# DAYTON METROPOLITAN HOUSING AUTHORITY
## MONTGOMERY COUNTY, OHIO

## AUDIT REPORT

## FOR THE FISCAL YEAR ENDED JUNE 30, 2018


*James G. Zupka, CPA, Inc.*
**Certified Public Accountants**

OHIO AUDITOR OF STATE
**KEITH FABER**

Members of the Board
Dayton Metropolitan Housing Authority
400 Wayne Avenue
Dayton, Ohio 45401-8750

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2019

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**DAYTON METROPOLITAN HOUSING AUTHORITY**
**MONTGOMERY COUNTY, OHIO**
**AUDIT REPORT**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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# INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Dayton Metropolitan Housing Authority
Dayton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

## Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

Management is responsible for 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*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 we 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 Authority'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 Authority's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Dayton Metropolitan Housing Authority as of June 30, 2018, and the changes in financial position and cash flows thereof 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.* Our opinion is not modified with respect to this matter.

### *Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Statement of Modernization Cost - Completed and the Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures 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 basic financial statements.

The Statement of Modernization Cost - Completed, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards, are the responsibility of management and were 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 our opinion, the Statement of Modernization Cost - Completed, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards 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*, we have also issued our report dated January 2, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

January 2, 2019

As management of the Dayton Metropolitan Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 11.

## FINANCIAL HIGHLIGHTS

- Total assets of the Authority exceeded its liabilities as of June 30, 2018, by $34,363,991 (a decrease of $1,215,918, or 3.4 percent, from June 30, 2017).

- Net investment in capital assets totaled $34,173,829 as of June 30, 2018 (a decrease of $11,020**,** or .03 percent, from June 30, 2017). Unrestricted net position totaled $(1,470,608) as of June 30, 2018, (a decrease of $5,973,721, or 133 percent) from what was reported at June 30, 2017, before restatement.

- The Authority had total operating revenue of $43,121,102 (a decrease of $263,341, or 0.6 percent, from June 30, 2017). The Authority had total operating expenses of $47,828,169 (a $523,608 increase, or 1.1 percent, from June 30, 2017), resulting in a net operating loss of $4,707,067 for the year ended June 30, 2018, and had other non-operating expenses and losses in a net amount of $226,923, and $3,718,072 in capital contributions, resulting in a decrease in total net position of $1,215,918 for the year.

- The Authority's capital additions for the year were $3,491,137.

- The Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (and Certain Issues Related to OPEB Plan Reporting)*, causing a restatement of beginning net position that is $5,032,805 less than net position reported at June 30, 2017.

## USING THIS ANNUAL REPORT

This Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The following is a list of the financial statements included in this report:

**MD&A**
Management Discussion and Analysis

**Financial Statements**
Statement of Net Position,
Statement of Revenues, Expenses, and Changes in Net Position,
Statements of Cash Flows,
Notes to the Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The S*tatement of Net Position* presents information on all of the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The focus of the *Statement of Net Position* is to present the available assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, which are available to the Authority. Net position is reported in three broad categories:

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

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

Unrestricted Net Position: Consists of net position that does not meet the definition of "Net Investment in Capital Assets" or "Restricted Net Position".

The S*tatement of Revenues, Expenses, and Changes in Net Position* is similar to an income statement. This Statement includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses, such as grant revenue, investment income, gains and losses on capital assets disposals, and interest expense.

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

The S*tatement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The Statement reports cash receipts, cash payments, and net changes in cash resulting from operating activities, capital and related financing activities, and investing activities.

The N*otes to the Financial Statements* provide additional information essential to a full understanding of the data provided in the basic financial statements.

The Authority administers several programs that are consolidated into a single proprietary-type enterprise fund. The more significant programs consist of the following:

Public and Indian Housing - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. This Program is operated under an Annual Contribution Contract (ACC) with HUD. Beginning in fiscal year 2008, the Authority adopted the HUD-directed Asset Management Project (AMP) structure for its public housing operations. Under Asset Management, public housing units were organized into AMPs. Each AMP is treated as a separate entity with the AMPs paying a fee to the Central Office Cost Center (COCC) for various centralized services. As in previous years, the HUD-provided operating subsidy allows the AMPs to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

Under Asset Management, the operating subsidy is transferred in proportional shares to the individual AMPs as monthly subsidy revenue. Along with rent collection revenue, the AMPs administer their properties in a fashion similar to rental properties operated in the private sector. The AMP managers utilize program management, planning, bookkeeping, and other centralized services provided by the Authority's Central Office. The AMPs pay a monthly fee based on the number of units assigned and/or occupied for these services.

Public Housing Capital Fund Program (CFP) - The Public Housing Capital Fund Program is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

Section 8 Housing Choice Voucher Program -Under the Section 8 Housing Choice Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn contracts with the private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Section 8 New Construction and Substantial Rehabilitation Program - The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit, and when a family moves from the unit, they have no right to continued assistance.

Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation - The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit, and when a family moves from the unit, they have no right to continued assistance.

Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI) - The HOPE VI Demolition Program supports site acquisition, demolition, and relocation costs for the HOPE VI Revitalization Program. Under this Program, residents of identified neighborhoods are relocated to other Public Housing and Section 8 Voucher units. Vacated public housing units are then demolished in preparation for the development under the HOPE VI Revitalization Program. This Program seeks to rebuild public housing neighborhoods through various financing and construction development agreements. Following the demolition of existing public housing units under the HOPE VI Demolition Grant, the Revitalization Program will seek to rebuild the neighborhood areas using a community anchor facility, new construction, and existing street patterns. While a significant portion of the redevelopment effort will be accomplished with HOPE VI funds, the majority will be completed using a variety of public and private resources.

Resident Opportunity and Supportive Services (ROSS) - The ROSS Program promotes the development of local strategies to coordinate the use of assistance under the Public Housing Program with public and private resources to enable participating families to achieve economic independence and housing self-sufficiency.

Family Self-Sufficiency (FSS) – The FSS Program promotes the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher Program and the Public Housing Program with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Business Activities Programs - The Business Activities Programs expand the supply of decent and affordable housing by using local non-federal resources to enable home ownership through loan assumption programs and affordable tenant rent units owned by the Authority.

Component Units – The Authority has established three component units to operate and develop mixed financing and/or tax credit housing. Each of the organizations listed below act as an affiliate unit as defined in HUD's PIH Notice 2008-15. The levels of participation and responsibility for each of the component units differs based on the type of development. The Authority's component units include:

Dayton Metro Homes, LLC – The Authority has established Dayton Metro Homes, LLC, dba Premier Asset Management (PAM), as a wholly-owned subsidiary. PAM was established for the purpose of owning an investment as general partner or ownership entity in tax credit and mixed financing projects. Currently, PAM operates 35 low-moderate income housing units in Germantown, Ohio. The assets, liabilities, and results of operations are included as part of the accompanying financial statements.

Windcliff Village II GP, Inc. – Windcliff Village II GP, Inc. was established as a single purpose for-profit corporation to manage the tax credit project Windcliff Village II. The development is operated by Windcliff Village II LP with Windcliff Village II GP, Inc. as the general partner. The assets, liabilities, and results of operations for Windcliff Village II GP, Inc., are included as part of the accompanying financial statements. The assets, liabilities, and results of operations for Windcliff Village II LP are not included in the accompanying financial statements, but are reported separately under provisions of the tax credit agreement.

North Star Commons, LLC – North Star Commons, LLC was formed to participate as a special partner in the Dayton View Commons II, LLC development. Under the provisions of the development agreement, North Star Commons, LLC will receive a partnership fee of which half must be held as a deferral until certain development objectives have been met. North Star Commons, LLC does not operate or own property in the Dayton View Commons II, LLC development. North Star Commons, LLC's assets, liabilities, and results of operations are included as part of the accompanying financial statements.

## FINANCIAL ANALYSIS OF THE AUTHORITY

### Statement of Net Position

The following table represents condensed Statements of Net Position.

| | 2018 (in thousands) | 2017 Restated (in thousands) |
|---|---|---|
| **Assets and Deferred Outflows of Resources** | | |
| Current and Other Assets | $ 13,705 | $ 13,787 |
| Capital Assets | 40,883 | 41,295 |
| Other Non-Current Assets | 3,582 | 3,460 |
| Deferred Outflows of Resources | 2,094 | 4,715 |
| **Total Assets and Deferred Outflows of Resources** | 60,264 | 63,257 |
| **Liabilities and Deferred Inflows of Resources** | | |
| Current Liabilities | 2,522 | 2,726 |
| Non-Current Liablities | 20,957 | 24,864 |
| Deferred Inflows of Resources | 2,421 | 87 |
| **Total Liabilities and Deferred Inflows of Resources** | 25,900 | 27,677 |
| **Net Position** | | |
| Net Investment in Capital Assets | 34,174 | 34,185 |
| Restricted | 1,661 | 1,925 |
| Unrestricted | (1,471) | (530) |
| **Total Net Position** | 34,364 | 35,580 |
| **Total Liabilities, Deferred Inflows of Resources, and Net Position** | $ 60,264 | $ 63,257 |

By far the largest portion of the Authority's net position (99.4 percent) reflects its investment in capital assets, net of related debt. The decrease from 2017 was primarily the result of annual depreciation expense and the approved sale of excess property. The Authority uses these capital assets (e.g., buildings, machinery, and equipment) to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services. The reduction in unrestricted net position was primarily due to GASB Statement No. 68 and GASB Statement No. 75 pension reporting.

**Statements of Revenues, Expenses, and Changes in Net Position**

The following table represents condensed Statements of Revenues, Expenses, and Changes in Net Position.

| | 2018 (in thousands) | 2017 Restated (in thousands) |
|---|---|---|
| **Revenue** | | |
| Tenant Rental Revenue | $ 4,802 | $ 4,808 |
| Government Operating Grants | 37,389 | 37,817 |
| Other Revenue | 930 | 759 |
| **Total Operating Revenue** | 43,121 | 43,384 |
| **Expenses** | | |
| Operating Expenses | | |
| Operating Expenses | 22,058 | 21,785 |
| Depreciation Expense | 3,888 | 4,231 |
| Housing Assistance Payments | 21,882 | 21,288 |
| Total Operating Expenses | 47,828 | 47,304 |
| **Net Operating Loss** | (4,707) | (3,920) |
| Non-Operating Revenue (Expenses) | (227) | (493) |
| Income Before Contributions | (4,934) | (4,413) |
| Capital Contributions | 3,718 | 2,292 |
| **Change in Net Position** | (1,216) | (2,121) |
| Total Net Position, Beginning of Year | 35,580 | N/A * |
| **Total Net Position, End of Year** | $ 34,364 | $ 35,580 |

* Information necessary to restate fiscal year 2017 beginning balance and the 2017 OPEB expense related to implementation of GASB Statement No. 75 is not available.

During 2018, the net position of the Authority decreased by a total of $1,215,918.

The Authority's revenues are largely governmental operating grants received from cost reimbursement and capital grants. The Authority draws down monies from the grant awards for allowable program expenses, except for non-cash transactions, such as depreciation expense and changes in compensated absences. The Authority's governmental operating grants and charges for services were sufficient to cover all non-depreciation related expenses incurred during the year.

The Authority's operating grants decreased by $427,980 and operating expenses increased by $273,052. Section 8 Housing Assistance payments increased by $593,630 from the previous year as a result of increased leasing.

Capital contributions increased by $1,426,326 to $3,718,072 during 2018 due primarily to increased Capital Fund Program funding. Total net non-operating expenses decreased by $266,005.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2018, the Authority's capital assets totaled $40,882,432 (capital assets net of accumulated depreciation) as reflected in the following schedule.

| | 2018 (in thousands) | 2017 (in thousands) |
|---|---|---|
| Land | $ 9,251 | $ 9,254 |
| Buildings and Improvements | 125,698 | 121,686 |
| Equipment and Vehicles | 5,468 | 5,381 |
| Construction-in-Progress | 234 | 905 |
| Accumulated Depreciation | (99,769) | (95,931) |
| **Total** | $ 40,882 | $ 41,295 |

The decrease in Land is due to the disposal of properties, and the net decrease in Buildings and Improvements is a result of the net purchase and disposal of properties. Additional information on the Authority's capital assets can be found on page 24 of this report.

### Debt

As of June 30, 2018, the Authority had $6,708,603 of debt, a decrease of $401,286 from the prior year. The decrease was due to normal debt schedule payments made during the year and sale of New Visions properties.

Debt consists of the Fannie Mae Capital Fund Financing Program (CFFP) note and the note to County Corp.

During 2010, the Authority obtained a modernization note from Fannie Mae for $9,235,000 for the purpose of modernizing public housing units at four AMP locations. The note is twenty (20) years with an interest rate of 6.0 percent *per annum*. Repayment will be through a portion of future capital grant funds.

During 2010, the Authority obtained a note from County Corp. for $250,092, for the purpose of real estate acquisition in Germantown, Ohio. The note term is twenty (20) years with an interest rate of 0.0 percent *per annum*.

During 2018, the Authority's net pension and other post-employment benefits obligation increased by $1,685,974 due to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Additional information on the Authority's long-term debt can be found on pages 24 through 26 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in preparing the Authority's budget for the 2019 fiscal year.

The Authority has continued to follow site-specific budgeting and accounting. Both FY2018 and FY2019 budgets were prepared using the site-specific format as directed by HUD. Under site-specific budget format, there are strict guidelines on how the Central Office Cost Center (COCC) will be funded. Funding for the COCC will be derived from fees charged to Asset Management Projects (AMP). The AMPs represent site-specific public housing areas and are managed as separate subsidiary organizations. As such, AMPs will have their own financial statements with revenues coming from subsidy transfers, rental accounts, and capital fund transfers. Oversight and supportive services will be provided on a fee basis by the Authority's COCC. Additional revenue for the COCC will be from the service fees charged to the Voucher programs and other smaller programs. Failure to maintain occupancy rates of 97 percent or higher for the AMPs will also reduce operating subsidy transfers from HUD.

Public housing operating subsidy revenue from HUD for FY2019 is expected to remain at its current low level (92 percent) of calculated amounts.

The Housing Choice Voucher (HCV) Program generates revenue for operations from administrative fees earned from HUD. A portion of these revenues are paid to the COCC as fees for supportive services. At this time the COCC does not charge the HCV Program the maximum rate for administrative fees so the HCV Program can balance its administrative budget. In FY2019, the COCC will continue to give a discount to the HCV Program, if required. HCV revenues for FY2019 are expected to be consistent with or slightly lower than previous levels. The Authority expects HUD to continue withholds in the Administrative Fee schedule further reducing resources to administer the Voucher programs.

## CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Executive Officer, Dayton Metropolitan Housing Authority, 400 Wayne Avenue, Dayton, Ohio 45401-8750, or call (937) 910-7500.

# DAYTON METROPOLITAN HOUSING AUTHORITY
# MONTGOMERY COUNTY, OHIO
# STATEMENT OF NET POSITION
# JUNE 30, 2018

| | | |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and Cash Equivalents | $ | 9,872,123 |
| Restricted Cash and Cash Equivalents | | 1,993,264 |
| Accounts Receivable, Net: | | |
| Tenants, Net of Allowance for Doubtful Accounts of $90,859 | | 15,550 |
| HUD | | 446,820 |
| Other Receivables | | 301,325 |
| Inventory, Net of Allowance for Obsolete Inventory of $18,488 | | 660,001 |
| Prepaid Expenses | | 415,929 |
| **Total Current Assets** | | 13,705,012 |
| **Non-Current Assets** | | |
| Capital Assets | | |
| Capital Assets, Not Depreciated | | 9,485,275 |
| Capital Assets, Being Depreciated, Net of Accumulated Depreciation | | 31,397,157 |
| Total Capital Assets | | 40,882,432 |
| Notes, Loans, and Mortgages Receivable Non-Current | | 3,542,696 |
| Pension Assets | | 39,579 |
| **Total Non-Current Assets** | | 44,464,707 |
| **Total Assets** | | 58,169,719 |
| **Deferred Outflows of Resources** | | |
| Pension | | 1,693,503 |
| OPEB | | 400,923 |
| **Total Deferred Outflows of Resources** | | 2,094,426 |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | 60,264,145 |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Accounts Payable | | 431,754 |
| Accrued Wages and Benefits | | 479,447 |
| Accrued Compensated Absences - Current Portion | | 173,534 |
| Tenants' Security Deposits | | 246,309 |
| Deferred Revenues | | 23,801 |
| Other Current Liabilities | | 741,527 |
| Current Portion of Note Payable | | 425,264 |
| **Total Current Liabilities** | | 2,521,636 |
| **Non-Current Liabilities** | | |
| Notes Payable, Net of Current Portion | | 6,283,339 |
| Compensated Absences, Net of Current Portion | | 983,240 |
| Net Pension Liability | | 8,129,083 |
| Net OPEB Liability | | 5,448,092 |
| Other Non-Current Liabilities | | 113,686 |
| **Total Non-Current Liabilities** | | 20,957,440 |
| **Total Liabilities** | | 23,479,076 |
| **Deferred Inflows of Resources** | | |
| Pension | | 1,985,163 |
| OPEB | | 435,915 |
| **Total Deferred Inflows of Resources** | | 2,421,078 |
| **NET POSITION** | | |
| Net Investment in Capital Assets | | 34,173,829 |
| Restricted | | 1,660,770 |
| Unrestricted | | (1,470,608) |
| **TOTAL NET POSITION** | | 34,363,991 |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION** | $ | 60,264,145 |

See accompanying notes to the financial statements.

# DAYTON METROPOLITAN HOUSING AUTHORITY
# MONTGOMERY COUNTY, OHIO
# STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
# FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| | |
|---|---|
| **Operating Revenues** | |
| Tenant Revenue | $ 4,801,774 |
| Governmental Revenue | 37,389,547 |
| Other Revenue | 929,781 |
| **Total Operating Revenues** | 43,121,102 |
| | |
| **Operating Expenses** | |
| Administrative Expense | 8,748,654 |
| Tenant Services | 352,703 |
| Utilities Expense | 2,230,727 |
| Ordinary Maintenance and Operations | 8,330,480 |
| Protective Services | 476,528 |
| General Expenses | 1,919,276 |
| Housing Assistance Payments | 21,881,801 |
| Depreciation amd Amortization | 3,888,000 |
| **Total Operating Expenses** | 47,828,169 |
| Operating Loss | (4,707,067) |
| | |
| **Nonoperating Revenues (Expenses)** | |
| Interest and Investment Income | 109,314 |
| Interest Expense | (408,780) |
| Insurance Proceeds/(Casualty Losses) | 45,734 |
| Gain/(Loss) on Disposal of Capital Assets | 26,809 |
| **Total Nonoperating Revenues (Expenses)** | (226,923) |
| Income Before Contributions | (4,933,990) |
| | |
| Capital Contributions | 3,718,072 |
| **Net Change in Net Position** | (1,215,918) |
| | |
| Net Position - Beginning of Year-Restated | 35,579,909 |
| | |
| **Net Position - End of Year** | $ 34,363,991 |

See accompanying notes to the financial statements.

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**MONTGOMERY COUNTY, OHIO**
**STATEMENT OF CASH FLOWS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| | | |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Receipts from Residents and Other Deposits | $ | 4,800,340 |
| Governmental Operating Revenues | | 37,807,778 |
| Other Receipts | | 960,760 |
| Administrative Expenses | | (7,190,584) |
| Other Operating Expenses | | (13,857,023) |
| Housing Assistance Payments | | (21,881,801) |
| **Net Cash Provided by Operating Activities** | | 639,470 |
| **Cash Flows from Capital and Related Financing Activities** | | |
| Capital Assets Additions | | (3,491,136) |
| Debt Proceeds/Insurance Proceeds/(Casualty Loss) | | 45,734 |
| Principal Paid on Debt | | (401,286) |
| Cash from Disposal of Assets | | 42,251 |
| Interest Paid on Debt | | (408,780) |
| Capital Grants | | 3,718,072 |
| **Net Cash Used in Capital and Related Financing Activities** | | (495,145) |
| **Cash Flows from Investing Activities** | | |
| Investment Income | | 109,314 |
| Investment in Notes Receivable | | (105,066) |
| **Net Cash Used in Investing Activities** | | 4,248 |
| Net (Decrease) in Cash and Cash Equivalents | | 148,573 |
| Cash and Cash Equivalents - Beginning of Year | | 11,716,814 |
| **Cash and Cash Equivalents - End of Year** | $ | 11,865,387 |
| **Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities** | | |
| Operating Loss | $ | (4,707,067) |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | |
| Depreciation | | 3,888,000 |
| Decrease (Increase) in Deferred Outfows and Pension Assets | | 2,603,523 |
| Decrease (Increase) in Tenant Receivables | | 483 |
| Decrease (Increase) in HUD Receivables | | 412,792 |
| Decrease (Increase) in Other Assets/Receivables | | 30,979 |
| Decrease (Increase) in Inventory | | (62,240) |
| Decrease (Increase) in Prepaid Expenses | | (151,408) |
| Increase (Decrease) in Wages and Benefits Payable | | (34,355) |
| Increase (Decrease) in Security Deposits | | (1,917) |
| Increase (Decrease) in Accounts Payable | | (333,673) |
| Increase (Decrease) in Compensated Absences | | 99,163 |
| Increase (Decrease) in Accrued Liabilities | | 25,207 |
| Increase (Decrease) in Unearned Revenue | | 5,439 |
| Increase (Decrease) in Net Pension Liability | | (3,425,808) |
| Increase (Decrease) in Net Pension Deferred Inflows | | 2,334,024 |
| Increase (Decrease) in Other Liabilities | | (43,672) |
| **Net Cash Provided by Operating Activities** | $ | 639,470 |

See accompanying notes to the financial statements.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Description of the Entity and Programs

The Dayton Metropolitan Housing Authority (the "Authority") is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the Low-Rent Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to contract with local housing authorities in financing the acquisition, construction, and/or leasing of housing units, to make housing assistance payments, and to make annual contributions (subsidies) to the local housing authorities for the purposes of maintaining the low-rent character of the local housing program. Under an administrative form of contract, HUD has conveyed certain federally built housing units to the Authority for low-rent operations.

***Reporting Entity*** **–** The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standard Board (GASB) Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 61), in that the financial statements include all divisions and operations for which the Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's government board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or to impose specific financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Authority itself is included in the financial reporting entity.

A summary of the significant programs administered by the Authority is provided below:

<u>Public and Indian Housing</u> - Under the Conventional Public Housing Program, the Authority rents units it owns to low-income households. This Program is operated under an Annual Contribution Contract (ACC) with HUD. Beginning in fiscal year 2008, the Authority adopted the HUD-directed Asset Management Project (AMP) structure for its public housing operations. Under Asset Management, public housing units were organized into AMPs. Each AMP is treated as a separate entity with the AMPs paying a fee to the Central Office Cost Center (COCC) for various centralized services. As in previous years, the HUD-provided operating subsidy allows the AMPs to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

Under Asset Management, the operating subsidy is transferred in proportional shares to the individual AMPs as monthly subsidy revenue. Along with rent collection revenue, the AMPs administer their properties in a fashion similar to rental properties operated in the private sector. The AMP managers utilize program management, planning, bookkeeping, and other centralized services provided by the Authority's Central Office. The AMPs pay a monthly fee based on the number of units assigned and/or occupied for these services.

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

A. **Description of the Entity and Programs** (Continued)

Public Housing Capital Fund Program (CFP) - The Public Housing Capital Fund Program also is the primary funding source for physical and management improvements to the Authority's properties. CFP funding is based on a formula allocation that takes into consideration the size and age of the Authority's housing stock.

Section 8 Housing Choice Voucher Program - Under the Section 8 Housing Choice Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn contracts with the private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Section 8 New Construction and Substantial Rehabilitation Program - The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specific unit, and when a family moves from the unit, they have no right to continued assistance.

Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation – The objective of the Program is to help eligible low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. Under this project-based cluster program, the rental subsidy is tied to a specified unit, and when a family moves from the unit, they have no right to continued assistance.

Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI) - The HOPE VI Demolition Program supports site acquisition, demolition, and relocation costs for the HOPE VI Revitalization Program. Under this Program, residents of identified neighborhoods are relocated to other Public Housing and Section 8 Voucher units. Vacated public housing units are then demolished in preparation for the development under the HOPE VI Revitalization Program. This Program seeks to rebuild public housing neighborhoods through various financing and construction development agreements. Following the demolition of existing public housing units under the HOPE VI Demolition Grant, the Revitalization Program will seek to rebuild the neighborhood areas using a community anchor facility, new construction, and existing street patterns. While a significant portion of the redevelopment effort will be accomplished with HOPE VI funds, the majority will be completed using a variety of public and private resources.

Resident Opportunity and Supportive Services (ROSS) - The ROSS Program promotes the development of local strategies to coordinate the use of assistance under the Public Housing Program with public and private resources to enable participating families to achieve economic independence and housing self-sufficiency.

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

A. **Description of the Entity and Programs** (Continued)

Family Self-Sufficiency (FSS) – The FSS Program promotes the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher Program and the Public Housing Program with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Business Activities Programs **-** The Business Activities Programs expand the supply of decent and affordable housing by using local non-federal resources to enable home ownership through loan assumption programs and affordable tenant rent units owned by the Authority.

Component Units – The Authority has established three component units to operate and develop mixed financing and/or tax credit housing. Each of the organizations listed below act as an affiliate unit as defined in HUD's PIH Notice 2008-15. The levels of participation and responsibility for each of the component units differs based on the type of development. The Authority's component units include:

Dayton Metro Homes, LLC – The Authority has established Dayton Metro Homes, LLC, dba Premier Asset Management (PAM) as a wholly-owned subsidiary. PAM was established for the purpose of owning an investment as general partner or ownership entity in tax credit and mixed financing projects. Currently, PAM operates 35 low-moderate income housing units in Germantown, Ohio. The assets, liabilities, and results of operations are included as part of the accompanying financial statements.

Windcliff Village II GP, Inc. – Windcliff Village II GP, Inc. was established as a single purpose for-profit corporation to manage the tax credit project Windcliff Village II. The development is operated by Windcliff Village II, LP with Windcliff Village II GP, Inc. as the general partner. The assets, liabilities, and results of operations for Windcliff Village II GP, Inc., are included as part of the accompanying financial statements. The assets, liabilities, and results of operations for Windcliff Village II, LP are not included in the accompanying financial statements, but are reported separately under provisions of the tax credit agreement.

North Star Commons, LLC – North Star Commons, LLC was formed to participate as a special partner in the Dayton View Commons II, LLC development. Under the provisions of the development agreement, North Star Commons, LLC will receive a partnership fee of which half must be held as a deferral until certain development objectives have been met. North Star Commons, LLC does not operate or own property in the Dayton View Commons II, LLC development. North Star Commons, LLC's assets, liabilities, and results of operations are included as part of the accompanying financial statements.

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

B. **Summary of Significant Accounting Policies**

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

***Basis of Accounting*** – The Authority's activities are financed and operated as a single enterprise fund such that the costs and expenses, including depreciation, of providing the services are recovered primarily through user charges. The measurement focus is on the determination of revenues, expenses, financial position, and cash flows as the identification of these items is necessary for appropriate capital maintenance, public policy, management control, and accountability. The Authority's financial transactions are recorded on the accrual basis of accounting where revenues are recognized when earned and expenses are recognized as incurred. Revenues received in advance are deferred and recognized as earned over the period to which they relate.

***Cash and Cash Equivalents*** – During fiscal year 2018, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio) and STAR Plus. Both STAR Ohio investment programs are very liquid investments and are reported as a cash equivalent in the basic financial statements.

For the fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investment instruments with original maturities of three months or less.

***Restricted Cash and Cash Equivalents and Investments*** – Cash and cash equivalents and investments have been classified as restricted on the balance sheet for funds held for public housing residents' security deposits, amounts held in escrow under the HCV and Family Self-Sufficiency (FSS) programs. Funds authorized by HUD for Housing Assistance Payments (HAP) and Housing Development programs are also classified as restricted.

***Investments*** – The provisions of the HUD Regulations restrict investments. Investments are valued at market value.

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

B. **Summary of Significant Accounting Policies** (Continued)

***Receivables/Bad Debts*** – Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year.

***Inventory*** – Inventory consists of supplies and maintenance parts carried at the lower of cost and market using the average cost method, and are expensed as they are consumed.

***Capital Assets*** – Land, structures, and equipment are recorded at historical cost. Donated land, structures, and equipment are recorded at their fair value on the date donated. Depreciation is calculated on a straight-line method using half-year convention over the estimated useful lives. When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss reflected in operations. The Authority capitalizes all assets with a cost of $1,000 or more ($2,000 or more for computer equipment). Software purchases are capitalized if the cost exceeds $5,000. The estimated useful lives are as follows:

| | |
|---|---|
| Equipment and Vehicles | 3-7 years |
| Building and Site Improvements | 15 years |
| Buildings | 40 years |

***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.

Compensated absences are expensed when earned with the amount reported as a fund liability.

***Debt Obligations*** – Debt obligations of the Authority consist of mortgages for a homeownership program, capital projects, and property acquisition.

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

B. **Summary of Significant Accounting Policies** (Continued)

***Net Position*** – Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The amount reported as restricted net position at fiscal year end represents the amounts restricted by HUD for future housing assistance payments and amounts from unspent debt proceeds. When an expense is incurred for purposes which both restricted and unrestricted net position are available, the Authority first applied restricted net position.

***Revenue Recognition*** – Grant revenue is recognized when the earnings process is complete and exchange has taken place, and any restrictions imposed by the terms of the grant have been met. Rent revenue is recognized over the period for which housing has been provided. Investment income is recognized and recorded when earned and is allocated to programs based upon monthly investment balances.

***Operating Revenues and Expenses*** – Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants, and other miscellaneous revenue. Non-operating revenues are HUD capital grants, interest income, and gains on disposal of capital assets. Operating expenses are those that are expended directly for the primary activity of the propriety fund. For the Authority, these expenses are administrative, tenant services, utilities, maintenance and operation, protective services, general expenses, housing assistance payments, depreciation, and amortization. Non-operating expenses include interest expense and losses on disposal of capital assets.

***Capital Contributions*** – Contributions of capital arise from the contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

***Budgetary Accounting*** – The Authority annually prepares its budget as prescribed by HUD. The Authority's budgets are submitted to HUD and, once approved, are adopted by the Board of the Authority.

***Use of Estimates*** – The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

B. **Summary of Significant Accounting Policies** (Continued)

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

***Deferred Outflows/Inflows of Resources*** – In addition to assets, the Statement of Net Position reports 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) 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 plans are explained in Notes 7 and 8.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the Statement of Net Position for pension and OPEB. The deferred inflows of resources related to pension and OPEB are explained in (see 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 PRINCIPLES**

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

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

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

| | |
|---|---|
| Net Position - June 30, 2017 | $ 40,612,714 |
| Adjustments: | |
| Net OPEB Liability | (5,111,782) |
| Deferred Outflow - Payments Subsequent to Measurement Date | 78,977 |
| Restated Net Position - June 30, 2017 | $ 35,579,909 |

Other than employer contributions subsequent to the measurement date, the Authority made no restatement for deferred inflows/outflows of resources, as the information needed to generate these restatements was not available.

## NOTE 3: **DEPOSITS AND INVESTMENTS**

### A. **Deposits**

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

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

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

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

A. **Deposits** (Continued)

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

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

At fiscal year end, the carrying amount of the Authority's deposits totaled $4,292,692, of which $2,600 was held in petty cash. The corresponding bank balances totaled $4,527,917. Based on criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of June 30, 2018, $4,225,145 was exposed to custodial risk as discussed below, while $302,772 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve banks or a member bank of the Federal Reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at the Federal Reserve Bank in the name of the Authority. At June 30, 2018, $4,225,145 was covered by specific collateral.

B. **Investments**

HUD, state statute, and Board resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds, and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

B. **Investments** (Continued)

The Authority's investments at June 30, 2018 were as follows:

| Uncategorized Investments | Fair Value | Weighted Average Maturity | Rating |
|---|---|---|---|
| STAROhio | $ 7,572,695 | 60 days | AAAm* |

* Standard & Poor's

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The Authority's investment policy has no requirements beyond what the Ohio Revised Code requires.

*Credit Risk* – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investments in STAR Ohio are rated AAAm by Standards and Poor's. The Authority's investments in STAR Plus are FDIC insured.

*Concentration of Credit Risk* – The Authority places no limit on the amount the Authority may invest with one issuer.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority has no policy beyond what the Ohio Revised Code requires for custodial credit risk.

A reconciliation of cash, cash equivalents, and investments is as follows:

| | Cash and Cash Equivalents * | Investments |
|---|---|---|
| Per Statement of Net Position | $ 11,865,387 | $ 0 |
| STAR Ohio and STAR Plus | (7,572,695) | 7,572,695 |
| Per GASB Statement No. 3 | $ 4,292,692 | $ 7,572,695 |

* Includes restricted cash and cash equivalents.

Restricted cash consists of the following:

| | |
|---|---|
| Unspent Debt Proceeds | $ 399,827 |
| Security Deposits | 246,309 |
| HCV and Other Section 8 Programs | 672,028 |
| Proceeds from Public Housing Dispositions | 675,100 |
| | $ 1,993,264 |

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

B. **Investments** (Continued)

Restricted equity consists of the following:

| | |
|---|---|
| Unspent Debt Proceeds | $ 399,827 |
| Proceeds from Public Housing Disposition | 675,100 |
| Housing Choice Voucher HAP Funding | 585,843 |
| | $ 1,660,770 |

NOTE 4: **CAPITAL ASSETS**

A summary of changes in the Authority's capital assets for the year ended June 30, 2018 follows:

| | Balance June 30, 2017 | Additions | Deletions | Reclasses | Balance June 30, 2018 |
|---|---|---|---|---|---|
| **Capital Assets Not Being Depreciated** | | | | | |
| Land | $ 9,253,510 | $ 0 | $ (2,348) | $ 0 | $ 9,251,162 |
| Construction in Progress | 904,688 | 3,345,315 | 0 | (4,015,890) | 234,113 |
| **Total Capital Assets Not Being Depreciated** | 10,158,198 | 3,345,315 | (2,348) | (4,015,890) | 9,485,275 |
| **Capital Assets Being Depreciated** | | | | | |
| Buildings and Improvements | 121,686,015 | 25,285 | (29,236) | 4,015,890 | 125,697,954 |
| Equipment and Vehicles | 5,381,399 | 120,537 | (33,653) | 0 | 5,468,283 |
| **Subtotal Capital Assets Being Depreciated** | 127,067,414 | 145,822 | (62,889) | 4,015,890 | 131,166,237 |
| **Total Cost** | 137,225,612 | 3,491,137 | (65,237) | 0 | 140,651,512 |
| **Accumulated Depreciation** | | | | | |
| Buildings and Improvements | (90,964,774) | (3,754,538) | 28,229 | 0 | (94,691,083) |
| Equipment and Vehicles | (4,966,100) | (133,462) | 21,565 | 0 | (5,077,997) |
| **Total Accumulated Depreciation** | (95,930,874) | (3,888,000) | 49,794 | 0 | (99,769,080) |
| **Total Capital Assets, Net** | $ 41,294,738 | $ (396,863) | $ (15,443) | $ 0 | $ 40,882,432 |

During the year, the Authority continued with HUD approved sales and demolition of various projects.

NOTE 5: **LONG-TERM OBLIGATIONS**

Changes in the Authority's long-term obligations during fiscal year 2018 are as follows:

| | Balance June 30, 2017 | Additions | Reductions | Balance June 30, 2018 | Due Within One Year |
|---|---|---|---|---|---|
| Fannie Mae Note | $ 6,957,750 | $ 0 | $ 388,779 | $ 6,568,971 | $ 412,759 |
| County Corp. Note | 152,139 | 0 | 12,507 | 139,632 | 12,505 |
| Net Pension Liablity | 11,891,201 | 1,685,974 | 0 | 13,577,175 | 0 |
| Compensated Absences | 1,057,611 | 183,733 | 84,570 | 1,156,774 | 173,534 |
| **Total Long-Term Obligations** | $ 20,058,701 | $ 1,869,707 | $ 485,856 | $ 21,442,552 | $ 598,798 |

NOTE 5: **LONG-TERM OBLIGATIONS** (Continued)

The Fannie Mae Modernization note matures as follows:

| Year Ended June 30 | Principal Amount | Interest Amount | Total |
|---|---|---|---|
| 2019 | $ 414,823 | $ 382,737 | $ 797,560 |
| 2020 | 440,409 | 357,151 | 797,560 |
| 2021 | 467,572 | 329,988 | 797,560 |
| 2022 | 496,411 | 301,149 | 797,560 |
| 2023 | 527,028 | 270,532 | 797,560 |
| 2024-2028 | 3,164,730 | 823,070 | 3,987,800 |
| 2029-2030 | 1,057,998 | 45,157 | 1,103,155 |
| **Total** | $ 6,568,971 | $ 2,509,784 | $ 9,078,755 |

The County Corp. note matures as follows:

| Year Ended June 30 | Principal Amount | Interest Amount | Total |
|---|---|---|---|
| 2019 | $ 12,505 | $ 0 | $ 12,505 |
| 2020 | 12,505 | 0 | 12,505 |
| 2021 | 12,505 | 0 | 12,505 |
| 2022 | 12,505 | 0 | 12,505 |
| 2023 | 12,505 | 0 | 12,505 |
| 2024-2028 | 62,525 | 0 | 62,525 |
| 2029-2030 | 14,584 | 0 | 14,584 |
| **Total** | $ 139,634 | $ 0 | $ 139,634 |

NOTE 6: **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 maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

The Authority is covered for property damage, general liability, automobile liability, public official's liability, and other crime liabilities through membership in the Ohio Housing Authority Property Casualty, Inc. (OHAPCI) and the Public Entity Risk Consortium (PERC). OHAPCI is an insurance risk sharing and purchasing pool comprised of three Ohio housing authorities. PERC is an Ohio public entity joint self-insurance pool restricted to mid-size public entities including pools (of which OHAPCI is a member).

OHAPCI is a corporation governed by a Board of Trustees, consisting of a representative appointed by each of the member housing authorities. The Board of Trustees elects the officers of the Corporation, with each Trustee having a single vote. The Board is responsible for its own financial matters, and the Corporation maintains its own books of account. Budgeting and financing of OHAPCI is subject to the approval of the Board. The following is a summary of insurance coverage in effect as of June 30, 2018:

NOTE 6: **RISK MANAGEMENT** (Continued)

| Coverage | Limit |
|---|---|
| Real and Personal Property | $ 250,000,000 |
| General Liability | 2,000,000 |
| Automobile | 2,000,000 |
| Public Officials | 2,000,000 |
| Crime | 1,000,000 |
| Pollution | 2,000,000 |
| Boiler and Machinery | 100,000,000 |

As of June 30, 2018, the Pool maintained a reserve in excess of actual and estimated claims relative to the Authority. During the year, settled claims for the Authority did not exceed the coverage provided by OHAPCI.

The Authority also maintains employee bonding and employee major medical, dental, and vision coverage with private carriers.

NOTE 7: **DEFINED BENEFIT PENSION PLAN**

***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 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.

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

***Net Pension Liability*** (Continued)

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the 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 Pension Plan; therefore, the following disclosure focuses on the traditional pension plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

***Plan Description – Ohio Public Employees Retirement System (OPERS)*** (Continued)

| **Group A**<br>Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | **Group B**<br>20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | **Group C**<br>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:**<br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | **Age and Service Requirements:**<br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | **Age and Service Requirements:**<br>Age 62 with 5 years of service credit or Age 57 with 25 years of service credit |
| **Formula:**<br>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:**<br>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:**<br>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:

| | State and Local |
|---|---|
| **2017 - 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. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and 0.0 percent for 2018.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for pension was $934,692 for fiscal year ending June 30, 2018.

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

***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:

| | OPERS Traditional Pension Plan | OPERS Combined Plan | Total |
|---|---|---|---|
| Proportion of the Net Pension Liability/Asset Prior Measurement Date | 0.052365% | 0.039646% | |
| Proportion of the Net Pension Liability/Asset Current Measurement Date | 0.051817% | 0.029073% | |
| Change in Proportionate Share | -0.000548% | -0.010573% | |
| Proportionate Share of the Net Pension Liability/(Asset) | $ 8,129,083 | $ (39,578) | $ 8,089,505 |
| Pension Expense | $ 1,548,256 | $ 832 | $ 1,549,088 |

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

| | OPERS Traditional Pension Plan | OPERS Combined Plan | Total |
|---|---|---|---|
| **Deferred Outflows of Resources** | | | |
| Differences between expected and actual experience | $ 8,302 | $ 0 | $ 8,302 |
| Changes of assumptions | 971,476 | 3,459 | 974,935 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 217,508 | 5,131 | 222,639 |
| Authority contributions subsequent to the measurement date | 479,293 | 8,334 | 487,627 |
| **Total Deferred Outflows of Resources** | $ 1,676,579 | $ 16,924 | $ 1,693,503 |
| **Deferred Inflows of Resources** | | | |
| Net difference between projected and actual earnings on pension plan investments | $ 1,745,205 | $ 6,244 | $ 1,751,449 |
| Differences between expected and actual experience | 160,198 | 11,792 | 171,990 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 57,384 | 4,340 | 61,724 |
| Total Deferred Inflows of Resources | $ 1,962,787 | $ 22,376 | $ 1,985,163 |

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

***Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** (Continued)

$487,627 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 June 30, 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:

| | OPERS Traditional Pension Plan | OPERS Combined Plan | Total |
|---|---|---|---|
| Year Ending June 30: | | | |
| 2019 | $ 900,438 | $ (2,028) | $ 898,410 |
| 2020 | (180,313) | (2,198) | (182,511) |
| 2021 | (768,495) | (3,595) | (772,090) |
| 2022 | (717,131) | (3,447) | (720,578) |
| 2023 | 0 | (1,256) | (1,256) |
| Thereafter | 0 | (1,262) | (1,262) |
| Total | $ (765,501) | $ (13,786) | $ (779,287) |

***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 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:

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

***Actuarial Assumptions – OPERS*** (Continued)

| | |
|---|---|
| Wage Inflation | 3.25 percent |
| Future Salary Increases, including inflation | 3.25 to 10.75 percent including wage inflation |
| COLA or Ad Hoc COLA | Pre 1/7/2013 retirees; 3 percent, simple<br>Post 1/7/2013 retirees; 3 percent, simple<br>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 | 3.25 to 8.25 percent including wage inflation |
| COLA or Ad Hoc COLA | Pre 1/7/2013 retirees; 3 percent, simple<br>Post 1/7/2013 retirees; 3 percent, simple<br>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.

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.

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

***Actuarial Assumptions – OPERS*** (Continued)

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 | 100.00 % | 5.66 % |

***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.

***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:

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

***Actuarial Assumptions – OPERS*** (Continued)

| Authority's proportionate share of the net pension liability/(asset) | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|
| Traditional Pension Plan | $ 14,435,180 | $ 8,129,083 | $ 2,871,698 |
| Combined Plan | $ (21,514) | $ (39,578) | $ (52,041) |

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.

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.

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

***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. 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.

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

***Plan Description – Ohio Public Employees Retirement System (OPERS)*** (Continued)

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

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

***Plan Description – Ohio Public Employees Retirement System (OPERS)*** (Continued)

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 and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and decreased to 0.0 percent for 2018. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts was 4.0 percent for 2017. The Authority's contractually required contribution was $41,051 for fiscal year ending June 30, 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 | 0.050610% |
| Proportion of the Net OPEB Liability: Current Measurement Date | 0.050170% |
| Change in Proportionate Share | -0.000440% |
| Proportionate Share of the Net OPEB Liability | $ 5,448,092 |
| OPEB Expense | $ 450,279 |

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

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

***OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*** (Continued)

| | OPERS Traditional Pension Plan |
|---|---|
| **Deferred Outflows of Resources** | |
| Differences between expected and actual experience | $ 4,244 |
| Changes of assumptions | 396,679 |
| **Total Deferred Outflows of Resources** | $ 400,923 |
| | |
| **Deferred Inflows of Resources** | |
| Net difference between projected and actual earnings on pension plan investments | $ 405,846 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 30,069 |
| **Total Deferred Inflows of Resources** | $ 435,915 |

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 June 30: | |
| 2019 | $ 75,847 |
| 2020 | 75,847 |
| 2021 | (85,226) |
| 2022 | (101,460) |
| Total | $ (34,992) |

***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:

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

***Actuarial Assumptions – OPERS*** (Continued)

| | |
|---|---|
| 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.

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

***Actuarial Assumptions – OPERS*** (Continued)

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:

| 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:

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

***Actuarial Assumptions – OPERS*** (Continued)

| | 1% Decrease (2.85%) | Single Discount Rate (3.85%) | 1% Increase (4.85%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB liability | $ 7,238,026 | $ 5,448,092 | $ 4,000,054 |

***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.

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 actuary's 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 | $ 5,212,663 | $ 5,448,092 | $ 5,691,285 |

NOTE 9: **CONTINGENCIES**

**Litigations and Claims**

In the normal course of operations, the Authority may be subjected to litigation and claims. At June 30, 2018, the Authority is involved in several matters. While the outcome of these matters cannot be presently determined, management believes that the ultimate resolution will not have a material effect on the financial statements.

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**MONTGOMERY COUNTY, OHIO**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**
**LAST FIVE FISCAL YEARS (1)**

| Traditional Plan | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Authority's Proportion of the Net Pension Liability | 0.051817% | 0.052365% | 0.047814% | 0.045155% | 0.045155% |
| Authority's Proportionate Share of the Net Pension Liability | $ 8,129,083 | $ 11,891,201 | $ 8,281,989 | $ 5,446,198 | $ 5,323,186 |
| Authority's Covered-Employee Payroll | $ 6,847,639 | $ 6,769,301 | $ 5,950,984 | $ 5,535,661 | $ 5,889,134 |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll | 118.71% | 175.66% | 139.17% | 98.38% | 90.39% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 84.66% | 77.25% | 81.08% | 86.45% | 86.36% |

| Combined Plan | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Authority's Proportion of the Net Pension Asset | 0.029073% | 0.039646% | 0.035980% | 0.020933% | 0.020933% |
| Authority's Proportionate Share of the Net Pension (Asset) | $ (39,578) | $ (22,066) | $ (17,506) | $ (8,060) | $ (2,196) |
| Authority's Covered-Employee Payroll | $ 119,069 | $ 154,324 | $ 130,934 | $ 76,519 | $ 70,503 |
| Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll | 33.24% | 14.30% | 13.37% | 10.53% | 3.11% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset | 137.28% | 116.55% | 116.90% | 114.83% | 104.33% |

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

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

# DAYTON METROPOLITAN HOUSING AUTHORITY
# MONTGOMERY COUNTY, OHIO
# SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
# OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
# LAST SIX FISCAL YEARS (1)

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|
| Contractually Required Contributions | | | | | | |
| Traditional Plan | $ 918,717 | $ 881,192 | $ 736,730 | $ 688,100 | $ 700,539 | $ 772,257 |
| Combined Plan | 15,975 | 20,089 | 16,210 | 12,866 | 6,493 | 11,297 |
| Total Required Contributions | 934,692 | 901,281 | 752,940 | 700,966 | 707,032 | 783,554 |
| Contributions in Relation to the Contractually Required Contribution | (934,692) | (901,281) | (752,940) | (700,966) | (707,032) | (783,554) |
| Contribution Deficiency / (Excess) | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| Authority's Covered-Employee Payroll | | | | | | |
| Traditional Plan | $ 6,803,710 | $ 7,060,833 | $ 6,139,417 | $ 5,734,167 | $ 5,837,825 | $ 5,940,438 |
| Combined Plan | $ 118,305 | $ 160,970 | $ 135,083 | $ 107,217 | $ 54,108 | $ 86,900 |
| Pension Contributions as a Percentage of Covered-Employee Payroll | | | | | | |
| Traditional Plan | 13.50% | 12.48% | 12.00% | 12.00% | 12.00% | 13.00% |
| Combined Plan | 13.50% | 12.48% | 12.00% | 12.00% | 12.00% | 13.00% |

(1) - Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

See accompanying notes to the required supplementary information

# DAYTON METROPOLITAN HOUSING AUTHORITY
# MONTGOMERY COUNTY, OHIO
# SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
# OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
# LAST TWO FISCAL YEARS (1)

| | 2018 | 2017 |
|---|---|---|
| Authority's Proportion of the Net OPEB Liability | 0.050170% | 0.050610% |
| Authority's Proportionate Share of the Net OPEB Liability | $ 5,448,092 | $ 5,111,782 |
| Authority's Covered Payroll | $ 7,106,737 | $ 6,994,666 |
| Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 76.66% | 73.08% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 54.14% | 54.05% |

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as information becomes available.

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

See accompanying notes to the required supplementary information

# DAYTON METROPOLITAN HOUSING AUTHORITY
# MONTGOMERY COUNTY, OHIO
# SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
# OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
# LAST FOUR FISCAL YEARS (1)

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Contractually Required Contribution | $ 41,051 | $ 112,879 | $ 126,958 | $ 118,019 |
| Contributions in Relation to the Contractually Required Contribution | (41,051) | (112,879) | (126,958) | (118,019) |
| Contribution Deficiency (Excess) | $ 0 | $ 0 | $ 0 | $ 0 |
| Authority Covered Payroll | $ 7,165,990 | $ 7,236,270 | $ 6,353,000 | $ 5,936,159 |
| Contributions as a Percentage of Covered Payroll | 0.57% | 1.56% | 2.00% | 1.99% |

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as information becomes available.

See accompanying notes to the required supplementary information

***OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)***

**Net Pension Liability**

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

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016 and 2018. For fiscal year 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.

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**MONTGOMERY COUNTY, OHIO**
**STATEMENT OF MODERNIZATION COSTS - COMPLETED**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

1. Actual Modernization Costs of the Project are as follows:

| | OH10P00501-13 |
|---|---|
| Fund Approved | $ 3,353,126 |
| Funds Expended | 3,353,126 |
| Excess (Deficiency) of Funds Approved | $ 0 |
| | |
| Funds Advanced | $ 3,553,126 |
| Funds Expended | 3,553,126 |
| Excess (Deficiency) of Funds Advanced | $ 0 |

| | OH10R005502-10 |
|---|---|
| Fund Approved | $ 882,159 |
| Funds Expended | 882,159 |
| Excess (Deficiency) of Funds Approved | $ 0 |
| | |
| Funds Advanced | $ 882,159 |
| Funds Expended | 882,159 |
| Excess (Deficiency) of Funds Advanced | $ 0 |

2. All modernization work in connection with the Project has been completed.

3. All modernization costs have been paid and all related liabilities have been discharged through payment.

# DAYTON METROPOLITAN HOUSING AUTHORITY
# SUPPLEMENTAL FINANCIAL SCHEDULE
# ENTITY WIDE BALANCE SHEET SUMMARY
# JUNE 30, 2018

| GREAT DAYTON PREMIER MANAGEMENT (OH005) | Project Total | 14.895 Jobs-Plus Pilot Initiative | 14.896 PIH Family Self-Sufficiency Program | 14.892 Choice Neighborhoods Planning Grants | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 6.2 Component Unit - Blended | 14.866 Revitalization of Severely Distressed Public Housing | 14.182 N/C S/R Section 8 Programs | 2 State/Local | 1 Business Activities | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 111 Cash - Unrestricted | 4,210,575 | - | - | 2,513 | - | 209,501 | 230,981 | - | 3,795 | 1,424,184 | 1,978,213 | 1,812,362 | 9,872,124 | - | 9,872,124 |
| 112 Cash - Restricted - Modernization and Development | 399,827 | - | - | - | - | - | - | - | - | - | - | - | 399,827 | - | 399,827 |
| 113 Cash - Other Restricted | 675,103 | - | - | - | - | 627,304 | - | - | 8,620 | - | - | - | 1,311,027 | - | 1,311,027 |
| 114 Cash - Tenant Security Deposits | 241,859 | - | - | - | - | - | 4,000 | - | - | - | 450 | - | 246,309 | - | 246,309 |
| 115 Cash - Restricted for Payment of Current Liabilities | - | - | - | - | - | 36,101 | - | - | - | - | - | - | 36,101 | - | 36,101 |
| **100 Total Cash** | 5,527,364 | - | - | 2,513 | - | 872,906 | 234,981 | - | 12,415 | 1,424,184 | 1,978,663 | 1,812,362 | 11,865,388 | - | 11,865,388 |
| | | | | | | | | | | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | 327,959 | 59,512 | - | 23,827 | 35,522 | - | - | - | - | - | - | - | 446,820 | - | 446,820 |
| 125 Accounts Receivable - Miscellaneous | 235,842 | - | - | - | - | 1,430 | 41,214 | - | - | - | 1,164 | 1,633 | 281,283 | - | 281,283 |
| 126 Accounts Receivable - Tenants | 99,859 | - | - | - | - | - | 3,161 | - | - | - | - | - | 103,020 | - | 103,020 |
| 126.1 Allowance for Doubtful Accounts -Tenants | -84,783 | - | - | - | - | - | -2,687 | - | - | - | - | - | -87,470 | - | -87,470 |
| 128 Fraud Recovery | - | - | - | - | - | 30,949 | - | - | - | - | - | - | 30,949 | - | 30,949 |
| 128.1 Allowance for Doubtful Accounts - Fraud | - | - | - | - | - | -10,905 | - | - | - | - | - | - | -10,905 | - | -10,905 |
| **120 Total Receivables, Net of Allowances for Doubtful Accounts** | 578,877 | 59,512 | - | 23,827 | 35,522 | 21,474 | 41,688 | - | - | - | 1,164 | 1,633 | 763,697 | - | 763,697 |
| | | | | | | | | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | 333,800 | - | - | - | - | 21,049 | 3,996 | - | - | - | - | 57,084 | 415,929 | - | 415,929 |
| 143 Inventories | 674,092 | - | - | - | - | - | 6,322 | - | - | - | - | - | 680,414 | - | 680,414 |
| 143.1 Allowance for Obsolete Inventories | -20,223 | - | - | - | - | - | -190 | - | - | - | - | - | -20,413 | - | -20,413 |
| 144 Inter Program Due From | - | - | - | - | - | - | - | - | - | - | - | 32,368 | 32,368 | -32,368 | - |
| **150 Total Current Assets** | 7,093,910 | 59,512 | - | 26,340 | 35,522 | 915,429 | 286,797 | - | 12,415 | 1,424,184 | 1,979,827 | 1,903,447 | 13,737,383 | -32,368 | 13,705,015 |
| | | | | | | | | | | | | | | | |
| 161 Land | 7,835,356 | - | - | - | - | - | 64,000 | 827,588 | - | 462,087 | 5,292 | 56,839 | 9,251,162 | - | 9,251,162 |
| 162 Buildings | 118,228,650 | - | - | - | - | - | 1,787,550 | 2,168,842 | - | 3,341,472 | 168,926 | 2,514 | 125,697,954 | - | 125,697,954 |
| 163 Furniture, Equipment & Machinery - Dwellings | 508,344 | - | - | - | - | - | - | - | - | - | - | 14,069 | 522,413 | - | 522,413 |
| 164 Furniture, Equipment & Machinery - Administration | 3,223,559 | - | - | - | - | 277,859 | 42,323 | - | - | 103,319 | - | 1,298,810 | 4,945,870 | - | 4,945,870 |
| 166 Accumulated Depreciation | -93,160,638 | - | - | - | - | -230,686 | -862,349 | -1,470,880 | - | -2,700,726 | -81,155 | -1,262,646 | -99,769,080 | - | -99,769,080 |
| 167 Construction in Progress | 212,938 | - | - | - | - | - | - | - | - | 21,175 | - | - | 234,113 | - | 234,113 |
| **160 Total Capital Assets, Net of Accumulated Depreciation** | 36,848,209 | - | - | - | - | 47,173 | 1,031,524 | 1,525,550 | - | 1,227,327 | 93,063 | 109,586 | 40,882,432 | - | 40,882,432 |
| | | | | | | | | | | | | | | | |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | 3,542,696 | - | - | - | - | - | - | - | - | - | - | - | 3,542,696 | - | 3,542,696 |
| 174 Other Assets | 19,313 | - | - | - | - | 5,252 | 659 | - | - | - | - | 14,355 | 39,579 | - | 39,579 |
| **180 Total Non-Current Assets** | 40,410,218 | - | - | - | - | 52,425 | 1,032,183 | 1,525,550 | - | 1,227,327 | 93,063 | 123,941 | 44,464,707 | - | 44,464,707 |
| | | | | | | | | | | | | | | | |
| 200 Deferred Outflow of Resources | 1,021,980 | - | - | - | - | 277,909 | 34,892 | - | - | - | - | 759,645 | 2,094,426 | - | 2,094,426 |
| | | | | | | | | | | | | | | | |
| **290 Total Assets and Deferred Outflow of Resources** | 48,526,108 | 59,512 | - | 26,340 | 35,522 | 1,245,763 | 1,353,872 | 1,525,550 | 12,415 | 2,651,511 | 2,072,890 | 2,787,033 | 60,296,516 | -32,368 | 60,264,148 |
| | | | | | | | | | | | | | | | |
| 312 Accounts Payable <= 90 Days | 391,811 | 1 | - | 1 | 2 | 3,420 | 11,931 | - | - | - | - | 24,588 | 431,754 | - | 431,754 |
| 321 Accrued Wage/Payroll Taxes Payable | 231,118 | 4,358 | - | 1,616 | 4,154 | 62,695 | 1,630 | - | 306 | 1,272 | - | 172,291 | 479,440 | - | 479,440 |
| 322 Accrued Compensated Absences - Current Portion | 78,791 | - | - | - | - | 22,471 | 918 | - | - | 1,049 | - | 70,285 | 173,514 | - | 173,514 |
| 325 Accrued Interest Payable | - | - | - | - | - | - | 20 | - | - | - | - | - | 20 | - | 20 |
| 341 Tenant Security Deposits | 241,859 | - | - | - | - | - | 4,000 | - | - | - | 450 | - | 246,309 | - | 246,309 |
| 342 Unearned Revenue | 4,901 | 18,900 | - | - | - | - | - | - | - | - | - | - | 23,801 | - | 23,801 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | 412,759 | - | - | - | - | - | 12,505 | - | - | - | - | - | 425,264 | - | 425,264 |
| 345 Other Current Liabilities | 455,820 | 14 | - | 33 | - | 36,101 | 98,665 | - | - | - | - | 150,894 | 741,527 | - | 741,527 |
| 346 Accrued Liabilities - Other | 7 | - | - | - | - | - | - | - | - | - | - | - | 7 | - | 7 |
| 347 Inter Program - Due To | - | 1,002 | - | - | 31,366 | - | - | - | - | - | - | - | 32,368 | -32,368 | - |
| **310 Total Current Liabilities** | 1,817,066 | 24,275 | - | 1,650 | 35,522 | 124,687 | 129,669 | - | 306 | 2,321 | 450 | 418,058 | 2,554,004 | -32,368 | 2,521,636 |
| | | | | | | | | | | | | | | | |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | 6,156,209 | - | - | - | - | - | 127,130 | - | - | - | - | - | 6,283,339 | - | 6,283,339 |
| 353 Non-current Liabilities - Other | 27,380 | - | - | - | - | 86,182 | 124 | - | - | - | - | - | 113,686 | - | 113,686 |
| 354 Accrued Compensated Absences - Non Current | 446,475 | - | - | - | - | 127,337 | 5,205 | - | - | 5,944 | - | 398,279 | 983,240 | - | 983,240 |
| 357 Accrued Pension and OPEB Liabilities | 6,624,981 | - | - | - | - | 1,801,557 | 226,195 | - | - | - | - | 4,924,442 | 13,577,175 | - | 13,577,175 |
| **350 Total Non-Current Liabilities** | 13,255,045 | - | - | - | - | 2,015,076 | 358,654 | - | - | 5,944 | - | 5,322,721 | 20,957,440 | - | 20,957,440 |
| | | | | | | | | | | | | | | | |
| **300 Total Liabilities** | 15,072,111 | 24,275 | - | 1,650 | 35,522 | 2,139,763 | 488,323 | - | 306 | 8,265 | 450 | 5,740,779 | 23,511,444 | -32,368 | 23,479,076 |
| | | | | | | | | | | | | | | | |
| 400 Deferred Inflow of Resources | 1,181,366 | - | - | - | - | 321,253 | 40,333 | - | - | - | - | 878,126 | 2,421,078 | - | 2,421,078 |
| | | | | | | | | | | | | | | | |
| 508.4 Net Investment in Capital Assets | 30,279,241 | - | - | - | - | 47,173 | 891,889 | 1,525,550 | - | 1,227,327 | 93,063 | 109,586 | 34,173,829 | - | 34,173,829 |
| 511.4 Restricted Net Position | 1,074,930 | - | - | - | - | 577,223 | - | - | 8,620 | - | - | - | 1,660,773 | - | 1,660,773 |
| 512.4 Unrestricted Net Position | 918,460 | 35,237 | - | 24,690 | - | -1,839,649 | -66,673 | - | 3,489 | 1,415,919 | 1,979,377 | -3,941,458 | -1,470,608 | - | -1,470,608 |

# DAYTON METROPOLITAN HOUSING AUTHORITY
# SUPPLEMENTAL FINANCIAL SCHEDULE
# ENTITY WIDE BALANCE SHEET SUMMARY
# JUNE 30, 2018

| GREAT DAYTON PREMIER MANAGEMENT (OH005) | Project Total | 14.895 Jobs-Plus Pilot Initiative | 14.896 PIH Family Self-Sufficiency Program | 14.892 Choice Neighborhoods Planning Grants | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 6.2 Component Unit - Blended | 14.866 Revitalization of Severely Distressed Public Housing | 14.182 N/C S/R Section 8 Programs | 2 State/Local | 1 Business Activities | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **513 Total Equity - Net Assets / Position** | 32,272,631 | 35,237 | - | 24,690 | - | -1,215,253 | 825,216 | 1,525,550 | 12,109 | 2,643,246 | 2,072,440 | -3,831,872 | 34,363,994 | - | 34,363,994 |
| | | | | | | | | | | | | | | | |
| **600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net** | 48,526,108 | 59,512 | - | 26,340 | 35,522 | 1,245,763 | 1,353,872 | 1,525,550 | 12,415 | 2,651,511 | 2,072,890 | 2,787,033 | 60,296,516 | -32,368 | 60,264,148 |

# DAYTON METROPOLITAN HOUSING AUTHORITY
# SUPPLEMENTAL FINANCIAL SCHEDULE
# ENTITY WIDE REVENUE AND EXPENSE SUMMARY
# FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| GREAT DAYTON PREMIER MANAGEMENT (OH005) | Project Total | 14.895 Jobs-Plus Pilot Initiative | 14.896 PIH Family Self-Sufficiency Program | 14.892 Choice Neighborhoods Planning Grants | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 6.2 Component Unit - Blended | 14.866 Revitalization of Severely Distressed Public Housing | 14.182 N/C S/R Section 8 Programs | 2 State/Local | 1 Business Activities | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 70300 Net Tenant Rental Revenue | 4,683,172 | - | - | - | - | - | 101,660 | - | - | - | 5,700 | - | 4,790,532 | - | 4,790,532 |
| 70400 Tenant Revenue - Other | 11,242 | - | - | - | - | - | - | - | - | - | - | - | 11,242 | - | 11,242 |
| **70500 Total Tenant Revenue** | 4,694,414 | - | - | - | - | - | 101,660 | - | - | - | 5,700 | - | 4,801,774 | - | 4,801,774 |
| | | | | | | | | | | | | | | | |
| 70600 HUD PHA Operating Grants | 13,033,337 | 326,174 | 83,211 | 223,205 | 188,055 | 22,953,729 | 82,783 | - | 499,053 | - | - | - | 37,389,547 | - | 37,389,547 |
| 70610 Capital Grants | 3,718,072 | - | - | - | - | - | - | - | - | - | - | - | 3,718,072 | - | 3,718,072 |
| 70710 Management Fee | - | - | - | - | - | - | - | - | - | - | - | 2,495,246 | 2,495,246 | -2,495,246 | - |
| 70720 Asset Management Fee | - | - | - | - | - | - | - | - | - | - | - | 266,233 | 266,233 | -266,233 | - |
| 70730 Book Keeping Fee | - | - | - | - | - | - | - | - | - | - | - | 235,688 | 235,688 | -235,688 | - |
| **70700 Total Fee Revenue** | - | - | - | - | - | - | - | - | - | - | - | 2,997,167 | 2,997,167 | -2,997,167 | - |
| | | | | | | | | | | | | | | | |
| 71100 Investment Income - Unrestricted | 45,694 | - | - | 2 | - | 166 | 21 | - | 26 | 18,948 | 22,638 | 21,819 | 109,314 | - | 109,314 |
| 71400 Fraud Recovery | - | - | - | - | - | 67,398 | - | - | - | - | - | - | 67,398 | - | 67,398 |
| 71500 Other Revenue | 452,463 | 35,250 | - | - | - | 50,239 | 16,434 | - | 369 | 2,423 | 138,374 | 166,831 | 862,383 | - | 862,383 |
| 71600 Gain or Loss on Sale of Capital Assets | 25,032 | - | - | - | - | 1,777 | - | - | - | - | - | - | 26,809 | - | 26,809 |
| **70000 Total Revenue** | 21,969,012 | 361,424 | 83,211 | 223,207 | 188,055 | 23,073,309 | 200,898 | - | 499,448 | 21,371 | 166,712 | 3,185,817 | 49,972,464 | -2,997,167 | 46,975,297 |
| | | | | | | | | | | | | | | | |
| 91100 Administrative Salaries | 1,462,077 | 55,702 | - | 9,573 | - | 867,269 | 9,563 | - | 30,976 | 40,369 | - | 2,035,481 | 4,511,010 | - | 4,511,010 |
| 91200 Auditing Fees | 20,384 | - | - | - | - | 6,753 | 909 | - | 260 | - | - | 7,261 | 35,567 | - | 35,567 |
| 91300 Management Fee | 2,075,174 | - | - | - | - | 376,265 | 23,599 | - | 18,372 | - | 1,836 | - | 2,495,246 | -2,495,246 | - |
| 91310 Book-keeping Fee | 221,235 | - | - | - | - | - | 2,880 | - | 11,483 | - | 90 | - | 235,688 | -235,688 | - |
| 91500 Employee Benefit contributions - Administrative | 751,136 | 18,461 | - | 2,647 | - | 480,780 | 12,574 | - | 10,291 | 8,184 | - | 1,120,781 | 2,404,854 | - | 2,404,854 |
| 91600 Office Expenses | 168,718 | - | - | - | - | 125,286 | - | - | 88 | - | - | 107,438 | 401,530 | - | 401,530 |
| 91700 Legal Expense | 69,458 | - | - | - | - | 319 | - | - | - | - | - | 8,957 | 78,734 | - | 78,734 |
| 91900 Other | 759,636 | 52,117 | - | 194,136 | - | 96,510 | 8,795 | - | 7,586 | 21,066 | 1,800 | 175,310 | 1,316,956 | - | 1,316,956 |
| **91000 Total Operating - Administrative** | 5,527,818 | 126,280 | - | 206,356 | - | 1,953,182 | 58,320 | - | 79,056 | 69,619 | 3,726 | 3,455,228 | 11,479,585 | -2,730,934 | 8,748,651 |
| | | | | | | | | | | | | | | | |
| 92000 Asset Management Fee | 263,233 | - | - | - | - | - | 3,000 | - | - | - | - | - | 266,233 | -266,233 | - |
| 92100 Tenant Services - Salaries | 20,540 | 20,121 | 63,876 | 13,195 | 137,371 | 2,674 | 305 | - | 84 | - | - | - | 258,166 | - | 258,166 |
| 92300 Employee Benefit Contributions - Tenant Services | 9,974 | 11,068 | 17,701 | 1,942 | 45,905 | - | 165 | - | - | - | - | - | 86,755 | - | 86,755 |
| 92400 Tenant Services - Other | 5,539 | - | - | - | - | 1,543 | - | - | - | - | - | 700 | 7,782 | - | 7,782 |
| **92500 Total Tenant Services** | 36,053 | 31,189 | 81,577 | 15,137 | 183,276 | 4,217 | 470 | - | 84 | - | - | 700 | 352,703 | - | 352,703 |
| | | | | | | | | | | | | | | | |
| 93100 Water | 378,576 | - | - | - | - | - | 5,885 | - | - | - | - | 1,370 | 385,831 | - | 385,831 |
| 93200 Electricity | 1,058,321 | - | - | - | - | 75 | 3,138 | - | - | - | - | 40,177 | 1,101,711 | - | 1,101,711 |
| 93300 Gas | 401,390 | - | - | - | - | - | 1,999 | - | - | - | - | 892 | 404,281 | - | 404,281 |
| 93600 Sewer | 327,901 | - | - | - | - | - | 9,950 | - | - | - | - | 1,053 | 338,904 | - | 338,904 |
| **93000 Total Utilities** | 2,166,188 | - | - | - | - | 75 | 20,972 | - | - | - | - | 43,492 | 2,230,727 | - | 2,230,727 |
| | | | | | | | | | | | | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | 2,252,857 | - | - | - | - | - | 17,876 | - | - | - | - | 101,525 | 2,372,258 | - | 2,372,258 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | 861,353 | - | - | - | - | 6,224 | 8,784 | - | 215 | - | - | 22,955 | 899,531 | - | 899,531 |
| 94300 Ordinary Maintenance and Operations Contracts | 3,210,515 | 166,368 | - | - | - | 87,506 | 48,134 | - | 877 | - | 1,648 | 259,238 | 3,774,286 | - | 3,774,286 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | 1,225,059 | - | - | - | - | - | 18,439 | - | - | - | - | 40,907 | 1,284,405 | - | 1,284,405 |
| **94000 Total Maintenance** | 7,549,784 | 166,368 | - | - | - | 93,730 | 93,233 | - | 1,092 | - | 1,648 | 424,625 | 8,330,480 | - | 8,330,480 |
| | | | | | | | | | | | | | | | |
| 95100 Protective Services - Labor | 53,440 | - | - | - | - | - | 715 | - | - | - | - | - | 54,155 | - | 54,155 |
| 95200 Protective Services - Other Contract Costs | 378,661 | - | - | - | - | - | 1,193 | - | - | - | - | 9,121 | 388,975 | - | 388,975 |
| 95300 Protective Services - Other | 973 | - | - | - | - | - | - | - | - | - | - | - | 973 | - | 973 |
| 95500 Employee Benefit Contributions - Protective Services | 31,222 | - | - | - | - | - | 1,202 | - | - | - | - | - | 32,424 | - | 32,424 |
| **95000 Total Protective Services** | 464,296 | - | - | - | - | - | 3,110 | - | - | - | - | 9,121 | 476,527 | - | 476,527 |
| | | | | | | | | | | | | | | | |
| 96110 Property Insurance | 832,573 | - | - | - | - | 36,507 | 10,909 | - | 1,356 | - | 454 | 29,780 | 911,579 | - | 911,579 |
| 96130 Workmen's Compensation | 100,973 | 2,350 | 26 | 24 | 4,779 | 22,067 | 692 | - | 1,030 | 1,103 | - | 56,643 | 189,687 | - | 189,687 |
| 96140 All Other Insurance | 1,332 | - | 1,608 | - | - | 1,779 | - | - | 45 | - | - | 19 | 4,783 | - | 4,783 |
| **96100 Total insurance Premiums** | 934,878 | 2,350 | 1,634 | 24 | 4,779 | 60,353 | 11,601 | - | 2,431 | 1,103 | 454 | 86,442 | 1,106,049 | - | 1,106,049 |
| | | | | | | | | | | | | | | | |
| 96200 Other General Expenses | 206,427 | - | - | - | - | 41,876 | 83 | - | - | - | - | 97 | 248,483 | - | 248,483 |
| 96210 Compensated Absences | 13,364 | - | - | - | - | - | 493 | - | - | 6,993 | - | 120,917 | 141,767 | - | 141,767 |
| 96300 Payments in Lieu of Taxes | 132,121 | - | - | - | - | - | 1,131 | - | - | - | 5,377 | 6,947 | 145,576 | - | 145,576 |
| 96400 Bad debt - Tenant Rents | 219,059 | - | - | - | - | 15,320 | 2,584 | - | - | - | 21 | - | 236,984 | - | 236,984 |
| 96800 Severance Expense | 13,590 | - | - | - | - | 3,885 | 13 | - | 1,020 | - | - | 21,909 | 40,417 | - | 40,417 |
| **96000 Total Other General Expenses** | 584,561 | - | - | - | - | 61,081 | 4,304 | - | 1,020 | 6,993 | 5,398 | 149,870 | 813,227 | - | 813,227 |
| | | | | | | | | | | | | | | | |
| 96710 Interest of Mortgage (or Bonds) Payable | 408,780 | - | - | - | - | - | - | - | - | - | - | - | 408,780 | - | 408,780 |

# DAYTON METROPOLITAN HOUSING AUTHORITY
# SUPPLEMENTAL FINANCIAL SCHEDULE
# ENTITY WIDE REVENUE AND EXPENSE SUMMARY
# FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| GREAT DAYTON PREMIER MANAGEMENT (OH005) | Project Total | 14.895 Jobs-Plus Pilot Initiative | 14.896 PIH Family Self-Sufficiency Program | 14.892 Choice Neighborhoods Planning Grants | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 6.2 Component Unit - Blended | 14.866 Revitalization of Severely Distressed Public Housing | 14.182 N/C S/R Section 8 Programs | 2 State/Local | 1 Business Activities | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **96700 Total Interest Expense and Amortization Cost** | 408,780 | - | - | - | - | - | - | - | - | - | - | - | 408,780 | - | 408,780 |
| | | | | | | | | | | | | | | | |
| **96900 Total Operating Expenses** | 17,935,591 | 326,187 | 83,211 | 221,517 | 188,055 | 2,172,638 | 195,010 | - | 83,683 | 77,715 | 11,226 | 4,169,478 | 25,464,311 | -2,997,167 | 22,467,144 |
| | | | | | | | | | | | | | | | |
| **97000 Excess of Operating Revenue over Operating Expenses** | 4,033,421 | 35,237 | - | 1,690 | - | 20,900,671 | 5,888 | - | 415,765 | -56,344 | 155,486 | -983,661 | 24,508,153 | - | 24,508,153 |
| | | | | | | | | | | | | | | | |
| 97200 Casualty Losses - Non-capitalized | -50,734 | - | - | - | - | - | 5,000 | - | - | - | - | - | -45,734 | - | -45,734 |
| 97300 Housing Assistance Payments | - | - | - | - | - | 21,488,778 | - | - | 393,023 | - | - | - | 21,881,801 | - | 21,881,801 |
| 97400 Depreciation Expense | 3,526,662 | - | - | - | - | 11,080 | 101,050 | 125,694 | - | 108,890 | 3,649 | 10,975 | 3,888,000 | - | 3,888,000 |
| **90000 Total Expenses** | 21,411,519 | 326,187 | 83,211 | 221,517 | 188,055 | 23,672,496 | 301,060 | 125,694 | 476,706 | 186,605 | 14,875 | 4,180,453 | 51,188,378 | -2,997,167 | 48,191,211 |
| | | | | | | | | | | | | | | | |
| 10010 Operating Transfer In | 552,601 | - | - | - | - | - | - | - | - | - | - | - | 552,601 | -552,601 | - |
| 10020 Operating transfer Out | -552,601 | - | - | - | - | - | - | - | - | - | - | - | -552,601 | 552,601 | - |
| 10091 Inter Project Excess Cash Transfer In | 161,091 | - | - | - | - | - | - | - | - | - | - | - | 161,091 | -161,091 | - |
| 10092 Inter Project Excess Cash Transfer Out | -161,091 | - | - | - | - | - | - | - | - | - | - | - | -161,091 | 161,091 | - |
| **10100 Total Other financing Sources (Uses)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | | | |
| **10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses** | 557,493 | 35,237 | - | 1,690 | - | -599,187 | -100,162 | -125,694 | 22,742 | -165,234 | 151,837 | -994,636 | -1,215,914 | - | -1,215,914 |
| | | | | | | | | | | | | | | | |
| 11020 Required Annual Debt Principal Payments | 388,777 | - | - | - | - | - | 139,635 | - | - | - | - | - | 528,412 | - | 528,412 |
| 11030 Beginning Equity | 34,170,896 | - | - | 23,000 | - | -125,391 | 1,009,224 | 1,651,244 | 166,496 | 2,808,480 | 1,920,603 | -1,011,838 | 40,612,714 | - | 40,612,714 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | -2,455,758 | - | - | - | - | -490,675 | -83,846 | - | -177,129 | - | - | -1,825,398 | -5,032,806 | - | -5,032,806 |
| 11170 Administrative Fee Equity | - | - | - | - | - | -1,792,476 | - | - | - | - | - | - | -1,792,476 | - | -1,792,476 |
| 11180 Housing Assistance Payments Equity | - | - | - | - | - | 577,223 | - | - | - | - | - | - | 577,223 | - | 577,223 |
| 11190 Unit Months Available | 31,719 | - | - | - | - | 49,932 | 300 | - | 1,152 | - | 12 | - | 83,115 | - | 83,115 |
| 11210 Number of Unit Months Leased | 29,957 | - | - | - | - | 45,276 | 288 | - | 581 | - | 12 | - | 76,114 | - | 76,114 |

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**MONTGOMERY COUNTY, OHIO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| **Federal Grantor** / *Pass-Through Grantor/* / Program/Title | **Federal CFDA Number** | **Federal Expenditures** |
|---|---|---|
| **U.S. Department of Housing and Urban Development** | | |
| *Direct Programs* | | |
| Section 8 Project Based Cluster: | | |
| Section 8 New Construction and Substantial Rehabilitation Programs: | | |
| Section 8 New Construction and Substantial Rehabilitation | 14.182 | $ 499,053 |
| Total Section 8 Project Based Cluster | | 499,053 |
| Public and Indian Housing | 14.850 | 9,908,788 |
| Resident Opportunities and Self-Sufficiency - Service Coordinators | 14.870 | 188,055 |
| Housing Voucher Cluster: | | |
| Section 8 Housing Choice Vouchers | 14.871 | 22,953,729 |
| Total Housing Voucher Cluster | | 22,953,729 |
| Public Housing Capital Fund | 14.872 | 6,925,404 |
| Choice Neighborhoods Planning Grants | 14.892 | 223,205 |
| JOBS-Plus Pilot Initiative | 14.895 | 326,174 |
| Family Self-Sufficiency Program | 14.896 | 83,211 |
| ***Total Direct Programs*** | | 41,107,619 |
| **Total U.S. Department of Housing and Urban Development** | | 41,107,619 |
| **TOTAL EXPENDITURES OF FEDERAL AWARDS** | | $ 41,107,619 |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

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

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Dayton Metropolitan Housing Authority under programs of the federal government for the year ended June 30, 2018. 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 Dayton Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Dayton Metropolitan Housing Authority.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3: **INDIRECT COST RATE**

The Dayton Metropolitan Housing Authority elected not to use the de minimus rate of 10 percent for indirect rate allowed under the Uniform Guidance.

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# REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the Board
Dayton Metropolitan Housing Authority
Dayton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We 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 Dayton Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 2, 2019, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

## *Internal Control Over Financial Reporting*

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

January 2, 2019

**JAMES G. ZUPKA, C.P.A., INC.**
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## REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board
Dayton Metropolitan Housing Authority
Dayton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

***Report on Compliance for Each Major Federal Program***

We have audited the Dayton Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our 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 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). Those standards and the Uniform Guidance require that we 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 we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the Dayton 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 program for the year ended June 30, 2018.

***Report on Internal Control over Compliance***

Management of the 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 our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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, we 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.

Our 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

January 2, 2019

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**MONTGOMERY COUNTY, OHIO**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**JUNE 30, 2018**

**1. SUMMARY OF AUDITOR'S RESULTS**

| | | |
|---|---|---|
| 2018(i) | Type of Financial Statement Opinion | Unmodified |
| 2018(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| 2018(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| 2018(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| 2018(iv) | Were there any material internal control weaknesses reported for major federal programs? | No |
| 2018(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| 2018(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| 2018(vi) | Are there any reportable findings under 2 CFR 200.516(a)? | No |
| 2018(vii) | Major Programs (list):<br>Housing Voucher Cluster<br>Section 8 Housing Choice Vouchers - CFDA #14.871 | |
| 2018(viii) | Dollar Threshold: Type A\B Programs | $1,233,229<br>Type B: All Others |
| 2018(ix) | Low Risk Auditee? | Yes |

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**DAYTON METROPOLITAN HOUSING AUTHORITY**
**MONTGOMERY COUNTY, OHIO**
**SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The prior audit report, as of June 30, 2017, included no citations, no instances of noncompliance, or no management letter recommendations.

OHIO AUDITOR OF STATE
KEITH FABER

**DAYTON METROPOLITAN HOUSING AUTHORITY**

**MONTGOMERY 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**
**MARCH 19, 2019**

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