

Athens Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Athens Metropolitan Housing Authority
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Athens, OH 45701

We have reviewed the *Independent Auditor's Report* of the Athens Metropolitan Housing Authority, Athens County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2018 through December 31, 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 Athens Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 1, 2019

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ATHENS METROPOLITAN HOUSING AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
Financial statements:	
Statement of Net Position	13-14
Statement of Revenue, Expenses and Change in Net Position	15
Statement of Cash Flows	16-17
Notes to the Financial statements	18-43
Supplemental Data:	
Schedule of Expenditures of Federal Awards	44
Notes on Schedule of Expenditure of Federal Award	45
Proportion Share of the Net Pension Liability	46
PERS Schedule of Pension Contributions	47
Proportion Share of the Net OPEB Liability	48
PERS Schedule of OPEB Contributions	49
Notes to the Required Supplementary Information	50
Financial Data Schedule	51-55
Independent Auditor's Report on Internal Control over Financial Reporting and compliance and Other Matters Required by Government Auditing Standards	56-57
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance in Accordance Required by the Uniform Guidance	58-60
Schedule of Findings	61-63
Schedule of Prior Audit Findings	64
Corrective Action Plan	65

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Athens Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Athens Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinions.

Basis for Qualified Opinion

Athens Metropolitan Housing Authority financial statements reported \$134,706 of extraordinary expenses. I was not able to obtain sufficient appropriate audit evidence to identify what this extraordinary expense represent. Consequently, I am unable to determine whether any audit adjustments to this amount is necessary.

Qualified Opinions

In my opinion, except for the possible effects of the matter described in the Basis for the Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Athens Metropolitan Housing Authority as of December 31, 2018, and the respective changes in financial position and its cash flows for the year then ended in accordance with 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* and restated mortgage receivable. I did not modify my opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedule of net pension and other post-employment benefits liabilities and pension and other post-employment benefit contributions listed in the table of contents, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

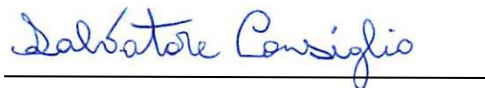
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Athens Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying financial data schedule (FDS) is not a required part of the basic financial statements. The Schedule of Expenditure of Federal Awards is

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

The financial data schedule (FDS) is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditure of Federal Awards and the financial data schedule ("FDS") are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 16, 2019, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my 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 Entity's internal control over financial reporting and compliance.



Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
August 16, 2019

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Unaudited

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

Since the MD&A is designed to focus on the 2018 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by \$209,424 or 7.00% during 2018, resulting from changes in operations. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position.
- Revenues increased by \$494,256 or 9.01% during 2018.
- The total expenses of all Authority's programs increased by \$328,583 or 5.60%.

Authority Financial statements

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Unaudited

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

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

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

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

Fund Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are done so as required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contribution Contract with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Unaudited

a lease that sets the participants' rent at 30% of household income. The Authority earns administrative fees to cover the cost of administering the program.

Shelter Plus Care - AMHA has an ongoing collaboration effort with the Athens County Continuum of Care working group which in 1999 the PHA was successful in receiving grant funding for the Athens County Dual Diagnosis Housing Initiative Shelter Plus Care project which is now completed and up and running. The grant provided 10 years of subsidized rent for 5 units of housing for dually diagnosed persons with mental illness and substance abuse.

State/Local – State/Local represents Authority owned housing properties that are not subsidized by HUD. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

New GASB 75 Reporting

The net pension liability (NPL) is the largest single liability reported by the Authority at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting 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 pension 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 generally accepted accounting principles. 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.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Unaudited

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 healthcare 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 systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of the 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 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 deferred inflows/outflows.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Unaudited

As a result of implementing GASB 75, the Authority is reporting 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 December 31, 2017, as outlined in Note 2.

AUTHORITY STATEMENTS

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

	<u>2018</u>	<u>Restated 2017</u>
Current and Other Assets	\$ 294,096	\$ 350,688
Noncurrent Assets	7,424,646	7,413,181
Deferred Outflows of Resources	167,030	352,321
Total Assets and Deferred Outflows of Resources	<u>\$ 7,885,772</u>	<u>\$ 8,116,190</u>
Current Liabilities	\$ 711,908	\$ 317,224
Non-current Liabilities	4,217,656	4,783,595
Total Liabilities	<u>4,929,564</u>	<u>5,100,819</u>
Deferred Inflows of Resources	<u>174,396</u>	<u>24,135</u>
Net Position		
Investment in Capital Assets	3,651,423	3,698,581
Restricted Net Position	121,759	83,390
Unrestricted Net Position	(991,370)	(790,735)
Total Net Position	<u>2,781,812</u>	<u>2,991,236</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 7,885,772</u>	<u>\$ 8,116,190</u>

Major Factors Affecting the Statement of Net Position

During 2018, current and other assets decreased by \$56,592, and current liabilities increased by \$394,684. The change in current assets was mainly due to decrease in cash. The increase in current liability id due to increase in current portion of long-term debt.

Long Term Liabilities decreased by \$565,939 in 2018. This change is new debt incurred during the year for the properties rehabbed.

Capital assets also changed, increasing from \$7,413,181 to \$7,424,646. The \$11,465 increase may be contributed primarily to a combination of total acquisitions of \$410,533

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Unaudited

less current year depreciation of \$399,067. The current year acquisitions included the site improvements.

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

Table 2 - Changes of Net Position

	Unrestricted	Restricted	Invest in Capital Assets
Beginning Balance - December 31, 2017 Restated	(\$790,735)	\$83,390	\$3,698,581
Results of Operation	(247,794)	38,369	0
Adjustments:			
Current Year Depreciation Expense (1)	399,067	0	(399,067)
Capital Expenditure (2)	(410,533)	0	410,533
Loan Proceeds	310,684	0	(310,684)
Retirement of Debt	(252,060)	0	252,060
Rounding Adjustment	1	0	0
Ending Balance - December 31, 2018	<u>(\$991,370)</u>	<u>\$121,759</u>	<u>\$3,651,423</u>

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

(2) Capital expenditures represent an outflow of unrestricted net position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer presentation of financial 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.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Unaudited

Table 3 - Statement of Revenue, Expenses & Changes in Net Position

	<u>2018</u>	<u>2017</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 663,738	\$ 695,029
Operating Subsidies	4,996,415	4,726,612
Capital Grants	40,841	-
Investment Income	859	331
Other Revenues	280,569	66,194
	5,982,422	5,488,166
<u>Expenses</u>		
Administrative	758,730	827,974
Tenant Services	41,494	41,276
Utilities	277,423	244,871
Maintenance	510,949	495,267
General, Insurance and Interest Expenses	188,900	109,315
Housing Assistance Payments	3,880,578	3,737,265
Depreciation	399,067	407,296
Extraordinary Expenditure	134,706	-
	6,191,847	5,863,264
Net Increases (Decreases)	\$ (209,425)	\$ (375,098)

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

Total revenue increased by \$494,256. This increase was mainly due to grant funds received from HUD and revenue recognized for the forgiveness of debt.

Total expenses increased by \$328,583 during the year. Increases in expense were due to change in GASB 68 and 75 liability and housing assistance payments.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Unaudited

CAPITAL ASSETS

Capital Assets

As of year-end, the Authority had \$7,424,646 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of \$11,465 from the end of last year.

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2018</u>	<u>2017</u>
Land and Land Rights	\$ 1,292,978	\$ 1,292,978
Buildings	11,408,695	11,343,467
Equipment	589,223	589,223
Land Improvement	86,685	86,685
Construction in Progress	345,305	-
Accumulated Depreciation	(6,298,240)	(5,899,172)
Total	<u>\$ 7,424,646</u>	<u>\$ 7,413,181</u>

The following reconciliation identifies the change in Capital Assets.

Table 5 - Changes in Capital Assets

Beginning Balance - December 31, 2017	\$ 7,413,181
Current year Additions	410,533
Current year Depreciation Expense	(399,067)
Rounding Adjustment	(1)
Ending Balance - December 31, 2018	<u>\$ 7,424,646</u>

Current year Additions are summarized as follows:

- Building Improvements	\$ 65,228
- Construction in Progress	345,305
Total 2018 Additions	<u>\$ 410,533</u>

Debt Outstanding

As of year-end, the Authority has \$3,773,223 in debt (mortgages) outstanding compared to \$3,714,600 from last year.

ATHENS METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Unaudited

Table 6 - Condensed Statement of Changes in Debt Outstanding

Beginning Balance - December 31, 2017 Restated	\$ 3,714,600
Current Year New Debt Issued	310,684
Current Year Debt Retired	(252,060)
Rounding Adjustment	<u>(1)</u>
Ending Balance - December 31, 2018	\$ <u><u>3,773,223</u></u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Jodi Rickard, Finance Director of the Athens Metropolitan Housing Authority, at (740) 592-4481 ext. 17, or email at jkr@athensmha.org. Specific requests may be submitted to Athens Metropolitan Housing Authority, 10 Hope Drive, Athens, OH 45701.

Athens Metropolitan Housing Authority
Statement of Net Position
Proprietary Funds
December 31, 2018

ASSETS

Current assets

Cash and cash equivalents	\$60,058
Restricted cash and cash equivalent	172,530
Receivables, net	12,564
Prepaid expenses and other assets	48,944

Total current assets	294,096
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Noncurrent assets

Capital assets:

Land	1,292,978
Building and equipment	12,084,603
Less accumulated depreciation	(6,298,240)
Construction in Process	345,305
Total capital assets	7,424,646

Total noncurrent assets	7,424,646
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Deferred Outflows of Resources

Pension	139,540
OPEB	27,490

Total assets and Deferred Outflows of Resources	\$7,885,772
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LIABILITIES

Current liabilities

Accounts payable	\$51,930
Accrued liabilities	62,430
Tenant security deposits	42,694
Unearned Revenue	810
Notes and loans payable	554,044
Total current liabilities	711,908

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

Athens Metropolitan Housing Authority
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2018

Noncurrent liabilities	
Notes and loans payable	3,219,179
Accrued compensated absences non-current	38,110
Net pension liability payable	578,731
Net OPEB liability payable	373,559
Noncurrent liabilities - other	8,077
<i>Total noncurrent liabilities</i>	<u>4,217,656</u>
Total liabilities	<u><u>\$4,929,564</u></u>
Deferred Inflows of Resources	
Pension	\$146,568
OPEB	27,828
<i>Total Deferred Inflows of Resources</i>	<u><u>\$174,396</u></u>
<i>NET POSITION</i>	
Net investment in capital assets	\$3,651,423
Restricted net position	121,759
Unrestricted net position	(991,370)
Total net position	<u><u>\$2,781,812</u></u>

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

Athens Metropolitan Housing Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018

OPERATING REVENUES

Tenant revenue	\$663,738
Government operating grants	4,996,415
Other revenue	151,698
Total operating revenues	<u>5,811,851</u>

OPERATING EXPENSES

Administrative	758,730
Tenant services	41,494
Utilities	277,423
Maintenance	510,949
General	130,604
Housing assistance payment	3,880,578
Depreciation	399,067
Total operating expenses	<u>5,998,845</u>
Operating income (loss)	<u>(186,994)</u>

NONOPERATING REVENUES (EXPENSES)

Capital grant revenue	40,841
Capital debt forgiveness	128,871
Interest and investment revenue	859
Extraordinary expenditure	(134,706)
Interest expense	(58,296)
Total nonoperating revenues (expenses)	<u>(22,431)</u>
Change in net position	(209,425)
Total net position - beginning - Restated	<u>2,991,237</u>
Total net position - ending	<u><u>\$2,781,812</u></u>

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

**Athens Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating grants received	\$4,996,415
Tenant revenue received	666,553
Other revenue received	151,698
General and administrative expenses paid	(1,575,675)
Housing assistance payments	(3,880,578)

Net cash provided (used) by operating activities **358,413**

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned	<u>859</u>
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Net cash provided (used) by investing activities **859**

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Capital Grant Funds Received	40,841
New Debt Issued	310,684
Debt principal payment	(252,060)
Interest expense paid on debt	(58,296)
Property and equipment purchased	(410,533)

Net cash provided (used) by capital and related activities **(369,364)**

Net increase (decrease) in cash (10,092)

Cash and cash equivalents - Beginning of year 242,680

Cash and cash equivalents - End of year **\$232,588**

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

**Athens Metropolitan Housing Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2018**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Operating Income (Loss)	(\$186,994)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
- Depreciation	399,067
- (Increases) Decreases in Accounts Receivable	49,344
- (Increases) Decreases in Prepaid Assets	(2,844)
- (Increases) Decreases in Deferred Outflows	185,291
- Increases (Decreases) in Accounts Payable	20,143
- Increases (Decreases) in Accrued Liabilities	(820)
- Increases (Decreases) in Accounts Payable - Intergovernmental	(4,245)
- Increases (Decreases) in Tenant Security Deposits	(6,244)
- Increases (Decreases) in Unearned Revenue	(148)
- Increases (Decreases) in Pension Liability	(278,053)
- Increases (Decreases) in OPEB Liability	26,107
- Increases (Decreases) in Accrued Compensated Absences	6,889
- Increases (Decreases) in Deferred Inflows	150,261
- Increases (Decreases) in Noncurrent Liabilities - Other	659
	659
Net cash provided (used) by operating activities	\$358,413

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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Athens Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Athens Metropolitan Housing 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. 39, *Determining Whether Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, 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.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 over which the Authority is financially accountable.

Basis of Presentation

The Authority's financial statements consist of a statement of net position, a statement of revenue, expenses and changes net position, and a statement of cash flows.

Fund Accounting

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

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

Proprietary Fund Types

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

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Description of programs

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

A. **Public Housing Program**

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

B. **Capital Fund Program**

The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

C. **Housing Choice Voucher Program**

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

D. **Shelter Plus Care**

AMHA has an ongoing collaboration effort with the Athens County Continuum of Care working group which in 1999 the PHA was successful in receiving grant funding for the Athens County Dual Diagnosis Housing Initiative Shelter Plus Care project which is now completed and up and running. The grant provided 10 years of subsidized rent for 5 units of housing for dually diagnosed persons with mental illness and substance abuse.

E. **State / Local**

State / local represents Authority owned housing properties that are not subsidized by HUD. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 3). Investments are valued at market value. Interest income earned in fiscal year 2018 totaled \$859.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Capital Assets

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

Building	40 years
Building Improvements	15 years
Furniture and Equipment	3-7 years
Vehicles	5 years

Net Position

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

The Housing Authority's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Compensated Absences

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

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

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

Budgetary Accounting

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

Accounting and Reporting for Non-exchange Transactions

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

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements 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 government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 7 and 8.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

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 position 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.

NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE

For 2018, the Authority implemented 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)*.

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

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 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 December 31, 2017:

Net Position December 31, 2017	\$	2,593,104
Adjustments:		
Net OPEB liability		(347,452)
Deferred Outflow - Payments Subsequent to Measurement Date		4,872
Adjustment to correct the outstanding debt balance		740,713
Restated Net Position December 31, 2017	\$	2,991,237

NOTE 3: DEPOSITS AND INVESTMENTS

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

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

At fiscal year-end December 31, 2018, the carrying amount of the Authority’s deposits totaled \$232,588, and its bank balance was \$256,042. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of December 31, 2018, \$6,042 was exposed to custodial risk, while \$250,000 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

NOTE 4: RESTRICTED CASH

The restricted cash balance of \$172,530 on the financial statements represents the following:

Tenant security deposits – Public Housing	\$17,052
Tenant security deposits – Business Activities	25,642
FSS Escrow funds held for the tenants – HCV	8,077
Housing Assistance funds received in advance - HCV	121,759
Total Restricted Cash	\$172,530

NOTE 5: INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred.

The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 6: CAPITAL ASSETS

The following is a summary of changes:

	Balance 12/31/17	Adjust.	Additions	Deletions	Balance 12/31/18
Capital Assets Not Being Depreciated					
Land	\$ 1,292,978	\$ -	\$ -	\$ -	\$ 1,292,978
Construction in Progress	-	-	345,305	-	345,305
Total Capital Assets Not Being Depreciated	1,292,978	-	345,305	-	1,638,283
Capital Assets Being Depreciated					
Buildings	11,343,467	-	65,228	-	11,408,695
Furnt, Mach. And Equip.	589,223	-	-	-	589,223
Land Improvement	86,685	-	-	-	86,685
Total Capital Assets Being Depreciated	12,019,375	-	65,228	-	12,084,603
Accumulated Depreciation:					
Buildings	(5,316,632)	(1)	(381,460)	-	(5,698,093)
Furnt, Mach. And Equip.	(550,755)	-	(11,828)	-	(562,583)
Land Improvement	(31,785)	-	(5,779)	-	(37,564)
Total Accumulated Depreciation:	(5,899,172)	(1)	(399,067)	-	(6,298,240)
Total Capital Assets Being Depreciated, Net	6,120,203	(1)	(333,839)	-	5,786,363
Total Capital Assets, Net	\$ 7,413,181	\$ (1)	\$ 11,466	\$ -	\$ 7,424,646

NOTE 7: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability/(asset) 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

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

require adjusting this estimate annually.

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

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

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

2018 Statutory Maximum Contribution Rates	<u>and Local</u>
Employer	14.0 %
Employee	10.0 %
 2018 Actual Contribution Rates:	
Pension	14%
Pos-Employment Health Care Benefits	0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority's contractually required contribution for pension was \$69,149 for fiscal

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

year ending December 31, 2018; the entire amount was paid in for the year.

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

The net pension liability/(asset) 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 contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS Traditional Pension Plan</u>
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.003773%
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.003689%</u>
Change in Proportionate Share	<u><u>-0.000084%</u></u>
Proportionate Share of the Net Pension Liability/(Asset)	\$ 578,731
Pension Expense	\$ 34,697

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional Plan</u>
Deferred Outflows of Resources	
Change in Assumption	\$69,162
Difference Between Expected and Actual Experience	591
Change in proportionate share	639
Authority contributions subsequent to the measurement date	<u>69,148</u>
Total Deferred Outflows of Resources	<u><u>\$139,540</u></u>

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Traditional Plan
Deferred Inflows of Resources	
Net difference between projected and actual earning on pension plan investments	\$124,246
Difference Between Expected and Actual Experience	11,405
Change in proportionate share	10,917
Total Deferred Inflows of Resources	<u>\$146,568</u>

\$69,148 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional Plan
Fiscal Year Ending December 31:	
2019	\$46,023
2020	(16,434)
2021	(54,711)
2022	(51,054)
Total	<u>(\$76,176)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees' actuarial consultants

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
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 most recent experience study was completed for the five year period ended December 31, 2015.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
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	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

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

	1% Decrease (6.5%)	Current Discount rate of 7.5%	1% Increase (8.5%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	\$1,027,682	\$578,731	\$204,444

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the Authority’s net pension liability is not known.

NOTE 8: DEFINED BENEFIT OPEB PLANS

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.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features.

OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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 115 Trust 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.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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.

Upon termination or retirement, Member-Directed Plan participants can use vested retiree medical account funds for reimbursement of qualified medical expenses. Members who elect the Member-Directed Plan after July 1, 2015 will vest in health care over 15 years at a rate of 10% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in health care over a five-year period at a rate of 20% per year. Health care coverage is neither guaranteed nor statutorily required.

The ORC permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans.

Prior to January 1, 2015, the System provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2017 CAFR.

Participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional Pension Plan and Combined Plan. A portion of employer contributions for these participants is allocated to a retiree medical account. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from these accounts.

An additional retiree medical account (RMA) was also established several years ago when three health care coverage levels were available to retirees. Monthly allowance amounts in excess of the cost of the retiree's selected coverage were notionally credited to the retiree's RMA. Retirees and their dependents could seek reimbursements from the RMA balances for qualified medical expenses. In 2013, the number of health care options available to retirees was reduced from three to one, eliminating the majority of deposits to the RMA. Wellness incentive payments were the only remaining deposits made to this RMA. Wellness incentives are no longer awarded starting with the 2017 plan year. These RMA balances were transferred to the HRA for retirees with both types of accounts. In addition, OPERS initiated an automatic claims payment process for reimbursements for retiree health care costs paid through pension deduction. This process will

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

reimburse members for eligible health care premiums paid to OPERS, currently through pension deduction, up to the member's available RMA balance.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

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. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of the Traditional Pension Plan employer contributions allocated to health care was 0.0 percent for 2018.

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

The net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of total contributions relative to the total contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.003440%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.003440%
Change in Proportionate Share	0.000000%
Proportionate Share of the Net OPEB Liability	\$ 373,559
OPEB Expense	\$ 31,316

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$ 291
Changes of assumptions	27,199
Total Deferred Outflows of Resources	\$ 27,490
 Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 27,828
Total Deferred Inflows of Resources	\$ 27,828

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

	OPERS
Year Ending December 31:	
2019	\$ 6,186
2020	6,186
2021	(5,753)
2022	(6,957)
Total	\$ (338)

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 (the plan as understood by the employers and plan members) and include the types of coverage 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 total OPEB liability was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Single Discount Rate	3.85 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Actuarial Cost Method	Individual Entry Age Normal

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of 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. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
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 – A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. 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 single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single 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 the 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 single discount rate 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	\$ 496,289	\$ 373,559	\$ 274,271

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate – Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the Authority's proportionate share of 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 percent lower or 1.0 percent higher than the current rate.

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

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 percent. 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 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 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 357,416	\$ 373,559	\$ 390,234

NOTE 9: LONG-TERM DEBT

Long-term debt for the Athens Metropolitan Housing Authority's state/local activities consists of the following:

Loan payable to Ohio Department of Mental Health to purchase 430 Union Street Property. Total borrowing was \$200,000 with a term of 20 years at 0% interest rate. \$126,671

Note payable to JP Morgan Chase Bank to purchase and rehab 5 MRDD Properties. Total borrowing was \$200,000 with a term of 15 years at 5.5% interest rate. 73,363

Note payable to JP Morgan Chase Bank to purchase and rehab 6 MRDD Properties in 2008. Total borrowing was \$601,176 with a term of 15 years at 4.9% interest rate. From February 23, 2008 through February 23, 2009, AMHA was only required to pay interest on this loan. AMHA borrowed another \$98,824 in 2009. Monthly installments of principal and interest will commenced on February 23, 2009. 298,899

The PHA entered into a contractual agreement with Ohio Housing Finance Agency where the Authority is to rehab 18 units in Athens County, Ohio. Total borrowing was \$700,000 with a term of 30 years at 2% interest rate. The interest is to accrue each year with a balloon payment at the end of the 30 years. 700,000

Loan payable to Athens County Board of Developmental Disabilities to purchase and rehab property located 36 Eden Plan. Total borrowing on December 15, 2014 was \$80,000 with a term of 15 years at 0% interest rate. 68,889

ATHENS METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

<p>Loan payable to Athens County Board of Developmental Disabilities to purchase and rehab property located 9 Avon Place. Total borrowing on April 15, 2014 was \$80,000 with a term of 15 years at 0% interest rate.</p>	65,334
<p>Loan payable to the City of Nelsonville to purchase property located 629 Chestnut. Total borrowing on November 17, 2015 was \$34,250 with a term of 15 years at 0% interest rate.</p>	30,825
<p>Loan payable to the City of Athens to rehab property located 36 Eden Plan. Total borrowing on April 16, 2015 was \$33,350 with a term of 5 years at 0% interest rate.</p>	15,200
<p>Loan payable to the City of Athens to rehab property located 9 Avon Place. Total borrowing on March 24, 2015 was \$37,900 with a term of 5 years at 0% interest rate.</p>	15,200
<p>Note payable to Hocking Valley Bank to purchase 20 Garfield, Athens Oh. Total borrowed was \$155,000 with a term of 15 years at 4.25% interest rate.</p>	142,061
<p>Loan payable to Ohio Department of Development Disabilities to purchase and rehab five homes for displacement of Echoing Meadows Tenants. Total borrowed on March 11, 2016 was \$740,712 with a term of 15 years at 0% interest rate.</p>	697,597
<p>Loan payable to Ohio Department of Development Disabilities to purchase and rehab 20 Garfield for Autism tenants. Total borrowed on June 21, 2016 was \$148,392 with a term of 15 years at 0% interest rate.</p>	138,499
<p>Loan payable to the City of Athens for rehab of property located at 20 Garfield. Total borrowed was \$36,450 with term of 10 years at 0% interest rate. Repayment is only if property rehab is sold within 10 years.</p>	29,160
<p>Note payable to Ohio Department of Mental Health and Ohio Housing Finance to purchase and rehab property identified as Blueline.</p>	649,604
<p>Note payable to Athens County board of Developmental Disabilities executed on May 2, 2017 for purchase two properties located at 22 Ball Drive, Athens and 42 S Plains Drive, Plains. The mortgage amounts were \$53,885 for each property. There is no payment due as long as the Authority remains in compliance with the term of the agreement for 180 consecutive months.</p>	100,586
<p>On March 3, 2017, the authority entered into 4 loans with Hocking Valley Bank for the purchase or rehab of various properties. The property and term of</p>	

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

the loans are as follows:

PROPERTY	LOAN AMOUNT	DATE	MATURITY	INTEREST RATE
22 Ball Drive	\$415,421	03/03/17	03/03/19	4.57%
16-22 N Plains	\$114,976	03/03/17	03/03/47	4.70%
64-66 N Plains	\$ 90,938	03/03/17	03/03/47	4.70%

621,335

Total Debt

\$3,773,223

The following is a summary of changes in long-term liabilities for the year ended December 31, 2018:

Description	Restated			Balance 12/31/19	Due Within One Year
	Balance 12/31/18	Issued	Retired		
Loan Payable - Restated	\$ 3,714,600	\$ 310,683	\$ 252,060	\$ 3,773,223	\$ 554,044
Compensated Absences	78,142	78,150	73,099	83,193	45,083
Other - FSS Escrow	7,418	10,493	9,834	8,077	-
Net Pension Liability	856,784	-	278,053	578,731	-
Net OPEB Liability	347,452	26,107	-	373,559	-
Total	<u>\$ 5,004,396</u>	<u>\$ 425,433</u>	<u>\$ 613,046</u>	<u>\$ 4,816,783</u>	<u>\$ 599,127</u>

Loan maturity is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$554,044	\$17,089	\$571,133
2020	142,191	13,522	155,713
2021	264,797	3,295	268,092
2022	77,478	60	77,538
2023	68,243	0	68,243
2024-2028	236,085	0	236,085
2029-2033	180,315	0	180,315
2034-2038	137,000	0	137,000
2039-2043	837,000	0	837,000
2044-2048	1,276,070	0	1,276,070
Total	<u>\$3,773,223</u>	<u>\$33,966</u>	<u>\$3,807,189</u>

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10: NON-CURRENT LIABILITIES

The balance of non-current liabilities - other at December 31, 2018 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program \$8,077.

NOTE 11: ECONOMIC DEPENDENCY

Both the PHA Low Rent Public Housing Program and the Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

**ATHENS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
Low Rent Public Housing Program	14.850	\$371,795
Housing Choice Voucher Program	14.871	4,214,531
Capital Fund Program	14.872	128,734
PIH Family Self-Sufficiency Program	14.896	41,494
Shelter plus Care Program	14.238	<u>280,702</u>
Total U.S. Department of Housing and Urban Development		<u>5,037,256</u>
Total Federal Awards		<u><u>\$5,037,256</u></u>

**ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 30, 2018**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE B – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended December 31, 2018.

NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2018.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2018.

Athens Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of the Authority's Proportionate Share of the Net Pension Liability
 Ohio Public Employees Retirement System
 Fiscal Years Available

Traditional Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.003689%	0.003773%	0.003821%	0.003717%	0.003717%
Authority's Proportionate Share of the Net Pension Liability	\$578,731	\$856,784	\$661,845	\$448,312	\$438,186
Authority's Covered Payroll	\$493,919	\$487,507	\$487,726	\$476,417	\$438,186
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	117.17%	175.75%	135.70%	94.10%	100.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) - Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

Athens Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of the Authority's Contributions - Pension
 Ohio Public Employees Retirement System
 Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Contractually Required Contributions</u>										
Traditional Plan	\$69,149	\$63,376	\$58,376	\$57,170	\$54,987	\$60,131	\$39,438	\$47,741	\$42,788	\$39,046
Total Required Contributions	69,149	63,376	58,376	57,170	54,987	60,131	39,438	47,741	42,788	39,046
Contributions in Relation to the Contractually Required Contribution	(69,149)	(63,376)	(58,376)	(57,170)	(54,987)	(60,131)	(39,438)	(47,741)	(42,788)	(39,046)
Contribution Deficiency / (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Authority's Covered Payroll</u>										
Traditional Plan	\$493,919	\$487,507	\$487,726	\$476,417	\$450,713	\$459,015	\$386,647	\$477,412	\$475,421	\$459,364
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Traditional Plan	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%

Athens Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of the Authority
 Proportionate Share of the Net OPEB Liability
 Fiscal Years Available

	2018	2017
Authority's Proportion of the Net OPEB Liability	0.003440%	0.003440%
Authority's Proportionate Share of the Net OPEB Liability	\$373,559	\$347,452
Authority's Covered Payroll	\$493,919	\$487,507
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	75.63%	71.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	68.52%

(1) The amounts presented is as of the Authority plan measurement date, which is the prior calendar year.

(2) Information prior to 2017 is not available.

Athens Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of the Authority's Contribution - OPEB
 Ohio Public Employees Retirement System
 For the Last Fiscal Years Available

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution OPEB	\$0	\$4,872	\$9,751	\$9,561	\$9,164
Contributions in Relation to the Contractually Required Contribution	\$0	(\$4,872)	(\$9,751)	(\$9,561)	(\$9,164)
Contribution Deficiency/(Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Authority's Covered Payroll	\$493,919	\$487,507	\$487,726	\$476,417	\$450,713
Contributions as a Percentage of Covered Payroll					
OPEB	0.00%	1.00%	2.00%	2.00%	2.00%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information. Additional years will be displayed as it becomes available.

ATHENS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Ohio Public Employees' Retirement System

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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.

Athens Metropolitan Housing Authority
Financial Data Schedule
Fiscal Year Ending December 31, 2018

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$32,471	\$0	\$20,209	\$0	\$7,378	\$60,058	\$0	\$60,058
113 Cash - Other Restricted	\$0	\$0	\$129,836	\$0	\$0	\$129,836	\$0	\$129,836
114 Cash - Tenant Security Deposits	\$17,052	\$0	\$0	\$0	\$25,642	\$42,694	\$0	\$42,694
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$49,523	\$0	\$150,045	\$0	\$33,020	\$232,588	\$0	\$232,588
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$11,275	\$11,275	\$0	\$11,275
126 Accounts Receivable - Tenants	\$949	\$0	\$0	\$0	\$340	\$1,289	\$0	\$1,289
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$949	\$0	\$0	\$0	\$11,615	\$12,564	\$0	\$12,564
142 Prepaid Expenses and Other Assets	\$20,155	\$0	\$6,005	\$0	\$22,784	\$48,944	\$0	\$48,944
150 Total Current Assets	\$70,627	\$0	\$156,050	\$0	\$67,419	\$294,096	\$0	\$294,096
161 Land	\$696,850	\$0	\$0	\$0	\$596,128	\$1,292,978	\$0	\$1,292,978
162 Buildings	\$6,311,788	\$0	\$0	\$0	\$5,096,907	\$11,408,695	\$0	\$11,408,695
163 Furniture, Equipment & Machinery - Dwellings	\$334,431	\$0	\$0	\$0	\$0	\$334,431	\$0	\$334,431
164 Furniture, Equipment & Machinery - Administration	\$55,323	\$0	\$128,651	\$0	\$70,818	\$254,792	\$0	\$254,792
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$86,685	\$86,685	\$0	\$86,685
166 Accumulated Depreciation	-\$4,822,297	\$0	-\$119,621	\$0	-\$1,356,322	-\$6,298,240	\$0	-\$6,298,240
167 Construction in Progress	\$0	\$0	\$0	\$0	\$345,305	\$345,305	\$0	\$345,305
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,576,095	\$0	\$9,030	\$0	\$4,839,521	\$7,424,646	\$0	\$7,424,646
180 Total Non-Current Assets	\$2,576,095	\$0	\$9,030	\$0	\$4,839,521	\$7,424,646	\$0	\$7,424,646
200 Deferred Outflow of Resources	\$35,746	\$0	\$65,444	\$0	\$65,840	\$167,030	\$0	\$167,030

Athens Metropolitan Housing Authority
Financial Data Schedule
Fiscal Year Ending December 31, 2018

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
290 Total Assets and Deferred Outflow of Resources	\$2,682,468	\$0	\$230,524	\$0	\$4,972,780	\$7,885,772	\$0	\$7,885,772
312 Accounts Payable <= 90 Days	\$20,315	\$0	\$11,094	\$0	\$20,521	\$51,930	\$0	\$51,930
321 Accrued Wage/Payroll Taxes Payable	\$3,322	\$0	\$10,133	\$0	\$3,892	\$17,347	\$0	\$17,347
322 Accrued Compensated Absences - Current Portion	\$5,835	\$0	\$25,166	\$0	\$14,082	\$45,083	\$0	\$45,083
341 Tenant Security Deposits	\$17,052	\$0	\$0	\$0	\$25,642	\$42,694	\$0	\$42,694
342 Unearned Revenue	\$67	\$0	\$0	\$0	\$743	\$810	\$0	\$810
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$554,044	\$554,044	\$0	\$554,044
310 Total Current Liabilities	\$46,591	\$0	\$46,393	\$0	\$618,924	\$711,908	\$0	\$711,908
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$3,219,179	\$3,219,179	\$0	\$3,219,179
353 Non-current Liabilities - Other	\$0	\$0	\$8,077	\$0	\$0	\$8,077	\$0	\$8,077
354 Accrued Compensated Absences - Non Current	\$6,532	\$0	\$20,961	\$0	\$10,617	\$38,110	\$0	\$38,110
357 Accrued Pension and OPEB Liabilities	\$186,206	\$0	\$454,905	\$0	\$311,179	\$952,290	\$0	\$952,290
350 Total Non-Current Liabilities	\$192,738	\$0	\$483,943	\$0	\$3,540,975	\$4,217,656	\$0	\$4,217,656
300 Total Liabilities	\$239,329	\$0	\$530,336	\$0	\$4,159,899	\$4,929,564	\$0	\$4,929,564
400 Deferred Inflow of Resources	\$31,919	\$0	\$94,115	\$0	\$48,362	\$174,396	\$0	\$174,396
508.4 Net Investment in Capital Assets	\$2,576,095	\$0	\$9,030	\$0	\$1,066,298	\$3,651,423	\$0	\$3,651,423
511.4 Restricted Net Position	\$0	\$0	\$121,759	\$0	\$0	\$121,759	\$0	\$121,759
512.4 Unrestricted Net Position	-\$164,875	\$0	-\$524,716	\$0	-\$301,779	-\$991,370	\$0	-\$991,370
513 Total Equity - Net Assets / Position	\$2,411,220	\$0	-\$393,927	\$0	\$764,519	\$2,781,812	\$0	\$2,781,812

Athens Metropolitan Housing Authority
Financial Data Schedule
Fiscal Year Ending December 31, 2018

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,682,468	\$0	\$230,524	\$0	\$4,972,780	\$7,885,772	\$0	\$7,885,772
70300 Net Tenant Rental Revenue	\$156,707	\$0	\$0	\$0	\$486,364	\$643,071	\$0	\$643,071
70400 Tenant Revenue - Other	\$10,102	\$0	\$0	\$0	\$10,565	\$20,667	\$0	\$20,667
70500 Total Tenant Revenue	\$166,809	\$0	\$0	\$0	\$496,929	\$663,738	\$0	\$663,738
70600 HUD PHA Operating Grants	\$459,688	\$41,494	\$4,214,531	\$280,702	\$0	\$4,996,415	\$0	\$4,996,415
70610 Capital Grants	\$40,841	\$0	\$0	\$0	\$0	\$40,841	\$0	\$40,841
71100 Investment Income - Unrestricted	\$233	\$0	\$157	\$0	\$469	\$859	\$0	\$859
71400 Fraud Recovery	\$0	\$0	\$5,387	\$0	\$0	\$5,387	\$0	\$5,387
71500 Other Revenue	\$14,064	\$0	\$632	\$0	\$260,486	\$275,182	\$0	\$275,182
70000 Total Revenue	\$681,635	\$41,494	\$4,220,707	\$280,702	\$757,884	\$5,982,422	\$0	\$5,982,422
91100 Administrative Salaries	\$25,014	\$0	\$253,477	\$38,115	\$20,293	\$336,899	\$0	\$336,899
91200 Auditing Fees	\$737	\$0	\$8,914	\$0	\$849	\$10,500	\$0	\$10,500
91400 Advertising and Marketing	\$336	\$0	\$104	\$0	\$365	\$805	\$0	\$805
91500 Employee Benefit contributions - Administrative	\$22,385	\$0	\$168,780	\$0	\$20,700	\$211,865	\$0	\$211,865
91600 Office Expenses	\$3,315	\$0	\$37,282	\$0	\$3,667	\$44,264	\$0	\$44,264
91700 Legal Expense	\$14,751	\$0	\$486	\$0	\$8,485	\$23,722	\$0	\$23,722
91800 Travel	\$16	\$0	\$437	\$0	\$95	\$548	\$0	\$548
91900 Other	\$29,215	\$0	\$51,822	\$0	\$49,090	\$130,127	\$0	\$130,127
91000 Total Operating - Administrative	\$95,769	\$0	\$521,302	\$38,115	\$103,544	\$758,730	\$0	\$758,730

Athens Metropolitan Housing Authority
Financial Data Schedule
Fiscal Year Ending December 31, 2018

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
92100 Tenant Services - Salaries	\$0	\$41,494	\$0	\$0	\$0	\$41,494	\$0	\$41,494
92500 Total Tenant Services	\$0	\$41,494	\$0	\$0	\$0	\$41,494	\$0	\$41,494
93100 Water	\$19,402	\$0	\$2,109	\$0	\$13,516	\$35,027	\$0	\$35,027
93200 Electricity	\$97,467	\$0	\$17,538	\$0	\$48,733	\$163,738	\$0	\$163,738
93300 Gas	\$35,426	\$0	\$590	\$0	\$4,662	\$40,678	\$0	\$40,678
93400 Fuel	\$18,328	\$0	\$0	\$0	\$0	\$18,328	\$0	\$18,328
93600 Sewer	\$828	\$0	\$1,328	\$0	\$17,496	\$19,652	\$0	\$19,652
93000 Total Utilities	\$171,451	\$0	\$21,565	\$0	\$84,407	\$277,423	\$0	\$277,423
94100 Ordinary Maintenance and Operations - Labor	\$75,001	\$0	\$0	\$0	\$47,353	\$122,354	\$0	\$122,354
94200 Ordinary Maintenance and Operations - Materials and Other	\$66,869	\$0	\$7,212	\$0	\$33,845	\$107,926	\$0	\$107,926
94300 Ordinary Maintenance and Operations Contracts	\$99,215	\$0	\$14,841	\$0	\$85,417	\$199,473	\$0	\$199,473
94500 Employee Benefit Contributions - Ordinary Maintenance	\$64,414	\$0	\$0	\$0	\$16,782	\$81,196	\$0	\$81,196
94000 Total Maintenance	\$305,499	\$0	\$22,053	\$0	\$183,397	\$510,949	\$0	\$510,949
96110 Property Insurance	\$34,862	\$0	\$0	\$0	\$11,156	\$46,018	\$0	\$46,018
96120 Liability Insurance	\$0	\$0	\$9,208	\$0	\$0	\$9,208	\$0	\$9,208
96100 Total insurance Premiums	\$34,862	\$0	\$9,208	\$0	\$11,156	\$55,226	\$0	\$55,226
96210 Compensated Absences	\$11,576	\$0	\$41,847	\$0	\$21,955	\$75,378	\$0	\$75,378
96000 Total Other General Expenses	\$11,576	\$0	\$41,847	\$0	\$21,955	\$75,378	\$0	\$75,378
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$58,296	\$58,296	\$0	\$58,296
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$58,296	\$58,296	\$0	\$58,296

Athens Metropolitan Housing Authority
Financial Data Schedule
Fiscal Year Ending December 31, 2018

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	1 Business Activities	Subtotal	ELIM	Total
96900 Total Operating Expenses	\$619,157	\$41,494	\$615,975	\$38,115	\$462,755	\$1,777,496	\$0	\$1,777,496
97000 Excess of Operating Revenue over Operating Expenses	\$62,478	\$0	\$3,604,732	\$242,587	\$295,129	\$4,204,926	\$0	\$4,204,926
97300 Housing Assistance Payments	\$0	\$0	\$3,637,991	\$242,587	\$0	\$3,880,578	\$0	\$3,880,578
97400 Depreciation Expense	\$170,694	\$0	\$3,612	\$0	\$224,761	\$399,067	\$0	\$399,067
90000 Total Expenses	\$789,851	\$41,494	\$4,257,578	\$280,702	\$687,516	\$6,057,141	\$0	\$6,057,141
10010 Operating Transfer In	\$68,661	\$0	\$0	\$0	\$0	\$68,661	-\$68,661	\$0
10020 Operating transfer Out	-\$68,661	\$0	\$0	\$0	\$0	-\$68,661	\$68,661	\$0
10070 Extraordinary Items, Net Gain/Loss	-\$134,706	\$0	\$0	\$0	\$0	-\$134,706	\$0	-\$134,706
10100 Total Other financing Sources (Uses)	-\$134,706	\$0	\$0	\$0	\$0	-\$134,706	\$0	-\$134,706
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$242,922	\$0	-\$36,871	\$0	\$70,368	-\$209,425	\$0	-\$209,425
11030 Beginning Equity	\$2,716,197	\$0	-\$169,759	\$0	\$46,667	\$2,593,105	\$0	\$2,593,105
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$62,055	\$0	-\$187,297	\$0	\$647,484	\$398,132	\$0	\$398,132
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$554,044	\$554,044	\$0	\$554,044
11170 Administrative Fee Equity	\$0	\$0	-\$515,686	\$0	\$0	-\$515,686	\$0	-\$515,686
11180 Housing Assistance Payments Equity	\$0	\$0	\$121,759	\$0	\$0	\$121,759	\$0	\$121,759
11190 Unit Months Available	852	0	9,996	0	948	11,796	0	11,796
11210 Number of Unit Months Leased	847	0	9,752	0	945	11,544	0	11,544
11620 Building Purchases	\$40,841	\$0	\$0	\$0	\$0	\$40,841	\$0	\$40,841

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

Board of Commissioners
Athens Metropolitan Housing Authority

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Athens Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Athens Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated August 16, 2019.

Internal Control over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 that I consider to be material weaknesses.

Compliance and Other Matters

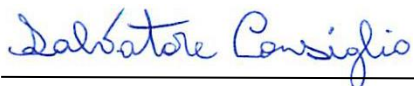
As part of obtaining reasonable assurance about whether Athens Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

Athens Metropolitan Housing Authority, Ohio's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
August 16, 2019



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Board of Commissioners
Athens Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

I have audited Athens Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Athens Metropolitan Housing Authority's major federal program for the year ended December 31, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for the Athens Metropolitan Housing Authority's major federal program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, Athens Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2018.

Other Matters

The results of my auditing procedures disclosed instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-002. My opinion on each major federal program is not modified with respect to these matter.

Athens Metropolitan Housing Authority's response to the noncompliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Athens Metropolitan Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control over Compliance

Management of the Athens Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

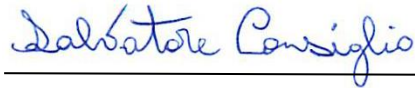
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I have identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-002, which I consider to be material weakness.

The Authority's response to the internal control over compliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Athens

Metropolitan Housing Authority response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
August 16, 2019

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Athens Metropolitan Housing Authority
 Schedule of Findings and Question Costs
 2 CFR § 200.515
 December 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Modified
Were there any material weakness reported at the financial statement level (GAGAS)?	Yes
Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
Was there any reported non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness reported for any major federal programs?	Yes
Were there any other significant internal control deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any reportable findings under 2 CFR § 200.516(a)?	No
Major Programs (list):	CFDA # 14.871 Housing Choice Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All Others
Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2018-001 – Material Weakness – Financial Reporting

Statement of Condition/Criteria

Sound financial reporting is the responsibility of the Authority and is essential to ensure the information issued to the public is complete and accurate. The Authority should have in place a system of controls to review the financial statements prior to issuance, to ascertain that the financial statements are complete, fairly presented and filed timely.

Athens Metropolitan Housing Authority
Schedule of Findings and Question Costs
2 CFR § 200.515
December 31, 2018

Cause

The Authority did not have a review process to ascertain that its accounting records are accurate. During the audit, errors were discovered in the accounting records that required the financial statements to be corrected. Some of the errors noted were as follows:

- Beginning balances not agreeing with prior year ending balances.
- Certain general ledger account balances were not calculating correctly.
- Financial statements filed with the Auditor of State Hinkle System were not correct or complete.
- Unaudited financial submission filed with HUD FASS-PH required several audit adjustments that were need to be reflected in the audited submission.

Effect

The financial statements filed with the Auditor of State and HUD FASS-PH required several corrections.

Recommendation

The Authority should perform a monthly review and reconciliations to ascertain that its accounting records are correct. The final financial statements should be thoughtfully reviewed for accuracy and completeness prior to issue. Also, the Management should contact the software company to have a review of the system to resolve the errors noted during the audit.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2018-002 – Material Weakness – Reporting

CFDA Title and Number: 14.871 – Housing Choice Voucher Program

Federal Award Year: 2018

Federal Agency: U.S. Department of Housing and Urban Development

Pass-Through Agency: No – Direct Award

Statement of Condition/Criteria

The Uniform Financial Reporting Standards (24 CFR section 5.801) require PHAs to submit timely and accurate GAAP-based unaudited and audited financial information to HUD. The FASS-PH system is one of HUD’s main monitoring and oversight systems for its federal program. Audit procedures over the unaudited financial information filed required many audited adjustments.

Athens Metropolitan Housing Authority
Schedule of Findings and Question Costs
2 CFR § 200.515
December 31, 2018

Cause

The Authority did not have a review process to ascertain that its accounting records are accurate. During the audit, errors were discovered in the accounting records that showed that the software system was not calculating the account balances correctly for certain accounts. The calculation error were due to entries posted but were not reflected on the printed detail ledger.

Effect

The financial statements filed with the HUD, required several corrections.

Recommendation

The Authority should perform a monthly review and reconciliations to ascertain that its accounting records are correct. The final financial statements should be thoughtfully reviewed for accuracy and completeness prior to issue. In addition, management need to work with Software Company to resolve the system error noted during the audit.

Athens Metropolitan Housing Authority
Summary Schedule of Prior Audit Findings
2 CFR 200.511(b)
December 31, 2018

There are no findings or questioned costs for the year ended December 31, 2017.



Athens Metropolitan Housing Authority

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Athens Metropolitan Housing Authority
Athens County
Corrective Action Plan
2 CFR § 200.511 (C)
For the Year Ended December 31, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Athens MHA will begin a full monthly audit of accounts and verified by two employees to assure accuracy in all Financial accounts. This will also help In catching errors that are due to our software system.	Monthly 2019	Keith C. Andrews
2018-002	Athens MHA will begin a full monthly audit of accounts and awards verified by two employees to assure accuracy in all Financial accounts. This will also help In making sure all YE adjustments are received and made.	Monthly 2019	Keith C. Andrews

If you or anyone in your family is a person with disabilities and you require a specific accommodation in order to fully utilize our programs and services or if you are a victim of Dating Violence, Domestic Violence, Sexual Assault or Stalking, contact Erica Flanders at the AMHA office during office hours.



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OHIO AUDITOR OF STATE KEITH FABER



ATHENS METROPOLITAN HOUSING AUTHORITY

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 19, 2019**