HURON METROPOLITAN HOUSING AUTHORITY

HURON COUNTY

SINGLE AUDIT

JULY 1, 2017 – JUNE 30, 2018

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

We have reviewed the *Independent Auditor's Report* of the Huron Metropolitan Housing Authority, Huron County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

December 11, 2018

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HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

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WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Huron Metropolitan Housing Authority, Huron County, Ohio (the Authority), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Huron Metropolitan Housing Authority, Huron County as of June 30, 2018, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, during 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

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

Supplementary Information

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

The Financial Data Schedules as required by the Department of Housing and Urban Development present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report December 7, 2018, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 7, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

- During fiscal year 2018, the Authority's net position decreased by $102,804 (or 73.87%). Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net positions were $(139,165) and $(241,969) for fiscal year 2017 (as restated) and fiscal year 2018 respectively.

- Total revenues decreased by $52,753 (or 1.9%) during fiscal year 2018, and was $2,764,299 and $2,711,546 for fiscal year 2017 and fiscal year 2018, respectively.

- Total expenses increased by $40,744 (or 1.47%) during fiscal year 2018 and were $2,773,606 and $2,814,350 for fiscal year 2017 and fiscal year 2018, respectively.

USING THIS ANNUAL REPORT

The Report includes the following sections:

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

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

Basic Financial Statements

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

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

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

Investment in Capital Assets: This component of Net Position consists of all Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have any outstanding debt.

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

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

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

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

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

The Authority's Fund

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

Business-Type Activities:

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

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

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

The net pension liability (NPL) is the largest single liability reported by the Authority at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with accounting principles generally accepted in the United States of America. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.

2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from $5,270 to ($139,165).

Statement of Net Position

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

STATEMENT OF NET POSITION

	2018	Restated 2017
Current and Other Non-Current Assets	$195,637	$264,950
Capital Assets	42,837	42,183
Total Assets	238,474	307,133
Deferred Outflow of Resources	55,646	116,748
Current Liabilities	8,836	36,511
Non-Current Liabilities	459,461	524,602
Total Liabilities	468,297	561,113
Deferred Inflow of Resources	67,792	1,933
Net Position:		
Investment in Capital Assets	42,837	42,183
Restricted	9,587	59,058
Unrestricted	(294,393)	(240,406)
Total Net Position	$ (241,969)	$(139,165)

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

Major Factors Affecting the Statement of Net Position
Current and other assets decreased by $69,313 or 26.16% in fiscal year 2018. This difference mostly represents the decrease of Restricted cash for HAP under the Housing Choice Voucher Program; this is also represented in the decrease of current fiscal year HAP reserve. Liabilities decreased by $92,816 mostly due to the changes in net pension liability caused by GASB 68 & 75. For fiscal year 2017, the Authority reported $20,096 for unearned revenue (related to administrative fees) and in fiscal year 2018, $0 was reported for unearned revenue (related to administrative fees).

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

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net position June 30, 2017, Restated		$ (240,406)
Results of Operations	$(53,333)	
Adjustments:		
Depreciation (1)	10,261	
Adjusted Results from Operations		(43,072)
Capital Expenditures		(10,915)
Unrestricted Net position June 30, 2018		$(294,393)

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

CHANGE OF RESTRICTED NET POSITION

Restricted Net position June 30, 2017		$ 59,058
Results of Operations		
HAP reserves spent	$(50,291)	
Fraud Recovery Payments	820	
Adjusted Results from Operations		(49,471)
Restricted Net position June 30, 2018		$ 9,587

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	2018	2017
Revenues		
HUD PHA Operating Grants	$2,635,742	$2,685,350
Interest	224	263
Other Revenues	73,941	76,934
Fraud Recovery	1,639	1,752
Total Revenue	2,711,546	2,764,299
Expenses		
Administrative	401,649	401,089
Maintenance & Operations	6,516	7,984
General	8,975	18,265
Housing Assistance Payments	2,386,949	2,336,077
Depreciation	10,261	10,191
Total Expenses	2,814,350	2,773,606
Change in Net Position	(102,804)	(9,307)
Net Position at July 1	(139,165)	N/A
Net Position at June 30	$(241,969)	($139,165)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available.

Major Factors Affecting the Statement of Revenues, Expenditures and Changes in Net Position

HUD PHA Operating Grants decreased by $49,608 or 1.85% in fiscal year 2018 due funding decreases for the HCV program and local grant funding. Leasing increased less than 1% in fiscal year 2018 with total unit months leased of 6,867 compared to 6,820 unit months leased in fiscal year 2017.

Housing Assistance Payments increased by $50,872 or 2.18% in fiscal year 2018. Administrative, Maintenance & Operations, and General expenses decreased in fiscal year 2018 by a total of $10,198 or 2.39%

The $102,804 decrease in net position is the result of a $53,333 decrease to administrative operations and a $49,471 decrease in HAP equity.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets
As of June 30, 2018, the Authority had $42,837 invested in capital assets as reflected in the following schedule, which represents an increase of $654 from fiscal year 2017 (related to additions, deductions and depreciation).

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

	2018	2017
Capital Assets, Cost	$238,765	$236,420
Accumulated Depreciation	(195,928)	(194,237)
Total	$ 42,837	$ 42,183

Capital Assets are presented in detail on page 19 of the notes.

CHANGE IN CAPITAL ASSETS

Beginning Balance	$ 42,183
Additions	10,915
Depreciation	(10,261)
Ending Balance	$ 42,837

Fiscal year 2018 additions consist of the replacement of the 2 Furnaces /AC units; the fully depreciated replaced assets were disposed of for fiscal year 2018 reporting.

Debt Outstanding
As of June 30, 2018, the Authority has no outstanding debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

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

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 178,821
Intergovernmental Receivable	4,863
Prepaid Items	2,366
Total Current Assets	186,050
Non-Current Assets:	
Restricted Cash	9,587
Capital Assets:	
Nondepreciable Capital Assets	10,000
Depreciable Capital Assets	228,765
Accumulated Depreciation	(195,928)
Total Capital Assets	42,837
Total Non-Current Assets	52,424
Total Assets	238,474
Deferred Outflow of Resources	
Pension	44,218
OPEB	11,428
Total Deferred Outflow of Resources	55,646
Liabilities	
Current Liabilities:	
Accounts Payable	4,496
Accrued Wages and Payroll Taxes	2,927
Accrued Compensated Absences	1,413
Total Current Liabilities	8,836
Non-Current Liabilities:	
Accrued Compensated Absences	64,304
Net Pension Liability	239,870
Net OPEB Liability	155,287
Total Non-Current Liablities	459,461
Total Liabilities	468,297
Deferred Inflow of Resources	
Pension	56,224
OPEB	11,568
Total Deferred Inflow of Resources	67,792
Net Position	
Investment in Capital Assets	42,837
Restricted	9,587
Unrestricted	(294,393)
Total Net Position	$ (241,969)

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

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating Revenues		
HUD PHA Operating Grants		$ 2,635,742
Fraud Recovery		1,639
Other Revenues		73,941
Total Operating Revenues		2,711,322
Operating Expenses		
Housing Assistance Payments	2,386,949	
Administrative	401,649	
Maintenance and Operations	6,516	
General	8,975	
Depreciation	10,261	
Total Operating Expenses		2,814,350
Operating Loss		(103,028)
Nonoperating Revenues		
Interest		224
Total Nonoperating Revenues		224
Change in Net Position		(102,804)
Net Position at July 1, 2017, Restated		(139,165)
Net Position at June 30, 2018		$ (241,969)

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

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash flows from operating activities:	
Cash received from HUD and other grantor agencies	$ 2,615,389
Cash received from other sources	75,580
Cash payments for employees for services	(283,855)
Cash payments for good or services - HUD	(2,386,949)
Cash payments for goods or services	(80,891)
Net cash used by operating activities	(60,726)
Cash flows from capital activities:	
Purchases of capital assets	(10,915)
Net cash used by capital activities	(10,915)
Cash flows from investing activities:	
Interest	224
Net cash provided by investing activities	224
Net change in cash	(71,417)
Cash at July 1, 2017	259,825
Cash at June 30, 2018	$ 188,408
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (103,028)
Depreciation	10,261
Changes in assets and liabilities:	
Accounts receivable, net	(2,103)
Prepaid items	(1)
Accounts payable	763
Unearned revenue	(20,096)
Accrued wages and payroll taxes	(910)
Compensated absences	1,434
Net pension liability	(84,859)
Net OPEB liability	10,852
Change in deferred outflow of resources	61,102
Change in deferred inflow of resources	65,859
Net cash used by operating activities	$ (60,726)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

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

Fund Accounting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary Fund Types:

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

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

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

Accounting and Reporting for Nonexchange Transactions

The Authority accounts for nonexchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Nonexchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return. In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

Cash and Cash Equivalents

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

Accounts Receivable

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

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are recorded as prepaid items via the consumption method. A current asset for prepaid amounts is recorded at the time of purchase and the expense is reported in the fiscal year in which services are consumed.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Housing Assistance Payment equity balances of $9,587.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

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

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

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

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

Operating Revenues and Expenses

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

Deferred inflow/outflow of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 6 and 7.

In addition to liabilities, the statement of net position reports 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 and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the statement of net position. The deferred inflows of resources related to pension and OPEB are explained in Note 6 and 7.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. The investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did report restricted net position for HAP reserves of $9,587 at June 30, 2018.

Estimates

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

2. ACCOUNTABILITY AND COMPLIANCE

A. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2018, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).*

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Authority's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

2. ACCOUNTABILITY AND COMPLIANCE – CONTINUED

A. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION – CONTINUED

Net positon June 30, 2017	$ 5,270
Adjustments:	
Net OPEB Liability	(144,435)
Restated Net Positon June 30, 2017	($139,165)

B. DEFICIT NET POSITION

The Authority reported deficit net position of $241,969 at June 30, 2018.

3. CASH AND CASH EQUIVALENTS

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

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

Cash and cash equivalents included in the Authority's cash position at June 30, 2018 are as follows:

Demand deposits:	Checking	Savings
Bank balance	$ 43,571	$ 154,621
Items-in-transit	(9,784)	-
Carrying balance	$ 33,787	$ 154,621

The fiscal year-end bank balance of $250,000 was covered by federal deposit insurance and $0 was exposed to custodial risk.

Based on the Authority having only demand deposits at June 30, 2018, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

4. RISK MANAGEMENT

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

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

5. CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2018:

	Balance at July 1, 2017	Additions	Disposals	Balance at June 30, 2018
Capital Assets Not Depreciated				
Land	$ 10,000	$ -	$ -	$ 10,000
Total Capital Assets Not Depreciated	10,000	-	-	10,000
Capital Assets Depreciated				
Building and Improvements	195,928	10,915	(8,570)	198,273
Vehicles	13,260	-	-	13,260
Equipment	17,232	-	-	17,232
Total Capital Assets Depreciated	226,420	10,915	(8,570)	228,765
Accumulated Depreciation				
Building and Improvements	(179,197)	(5,326)	8,570	(175,953)
Vehicles	(7,956)	(2,652)	-	(10,608)
Equipment	(7,084)	(2,283)	-	(9,367)
Total Accumulated Depreciation	(194,237)	(10,261)	8,570	(195,928)
Total Capital Assets Depreciated, Net	32,183	654	-	32,837
Total Capital Assets, Net	$ 42,183	$ 654	$ -	$ 42,837

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.

6. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

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

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

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

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

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.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Authority is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the PERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The 14% employer contribution rate consisted of 13% allocated to pension and 1% allocated to post-employment health care benefits; starting January 1, 2018, the percentages were 14% to pension and 0% to post-employment health care benefits. The Retirement Board, acting with the advice of the actuary, allocates the contribution rate consistent across all three plans.

The Authority's contractually required contribution to OPERS was $26,112 for fiscal year 2018. Of this amount $1,919 is reported within accounts payable.

6. DEFINED BENEFIT PENSION PLAN – CONTINUED

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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of the contributions to the pension plan relative to the contributions of all participating entities. The Authority's employees have only participated in the Traditional Plan. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Plan
Proportionate Share of the Net Pension Liability	$239,870
Proportion of the Net Pension Liability	0.0015290%
Change in Proportion from Prior Measurement Date	(.0000990%)
Pension Expense	$51,500

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total Deferred Outflows
Difference between expected and actual experience	$ 245
Changes of assumptions	28,666
Authority contributions subsequent to the measurement date	15,307
Total Deferred Outflows of Resources	$ 44,218

	Total Deferred Inflows
Difference between expected and actual experience	$ 4,727
Net difference between projected and actual investment earnings on pension plan investments	51,497
Total Deferred Inflows of Resources	$ 56,224

The $15,307 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 fiscal 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 June 30:	
2019	($13,247)
2020	(13,247)
2021	(12,384)
2022	5,782
2023	5,783
Total	($27,313)

6. DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Special tables are used for the period after disability retirement and post-retirement mortality. The most recent experience study was completed December 31, 2015. The long-term return expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation for 2017	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other Investments	18.00%	5.26%
TOTAL	100.00%	5.66%

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

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Single Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability	$425,948	$239,870	$84,737

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

7. OTHER POST EMPLOYEMENT BENEFITS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions –between an employer and its employees - of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 these estimates 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 OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

7. OTHER POST EMPLOYEMENT BENEFITS – CONTINUED

Plan Description – OPERS

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS. OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member-directed plan is a defined contribution plan and the combined plan is a cost sharing, multiple-employer defined benefit plan with defined contribution features.

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115Ttrust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2018, Authority contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage.

7. OTHER POST EMPLOYEMENT BENEFITS – CONTINUED

The portion of employer contributions allocated to healthcare was 1.0% for calendar year 2017. As recommended by OPERSs actuary, the portion of employer contributions allocated to healthcare beginning January 1, 2018 decrease to 0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Authority's contractually required contribution was $27,123 for the fiscal year 2018. Of this amount, $1,011 was used to fund health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability for OPERS was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Proportionate Share of the Net OPEB Liability	$155,287
Proportion of the Net OPEB Liability	0.001430%
Change in Proportion from Prior Measurement Date	(.000097%)
OPEB Expense	$13,244

At June 30, 2018, The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Total Deferred Outflows
Difference between expected and actual experience	$ 121
Changes of assumptions	11,307
Total Deferred Outflows of Resources	$ 11,428

	Total Deferred Inflows
Net difference between projected and actual investment earnings on pension plan investments	$ 11,568

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	
2019	$1,382
2020	1,382
2021	1,382
2022	(1,974)
2022	(2,312)
Total	(140)

7. OTHER POST EMPLOYEMENT BENEFITS – CONTINUED

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Wage Inflation	3.25%
Future Salary Increases, including inflation 3.25%	3.25 - 10.75%
Single Discount Rate	3.85%
Investment Rate of Return	6.50%
Municipal Bond Rate	3.31%
Health Care Cost Trend Rate	7.5% initial, 3.25% ultimate in 2028
Actuarial Cost Method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit.

The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

7. OTHER POST EMPLOYEMENT BENEFITS – CONTINUED

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	34.00%	1.88%
Domestic Equities	21.00%	6.37%
REITs	6.00%	5.91%
International Equities	22.00%	7.88%
Other Investments	17.00%	5.39%
TOTAL	100.00%	4.98%

Discount Rate: The single discount rate used to measure the OPEB liability was 3.85 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the Authority's proportionate share of the net OPEB liability calculated using the current period discount rate assumption of 3.85 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Single Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	$206,306	$155,287	$114,014

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue

7. OTHER POST EMPLOYEMENT BENEFITS – CONTINUED

to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease (6.50%)	Current Trend Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net OPEB liability	$148,577	$155,287	$162,219

8. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities at June 30, 2018:

	Restated Balance at July 1, 2017	Additions	Deductions	Balance at June 30, 2018	Due in One Year
Compensated Absences	$ 64,283	$ 10,279	$ (8,845)	$ 65,717	$ 1,413
Net OPEB Liability	144,435	10,852	-	155,287	-
Net Pension Liability	324,729	-	(84,859)	239,870	-
Total	$ 533,447	$ 21,131	$ (93,704)	$ 460,874	$ 1,413

See Note 6 for information on the Authority's net pension liability and Note 7 for information on the Authority's net OPEB liability.

9. 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, 2018.

B. Litigation

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

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

	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.001529%	0.001430%	0.001584%	0.001554%	0.001554%
Authority's Proportionate Share of the Net Pension Liability	$239,870	$324,729	$274,369	$187,430	$183,196
Authority's Covered-Employee Payroll	$193,737	$198,098	$186,388	$194,204	$174,497
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	123.81%	163.92%	147.20%	96.51%	104.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	89.19%

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.

2) Information prior to 2014 is not available.

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

	2018	**2017**
Authority's Proportion of the Net OPEB Liability	0.001430%	0.001333%
Authority's Proportionate Share of the Net OPEB Liability	$155,287	$144,435
Authority's Covered-Employee Payroll	$193,737	$198,098
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	80.15%	72.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.14%	68.52%

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.

2) Information prior to 2017 is not available.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required employer contribution:	$ 26,112	$ 24,796	$ 22,367	$ 23,304	$ 22,672	$ 18,266	$ 22,203	$29,643	$ 26,773
Pension									
OPEB	1,011	2,954	3,728	3,884	1,743	7,306	3,700	1,678	1,515
Contributions in Relation to the									
Contractually Required Contribution	(27,123)	(27,750)	(26,095)	(27,188)	(24,415)	(25,572)	(25,903)	(31,321)	(28,288)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-
Authority Covered-Employee Payroll	$193,737	$198,098	$186,388	$194,204	$174,497	$182,657	$185,021	$223,721	$202,057
Contributions as a Percentage of									
Covered-Employee Payroll:									
Pension	13.48%	12.52%	12.00%	1200%	13.00%	10.00%	12.00%	13.25%	13.25%
OPEB	0.52%	1.49%	2.00%	2.00%	1.00%	4.00%	2.00%	0.75%	0.75%

Information prior to 2010 is not available.

Ohio Public Employees' Retirement System

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

Net Pension Liability

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

Changes in assumptions: In 2016, actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions with most notable being a reduction in the actuarially assumed rate of return from 8.0% to 7.5% for the defined benefits investments. See the notes to the basic financial statements for the methods and assumptions in this calculation.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018.

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2018

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	Business Activities	Total
	Current Assets			
	Cash			
111	Cash - Unrestricted	$ 74,704	$ 104,117	$ 178,821
113	Cash - Other Restricted	9,587	-	9,587
100	Total Cash	84,291	104,117	188,408
	Accounts Receivable			
122	Accounts Receivable - HUD Other Projects	257	-	257
124	Accounts Receivable - Other Government	4,606	-	4,606
128	Fraud Recovery	7,155	-	7,155
128.1	Allowance for Doubtful Accounts	(7,155)	-	(7,155)
120	Total Receivables, Net of Allowance for Doubtful Accounts	4,863	-	4,863
	Other Assets			
142	Prepaid Expenses and Other Assets	2,366	-	2,366
150	Total Current Assets	91,520	104,117	195,637
	Noncurrent Assets			
	Capital Assets			
161	Land	-	10,000	10,000
162	Buildings	-	109,000	109,000
164	Furniture and Equipment - Administration	30,492	-	30,492
165	Leasehold Improvements	89,273	-	89,273
166	Accumulated Depreciation	(86,928)	(109,000)	(195,928)
160	Total Capital Assets net of accumulated depreciation	32,837	10,000	42,837
180	Total Noncurrent Assets	32,837	10,000	42,837
200	Deferred Outflow of Resources	55,646	-	55,646
290	Total Assets and Deferred Outflow of Resources	$ 180,003	$ 114,117	$ 294,120
	Current Liabilities			
312	Accounts Payable	$ 4,496	$ -	$ 4,496
321	Accrued Wages and Payroll Taxes	2,927	-	2,927
322	Accrued Compensated Absences - Current	1,413	-	1,413
310	Total Current Liabilities	8,836	-	8,836
	Non-Current Liabilities			
354	Accrued Compensated Absences-Non-Current	64,304	-	64,304
357	Accrued Pension and OPEB Liabilities	293,099	102,058	395,157
350	Total Non-Current Liabilities	357,403	102,058	459,461
300	Total Liabilities	366,239	102,058	468,297
400	Deferred Inflow of Resources	67,792	-	67,792
	Net Position			
508.4	Invested in Capital Assets	32,837	10,000	42,837
511.4	Restricted Net Position	9,587	-	9,587
512.4	Unrestricted Net Position	(296,452)	2,059	(294,393)
	Total Net Position	(254,028)	12,059	(241,969)
600	Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 180,003	$ 114,117	$ 294,120

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

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FDS Line Item No.	Account Description	14.871 Section 8 Housing Choice Vouchers	14.239 HOME Investment Partnership Program	Business Activites	Total
	Revenue				
70600-010	Housing Assistance Payment Revenues	$ 2,334,550			$ 2,334,550
70600-020	Administrative Fees Revenues	298,808			298,808
70600	HUD PHA Operating Grants	2,633,358	$ 2,384		2,635,742
71100	Investment Income - Unrestricted	119	-	$ 105	224
71400-010	Housing Assistance Payments	820	-	-	820
71400-020	Administrative Fees	819	-	-	819
71400	Fraud Recovery	1,639	-	-	1,639
71500	Other Revenue		-	73,941	73,941
70000	Total Revenue	2,635,116	2,384	74,046	2,711,546
	Expenses				
91100	Administrative Salaries	139,386	259	53,977	193,622
91200	Auditing Fees	5,185	-	-	5,185
91400	Advertising and Marketing	148	-	-	148
91500	Employee Benefit Contributions - Administrative	114,759	-	19,964	134,723
91600	Office Expenses	40,202	17	-	40,219
91700	Legal Expenses	893	-	-	893
91800	Travel	4,406	-	-	4,406
91900	Other	22,453	-	-	22,453
91000	Total Operating - Administrative	327,432	276	73,941	401,649
94200	Ordinary Maintenance and Operations - Materials and Other	6,516	-	-	6,516
94000	Total Maintenance and Operations	6,516	-	-	6,516
95200	Protective Services - Other Contract Costs	324	-	-	324
95200	Total Protective Services	324	-	-	324
96120	Liability Insurance	7,238	-	-	7,238
96100	Total Insurance Premiums	7,238	-	-	7,238
96210	Compensated Absences	1,413	-	-	1,413
96000	Total Other General Expenses	1,413	-	-	1,413
96900	Total Operating Expenses	342,923	276	73,941	417,140
97000	Excess Operating Revenue Over Operating Expenses	2,292,193	2,108	105	2,294,406
	Other Expenses				
97300	Housing Assistance Payments	2,384,841	2,108	-	2,386,949
97400	Depreciation Expense	10,261	-	-	10,261
	Total Other Expenses	2,395,102	2,108	-	2,397,210
90000	Total Expenses	2,738,025	2,384	73,941	2,814,350
10000	Excess of Revenues under Expenses	(102,909)	-	105	(102,804)
11030	Beginning Net Position	(6,684)	-	11,954	5,270
11040	Prior Period Adjustment	(144,435)	-	-	(144,435)
11170	Administrative Fee Equity	(263,615)	-	-	(263,615)
11180	Housing Assistance Payment Equity	9,587	-	-	9,587
	Total Ending Net Position	$ (254,028)	$ -	$ 12,059	$ (241,969)

HURON METROPOLITAN HOUSING AUTHORITY
HURON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor Program/Cluster Title	Pass-Through Number	Federal CFDA Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	$ 2,633,358
Passed through City of Norwalk:			
Home Investment Partnerships Program	A-C-11-2CZ-2	14.239	2,384
Total Expenditures of Federal Awards			$ 2,635,742

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Huron Metropolitan Housing Authority (the Authority) under programs of the federal government for the fiscal year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Auhtority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards,* the financial statements of the Huron Metropolitan Housing Authority, Huron County, (the Authority) as of and for the fiscal year ended June 30, 2018, 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 7, 2018 wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

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.

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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*.

Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 7, 2018

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

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

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Huron Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Huron Metropolitan Housing Authority's major federal program for the fiscal year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on the Major Federal Program

In our opinion, the Huron Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 7, 2018

HURON METROPOLITAN HOUSING AUTHROITY
HURON COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost · Auditor of State

HURON COUNTY METROPOLITAN HOUSING AUTHORITY

HURON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 27, 2018