33,190</u>
Total Expenditure of Federal Awards		<u>\$3,719,726</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

NOTE B – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended June 30, 2017.

NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended June 30, 2017.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended June 30, 2017.

MEDINA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$0	\$35,307	\$0	\$0	\$448,318	\$0	\$483,625	\$0	\$483,625
113 Cash - Other Restricted	\$0	\$756	\$0	\$0	\$690,102	\$199,072	\$889,930	\$0	\$889,930
114 Cash - Tenant Security Deposits	\$0	\$0	\$0	\$0	\$100,706	\$24,659	\$125,365	\$0	\$125,365
100 Total Cash	\$0	\$36,063	\$0	\$0	\$1,239,126	\$223,731	\$1,498,920	\$0	\$1,498,920
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$5,075	\$6,588	\$0	\$11,663	\$0	\$11,663
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$50,880	\$0	\$50,880	\$0	\$50,880
126 Accounts Receivable - Tenants	\$0	\$0	\$0	\$0	\$71,385	\$5,340	\$76,725	\$0	\$76,725
126.1 Allowance for Doubtful Accounts -Tenants	\$0	\$0	\$0	\$0	(\$44,419)	(\$3,497)	(\$47,916)	\$0	(\$47,916)
128 Fraud Recovery	\$0	\$62,261	\$0	\$0	\$0	\$0	\$62,261	\$0	\$62,261
128.1 Allowance for Doubtful Accounts - Fraud	\$0	(\$62,261)	\$0	\$0	\$0	\$0	(\$62,261)	\$0	(\$62,261)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0	\$5,075	\$84,434	\$1,843	\$91,352	\$0	\$91,352
142 Prepaid Expenses and Other Assets	\$0	\$488	\$0	\$0	\$76,925	\$4,443	\$81,856	\$0	\$81,856
144 Inter Program Due From	\$0	\$0	\$0	\$0	\$43,881	\$0	\$43,881	(\$43,881)	\$0
150 Total Current Assets	\$0	\$36,551	\$0	\$5,075	\$1,444,366	\$230,017	\$1,716,009	(\$43,881)	\$1,672,128
161 Land	\$0	\$0	\$0	\$0	\$117,176	\$151,675	\$268,851	\$0	\$268,851
162 Buildings	\$0	\$0	\$0	\$0	\$1,524,819	\$2,603,765	\$4,128,584	\$0	\$4,128,584
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$16,880	\$391,822	\$408,702	\$0	\$408,702
164 Furniture, Equipment & Machinery - Administration	\$0	\$35,615	\$0	\$0	\$460,174	\$272,703	\$768,492	\$0	\$768,492
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$679,989	\$132,501	\$812,490	\$0	\$812,490
166 Accumulated Depreciation	\$0	(\$35,615)	\$0	\$0	(\$1,097,353)	(\$2,702,533)	(\$3,835,501)	\$0	(\$3,835,501)
167 Construction in Progress	\$0	\$0	\$0	\$0	\$228,642	\$0	\$228,642	\$0	\$228,642
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$1,930,327	\$849,933	\$2,780,260	\$0	\$2,780,260

MEDINA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0	\$4,293,578	\$0	\$4,293,578	\$0	\$4,293,578
180 Total Non-Current Assets	\$0	\$0	\$0	\$0	\$6,223,905	\$849,933	\$7,073,838	\$0	\$7,073,838
200 Deferred Outflow of Resources	\$0	\$98,549	\$0	\$0	\$320,559	\$94,137	\$513,245	\$0	\$513,245
290 Total Assets and Deferred Outflow of Resources	\$0	\$135,100	\$0	\$5,075	\$7,988,830	\$1,174,087	\$9,303,092	(\$43,881)	\$9,259,211
312 Accounts Payable <= 90 Days	\$0	\$2,843	\$0	\$0	\$14,590	\$5,053	\$22,486	\$0	\$22,486
321 Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$25,489	\$4,193	\$29,682	\$0	\$29,682
322 Accrued Compensated Absences - Current Portion	\$0	\$10,155	\$0	\$0	\$52,676	\$8,514	\$71,345	\$0	\$71,345
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$1,268	\$0	\$1,268	\$0	\$1,268
341 Tenant Security Deposits	\$0	\$0	\$0	\$0	\$100,706	\$24,659	\$125,365	\$0	\$125,365
342 Unearned Revenue	\$0	\$0	\$0	\$0	\$6,976	\$1,859	\$8,835	\$0	\$8,835
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$15,073	\$0	\$15,073	\$0	\$15,073
345 Other Current Liabilities	\$0	\$0	\$0	\$5,075	\$18,200	\$0	\$23,275	\$0	\$23,275
347 Inter Program - Due To	\$0	\$0	\$0	\$0	\$0	\$43,881	\$43,881	(\$43,881)	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$0	\$12,998	\$0	\$5,075	\$234,978	\$88,159	\$341,210	(\$43,881)	\$297,329
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$421,521	\$0	\$421,521	\$0	\$421,521
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$238,364	\$0	\$238,364	\$0	\$238,364
357 Accrued Pension and OPEB Liabilities	\$0	\$272,561	\$0	\$0	\$886,576	\$260,359	\$1,419,496	\$0	\$1,419,496
350 Total Non-Current Liabilities	\$0	\$272,561	\$0	\$0	\$1,546,461	\$260,359	\$2,079,381	\$0	\$2,079,381

MEDINA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
300 Total Liabilities	\$0	\$285,559	\$0	\$5,075	\$1,781,439	\$348,518	\$2,420,591	(\$43,881)	\$2,376,710
400 Deferred Inflow of Resources	\$0	\$6,381	\$0	\$0	\$20,757	\$6,096	\$33,234	\$0	\$33,234
508.4 Net Investment in Capital Assets	\$0	\$0	\$0	\$0	\$1,493,733	\$849,933	\$2,343,666	\$0	\$2,343,666
511.4 Restricted Net Position	\$0	\$756	\$0	\$0	\$690,102	\$199,072	\$889,930	\$0	\$889,930
512.4 Unrestricted Net Position	\$0	(\$157,596)	\$0	\$0	\$4,002,799	(\$229,532)	\$3,615,671	\$0	\$3,615,671
513 Total Equity - Net Assets / Position	\$0	(\$156,840)	\$0	\$0	\$6,186,634	\$819,473	\$6,849,267	\$0	\$6,849,267
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$135,100	\$0	\$5,075	\$7,988,830	\$1,174,087	\$9,303,092	(\$43,881)	\$9,259,211
70300 Net Tenant Rental Revenue	\$0	\$0	\$0	\$0	\$1,607,885	\$275,781	\$1,883,666	\$0	\$1,883,666
70400 Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$1,607,885	\$275,781	\$1,883,666	\$0	\$1,883,666
70600 HUD PHA Operating Grants	\$98,547	\$3,160,651	\$352,080	\$0	\$0	\$0	\$3,611,278	\$0	\$3,611,278
70610 Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$70,756	\$118,113	\$108,448	\$297,317	\$0	\$297,317
71100 Investment Income - Unrestricted	\$0	\$395	\$0	\$0	\$13,975	\$510	\$14,880	\$0	\$14,880
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0	\$90,654	\$0	\$90,654	\$0	\$90,654
71400 Fraud Recovery	\$0	\$10,866	\$0	\$0	\$0	\$0	\$10,866	\$0	\$10,866
71500 Other Revenue	\$0	\$9,128	\$0	\$0	\$493,989	\$4,198	\$507,315	\$0	\$507,315
70000 Total Revenue	\$98,547	\$3,181,040	\$352,080	\$70,756	\$2,324,616	\$388,937	\$6,415,976	\$0	\$6,415,976
91100 Administrative Salaries	\$0	\$146,426	\$0	\$0	\$432,354	\$86,292	\$665,072	\$0	\$665,072

MEDINA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
91200 Auditing Fees	\$0	\$2,042	\$0	\$0	\$16,204	\$2,042	\$20,288	\$0	\$20,288
91400 Advertising and Marketing	\$0	\$2,847	\$0	\$0	\$1,369	\$200	\$4,416	\$0	\$4,416
91500 Employee Benefit contributions - Administrative	\$0	\$113,503	\$0	\$0	\$330,588	\$81,793	\$525,884	\$0	\$525,884
91600 Office Expenses	\$0	\$17,411	\$0	\$0	\$15,903	\$697	\$34,011	\$0	\$34,011
91700 Legal Expense	\$0	\$6,387	\$0	\$0	\$15,642	\$15,296	\$37,325	\$0	\$37,325
91800 Travel	\$0	\$3,335	\$0	\$0	\$7,143	\$427	\$10,905	\$0	\$10,905
91900 Other	\$0	\$71,781	\$22,950	\$0	\$64,073	\$25,252	\$184,056	\$0	\$184,056
91000 Total Operating - Administrative	\$0	\$363,732	\$22,950	\$0	\$883,276	\$211,999	\$1,481,957	\$0	\$1,481,957
92200 Relocation Costs	\$0	\$500	\$0	\$0	\$0	\$0	\$500	\$0	\$500
92400 Tenant Services - Other	\$0	\$0	\$0	\$0	\$0	\$1,801	\$1,801	\$0	\$1,801
92500 Total Tenant Services	\$0	\$500	\$0	\$0	\$0	\$1,801	\$2,301	\$0	\$2,301
93100 Water	\$0	\$0	\$0	\$0	\$48,988	\$7,426	\$56,414	\$0	\$56,414
93200 Electricity	\$0	\$0	\$0	\$0	\$70,349	\$55,067	\$125,416	\$0	\$125,416
93300 Gas	\$0	\$0	\$0	\$0	\$16,111	\$16,925	\$33,036	\$0	\$33,036
93600 Sewer	\$0	\$0	\$0	\$0	\$13,465	\$9,756	\$23,221	\$0	\$23,221
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$23,505	\$0	\$23,505	\$0	\$23,505
93000 Total Utilities	\$0	\$0	\$0	\$0	\$172,418	\$89,174	\$261,592	\$0	\$261,592
94100 Ordinary Maintenance and Operations - Labor	\$0	\$21,865	\$0	\$0	\$115,058	\$74,465	\$211,388	\$0	\$211,388
94200 Ordinary Maintenance and Operations - Materials and Other	\$0	\$7,494	\$0	\$0	\$85,442	\$20,388	\$113,324	\$0	\$113,324
94300 Ordinary Maintenance and Operations Contracts	\$0	\$500	\$0	\$0	\$164,086	\$47,383	\$211,969	\$0	\$211,969
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0	\$5,130	\$0	\$0	\$47,467	\$27,129	\$79,726	\$0	\$79,726
94000 Total Maintenance	\$0	\$34,989	\$0	\$0	\$412,053	\$169,365	\$616,407	\$0	\$616,407

MEDINA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
96110 Property Insurance	\$0	\$536	\$0	\$0	\$35,044	\$6,518	\$42,098	\$0	\$42,098
96120 Liability Insurance	\$0	\$674	\$0	\$0	\$17,491	\$4,307	\$22,472	\$0	\$22,472
96130 Workmen's Compensation	\$0	\$4,337	\$0	\$0	\$1,146	\$583	\$6,066	\$0	\$6,066
96100 Total insurance Premiums	\$0	\$5,547	\$0	\$0	\$53,681	\$11,408	\$70,636	\$0	\$70,636
96200 Other General Expenses	\$0	\$0	\$0	\$70,756	\$639,643	\$34,144	\$744,543	\$0	\$744,543
96210 Compensated Absences	\$0	\$346	\$0	\$0	\$2,242	\$1,175	\$3,763	\$0	\$3,763
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$1,045	\$20,296	\$21,341	\$0	\$21,341
96400 Bad debt - Tenant Rents	\$0	\$0	\$0	\$0	\$20,446	\$4,332	\$24,778	\$0	\$24,778
96000 Total Other General Expenses	\$0	\$346	\$0	\$70,756	\$663,376	\$59,947	\$794,425	\$0	\$794,425
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$7,895	\$0	\$7,895	\$0	\$7,895
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$7,895	\$0	\$7,895	\$0	\$7,895
96900 Total Operating Expenses	\$0	\$405,114	\$22,950	\$70,756	\$2,192,699	\$543,694	\$3,235,213	\$0	\$3,235,213
97000 Excess of Operating Revenue over Operating Expenses	\$98,547	\$2,775,926	\$329,130	\$0	\$131,917	(\$154,757)	\$3,180,763	\$0	\$3,180,763
97300 Housing Assistance Payments	\$0	\$2,830,617	\$329,047	\$0	\$0	\$0	\$3,159,664	\$0	\$3,159,664
97350 HAP Portability-In	\$0	\$8,652	\$0	\$0	\$0	\$0	\$8,652	\$0	\$8,652
97400 Depreciation Expense	\$0	\$346	\$0	\$0	\$115,047	\$87,464	\$202,857	\$0	\$202,857
90000 Total Expenses	\$0	\$3,244,729	\$351,997	\$70,756	\$2,307,746	\$631,158	\$6,606,386	\$0	\$6,606,386

MEDINA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017

	Project Total	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
10010 Operating Transfer In	\$33,190	\$0	\$0	\$0	\$0	\$0	\$33,190	(\$33,190)	\$0
10020 Operating transfer Out	(\$33,190)	\$0	\$0	\$0	\$0	\$0	(\$33,190)	\$33,190	\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0	\$98,547	\$98,547	(\$98,547)	\$0
10094 Transfers between Project and Program - Out	(\$98,547)	\$0	\$0	\$0	\$0	\$0	(\$98,547)	\$98,547	\$0
10100 Total Other financing Sources (Uses)	(\$98,547)	\$0	\$0	\$0	\$0	\$98,547	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	(\$63,689)	\$83	\$0	\$16,870	(\$143,674)	(\$190,410)	\$0	(\$190,410)
11030 Beginning Equity	\$1,088,960	\$92,010	(\$83)	\$0	\$5,858,790	\$0	\$7,039,677	\$0	\$7,039,677
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$1,088,960)	(\$185,161)	\$0	\$0	\$310,974	\$963,147	\$0	\$0	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$15,073	\$0	\$15,073	\$0	\$15,073
11170 Administrative Fee Equity	\$0	(\$157,596)	\$0	\$0	\$0	\$0	(\$157,596)	\$0	(\$157,596)
11180 Housing Assistance Payments Equity	\$0	\$756	\$0	\$0	\$0	\$0	\$756	\$0	\$756
11190 Unit Months Available	0	7,254	653	132	2,616	996	11,651	0	11,651
11210 Number of Unit Months Leased	0	6,848	653	132	2,581	990	11,204	0	11,204

Medina Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Costs
June 30, 2017

Capital Fund Program Number (OH12P027501-16)

1. The Program Costs are as follows:

Funds Approved	\$ 66,379
Funds Expended	<u>66,379</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -</u></u>

2. All Costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on October 6, 2017.
4. The Final Costs on the Certification agrees with the Authority's records.

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

December 29, 2017

Medina Metropolitan Housing Authority
Medina County
850 Walter Road
Medina, Ohio 44256

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 **Medina Metropolitan Housing Authority**, Medina County, (the Authority) as of and for the 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 December 29, 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.



...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



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*.

We did note certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated December 29, 2017.

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



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

December 29, 2017

Medina Metropolitan Housing Authority
Medina County
850 Walter Road
Medina, Ohio 44256

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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



...“bringing more to the table”

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

Opinion on the Major Federal Program

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



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

**MEDINA METROPOLITAN HOUSING AUTHORITY
MEDINA COUNTY
FOR THE YEAR ENDED JUNE 30, 2017**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515**

1. SUMMARY OF AUDITOR'S RESULTS

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

MEDINA METROPOLITAN HOUSING AUTHORITY

MEDINA 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
FEBRUARY 20, 2018**