MIAMI METROPOLITAN HOUSING AUTHORITY

Financial Statements

For the Year Ended December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Commissioners
Miami Metropolitan Housing Authority
1695 Troy Sidney Road
Troy, Ohio 45373

We have reviewed the *Independent Auditor's Report* of the Miami Metropolitan Housing Authority, Miami County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 11, 2019

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MIAMI METROPOLITAN HOUSING AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Miami Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Miami Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Miami Metropolitan Housing Authority as of December 31, 2018, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 2 to the 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 Pension". I did not modify my opinion regarding 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Miami Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying financial data schedule (FDS) and the PHA's Statement of Certification of Actual Modernization are not required part of the basic financial statements. The Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 18, 2019, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
July 18, 2019

Unaudited

It is a privilege to present for you the financial picture of Miami Metropolitan Housing Authority for the fiscal year that ended December 31, 2018. The Miami Metropolitan Housing Authority's (the "Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The Authority's programs for the single enterprise fund are: Conventional Public-Housing, Capital Fund Program (CFP), and the Housing Choice Voucher Program (HCV).

- Total revenues increased by $96,423 (or 1.7%) during 2018, and were $5,709,387 and $5,612,964 for 2018 and 2017, respectively.

- Total expenses increased by $55,934 (or 1 %). Total expenses were $5,967,605 and $5,911,671 for 2018 and 2017, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of these financial statements:

MD&A ~ Management's Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Change in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information ~

The clearly preferable focus is on the Authority as a single enterprise fund. This format allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise fund for the Authority.

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

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

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

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

Unrestricted: This component of Net Position consists of assets that do not meet the definition of "Net Investment in Capital Assets", or "Restricted". This account resembles the old operating reserves account.

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

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

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

The Authority's programs that are consolidated into a single enterprise fund are as follows:

Project (Conventional Public Housing and Capital Fund Program) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidies to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

Business Activities – Represents the rental of office space to be used for future capital improvements on the building.

New GASB 75 Reporting

The net pension liability (NPL) is the largest single liability reported by the Authority at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net pension and subtracting deferred outflows related to pension and OPEB.

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

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

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

2. Minus plan assets available to pay these benefits

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

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

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

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

As a result of implementing GASB 75, the Authority is reporting net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017 from $2,636,050 to $2,108,239. Please see note 2 of the financial statements for further detailed explanation for the restatement of net position.

FINANCIAL ANALYSIS OF THE AUTHORITY

The following table compares the condensed Statement of Net Position for the current and previous fiscal year.

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

	2018	2017 Restated
Assets and Deferred Outflows		
Current and Other Assets	$521,949	$505,921
Current and Other Assets - Restricted	171,123	53,169
Capital Assets	2,650,583	2,926,110
Other Noncurrent Assets	13,422	0
Deferred Outflow of Resources	237,486	493,414
Total Assets and Deferred Outflows of Resources	$3,594,563	$3,978,614
Liabilities and Deferred Inflows		
Current Liabilities	$155,623	$145,090
Non-Current Liabilities	1,291,450	1,652,614
Deferred Inflows of Resources	297,469	72,671
Total Liabilities and Deferred Inflows of Resources	$1,744,542	$1,870,375
Net Position		
Net Investment in Capital Assets	$2,650,583	$2,926,110
Restricted - HAP	120,384	5,038
Unrestricted	(920,946)	(822,909)
Total Net Position	$1,850,021	$2,108,239

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

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Restricted equity increased mainly due to the Housing Choice Voucher program's excess HAP funding that was received in 2018 and not spent. Net investment in capital assets declined primarily due to net change of depreciation expense and current year CFP additions to Buildings. The reduction in unrestricted net position was primarily due to *GASB Statement No. 68* and *GASB Statement No. 75 pension* reporting.

The following table compares the revenues and expenses for the current and previous fiscal year.

Table 2 - Statement of Revenue, Expenses & Changes in Net Position

	2018	2017 Restated
Revenues		
Tenant Revenue - Rents and Other	$645,562	$633,661
Operating Subsidies and Grants	4,984,668	4,676,467
Capital Grants	34,723	237,761
Investment Income/Other Revenues	44,434	65,075
Total Revenues	5,709,387	5,612,964
Expenses		
Administration	696,901	742,303
Tenant services	3,578	3,561
Utilities	284,471	264,121
Maintenance	322,178	391,688
Insurance	32,410	32,978
General	93,548	87,346
Housing Assistance Payments	4,179,980	4,048,457
Depreciation	354,539	341,217
Total Expenses	5,967,605	5,911,671
Change in Net Position	(258,218)	(298,707)
Beginning Net Position	2,108,239	2,934,757
Restatement of Net Position - See Note 2	0	(527,811)
Ending Net Position	**$1,850,021**	**$2,108,239**

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

The major factor increasing the overall revenue was additional Operating funding for the Housing Choice Voucher Program. There was a decrease in other revenues. Tenant revenues increased slightly.

Overall expenses increased due to the rise in housing assistance payments and utilities. However, during 2018 there was a decrease in spending on administration and maintenance.

CAPITAL ASSETS

As of December 31, 2018, the Authority had $2,650,583 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions, and depreciation) of $275,527 from the end of last fiscal year.

TABLE 3 - CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

		2018	2017
Land and Land Rights		$357,350	$357,350
Buildings		11,527,147	11,482,858
Equipment - Dwellings		93,341	93,341
Equipment - Administrative		9,549	9,549
Construction in progress		34,723	0
Accumulated Depreciation		(9,371,527)	(9,016,988)
	TOTAL	$2,650,583	$2,926,110

The following reconciliation summarizes the change in Capital Assets.

TABLE 4 - CHANGE IN CAPITAL ASSETS

Beginning Balance - Net	$ 2,926,110
Current Year Purchases	79,012
Depreciation Expense	(354,539)
Ending Balance - Net	$ 2,650,583

DEBT

At December 31, 2018, the Authority had no debt.

ECONOMIC FACTORS

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

IN CONCLUSION

Miami Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on its consistent and sound financial condition of the Authority.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Keith Gunderkline, Executive Director of the Miami Metropolitan Housing Authority at (937) 339-2111.

MIAMI METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
December 31, 2018

ASSETS	
Current assets	
Cash and Cash Equivalents	$433,210
Restricted Cash and Cash Equivalents	171,123
Receivables, Net	5,891
Inventories, Net	34,906
Prepaid Expenses and Other Assets	47,942
Total Current Assets	**693,072**
Noncurrent Assets	
Capital Assets:	
Non-Depreciable Capital Assets	392,073
Depreciable Capital Assets	2,258,510
Total Capital Assets	***2,650,583***
Other Noncurrent Assets:	
Pension Assets	13,422
Total Other Noncurrent Assets	***13,422***
Total Noncurrent Assets	***2,664,005***
Total Assets	***3,357,077***
Deferred Outflows of Resources	
Pension	*194,675*
OPEB	*42,811*
Total Deferred Outflows of Resources	**237,486**
Total Assets and Deferred Outflows of Resources	**$3,594,563**
LIABILITIES	
Current Liabilities	
Accounts Payable	$22,792
Accrued Wages/Payroll Taxes	13,085
Accrued Compensated Leave Current	29,409
Intergovernmental Payables	39,270
Tenant Security Deposits	50,739
Unearned Revnue	221
Other current liabilities	107
Total Current Liabilities	***$155,623***

See accompanying notes to the basic financial statements.

MIAMI METROPOLITAN HOUSING AUTHORITY
Statement of Net Position - Continued
December 31, 2018

Noncurrent liabilities	
Accrued Pension Liabilty	$735,456
Accrued OPEB Liability	555,994
Total Noncurrent Liabilities	***1,291,450***
Total Liabilities	**$1,447,073**
Deferred Inflows of Resources	
Pension	$243,376
OPEB	54,093
Total Deferred Inflows of Resources	**297,469**
NET POSITION	
Investment in Capital Assets	2,650,583
Restricted	120,384
Unrestricted	(920,946)
Total Net Position	**1,850,021**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$3,594,563**

See accompanying notes to the basic financial statements.

MIAMI METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended December 31, 2018

OPERATING REVENUES	
Tenant Revenue	$645,562
Government Operating Grants	4,984,668
Other Revenues	43,255
Total Operating Revenues	**5,673,485**
OPERATING EXPENSES	
Administrative	696,901
Tenant Services	3,578
Utilities	284,471
Maintenance	322,178
Insurance	32,410
General	93,548
Housing Assistance Payments	4,179,980
Depreciation	354,539
Total Operating Expenses	***5,967,605***
Operating Income (Loss)	**(294,120)**
NON-OPERATING REVENUES	
Interest and Investment Revenue	1,179
Total Non-Operating Revenues	***1,179***
Income (Loss) Before Contributions and Transfers	(292,941)
Capital Grants	34,723
Change in Net Position	(258,218)
Total Net Position, Beginning of Year - Restated	2,108,239
Total Net Position - End of Year	**$1,850,021**

See accompanying notes to the basic financial statements

MIAMI METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Federal Operating Grants	$4,993,160
Cash Received from Tenants	634,022
Cash Received from Other Revenue	41,627
Cash Payments for General and Administrative expenses	(1,310,909)
Cash Payments for Housing Assistance	(4,179,980)
Net Cash Provided (Used) by Operating Activities	**177,920**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	1,179
Net Cash Provided (Used) by Investing Activities	**1,179**
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital Grants	34,723
Property and Equipment Purchased	(79,012)
Net Cash Provided (Used) by Capital and Related Activities	**(44,289)**
Net Increase (Decrease) in Cash	134,810
Cash and cash equivalents - Beginning of year	469,523
Cash and cash equivalents - End of Year	**$604,333**

See accompanying notes to the basic financial statements.

MIAMI METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows (Continued)
Proprietary Fund
For the Year Ended December 31, 2018

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	($294,120)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	354,539
- (Increases) Decreases in Accounts Receivable	7,534
- (Increases) Decreases in Prepaid Assets	(3,016)
- Increases (Decreases) in Inventory	(3,690)
- Increases (Decreases) in Pension Asset	(13,422)
- (Increases) Decreases in Deferred Outflows	255,928
- Increases (Decreases) in Accounts Payable	9,945
- Increases (Decreases) in Accounts Payable - Intergovernmental	(360)
- Increases (Decreases) in Accrued Wages/Payroll Taxes	789
- Increases (Decreases) in Compensated Absence Payable	(2,667)
- Increases (Decreases) in Tenant Security Deposits	2,608
- Increases (Decreases) in Pension Liability	(380,123)
- Increases (Decreases) in OPEB Liability	18,959
- Increases (Decreases) in Deferred Inflows	224,798
- Increases (Decreases) in Unearned Revenue	221
- Increases (Decreases) in Other Liabilities	(3)
Net Cash Provided by Operating Activities	**$177,920**

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies
The financial statements of the Miami Metropolitan Housing Authority (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. The more significant of the Authority's accounting policies are described below.

Reporting Entity
The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

Oversight of the Miami Metropolitan Housing Authority is provided by a five (5) member board called the Board of Commissioners representing one (1) appointee of the Common Pleas Court, one (1) appointee of the County commissioners, one (1) appointee of the Probate Court and two (2) appointees of the largest municipality of the county, including one (1) appointee resident member nominated by the Resident Advisory Council.

The accompanying Basic Financial Statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *the Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34;* in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

Basis of Presentation

The Authority's basic financial statements consist of a statement of net position, a statement of revenues, expenses and change in net position, and a statement of cash flows.

Fund Accounting

The Authority uses the enterprise fund to report on its financial position and results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The enterprise fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Measurement Focus

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

Enterprise Fund

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

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

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

Project (Conventional Public Housing and Capital Fund Program) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidies to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvements. Funds are allocated by a formula allocation and based on the size and age of the Authority's units.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

Business Activities – Represents the rental of office space to be used for future capital improvements on the building as well as a Payroll Cost Pool.

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).
- Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.

- Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net position, equity, or fund balance as restricted.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received, whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

Cash and Cash Equivalents

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

Prepaid expenses

Payments made to vendors for services that will benefit periods beyond the year end, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority's capitalization policy is $1,000. The following are the useful lives used for depreciation purposes:

Buildings	40
Building improvements	15
Furniture – dwelling	5
Furniture – non-dwelling	5
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	7
Computer hardware	5
Computer software	5
Leasehold improvements	15

Accrued Liabilities

All payables and accrued liabilities are reported in the basic financial statements.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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. Net position is recorded as restricted when there are limitations imposed on their use either by internal or external restrictions.

Compensated Absences

The liability for Compensated Absences balances are accounted for by The Authority in accordance with GASB Statement No. 16.

Sick Leave – Regular employees accrue sick leave at the rate of one and one-fourth days per month. Accrual is unlimited and not a claim against the Agency, except an employee will be paid upon disability or service retirement equal to 25% of the value of their accumulated sick leave with a 30 day maximum liability.

Annual Leave – Regular employees accrue annual leave at the rate of one through five years of service equals ten days of earned vacation a year; six through ten years of service equals fifteen days of earned vacation a year; eleven years of service and over equals twenty-one days of earned vacation a year. Annual leave may be carried over for up to one year.

The following is a summary of changes in compensated absences for the year ended December 31, 2018:

	Balance 12/31/17	Increases	Decreases	Balance 12/31/18	Due Within
Compensated Absences Payable	$ 32,076	$ 37,619	$ 40,286	$29,409	$29,409

Operating/Non-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 from HUD and other miscellaneous revenue. Nonoperating revenues are HUD capital grants and interest income. HUD capital grants are the amounts received by the Authority for capital improvements and administration of the Public Housing program.

Operating expenses are those expenses that are generated from the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debt, and housing assistance payments.

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

Budgetary Accounting
The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

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

Tenant Receivables – net of allowance
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. The allowance for doubtful accounts was $613 at December 31, 2018.

Inventories
Inventories are comprised of maintenance materials and supplies and are stated at cost. The allowance for obsolete inventory was $3,879 at December 31, 2018.

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 statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

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 plans are explained in Notes 6 and 7.

Pensions/Other Post-employment 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.

2. CHANGE IN ACCOUNTING PRINCIPLE

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

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

GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

Net Position December 31, 2017	$2,636,050
Adjustments:	
- Net OPEB Liability	(537,035)
- Deferred Outflow	9,224
Restated Net Position December 31, 2017	$2,108,239

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.

3. DEPOSITS AND INVESTMENTS

Deposits

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

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

2. 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.

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

Protection of 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.

The carrying amount of the Authority's deposits was $604,333 at December 31, 2018. The corresponding bank balances were $639,973. Based on the criteria described in GASB Statement No. 40, *"Deposits and Investment Risk Disclosure,"* at December 31, 2018, $250,000 was covered by federal depository insurance, while $389,973 was exposed to custodial risk.

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

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer.

At December 31, 2018, the Authority did not have any investments.

4. RESTRICTED CASH

Restricted cash balance at December 31, 2018 of $171,123 represents cash on hand for the following:

	Balance 12/31/18
Tenant Security Deposits	$ 50,739
Cash on hand for Housing assistance payments	120,384
Total Restricted Cash	$ 171,123

5. CAPITAL ASSETS

The following is a summary of capital assets:

	Balance 12/31/2017	Additions	Deletions/ Transfers	Balance 12/31/2018
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	$ 357,350	$ -	$ -	$ 357,350
Construction in Progress	$ -	$ 34,723	$ -	$ 34,723
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	$ 357,350	$ 34,723	$ -	$ 392,073
CAPITAL ASSETS BEING DEPRECIATED				
Building and Improvements	$ 11,482,858	$ 44,289	$ -	$ 11,527,147
Furniture and equipment	102,890	-	-	102,890
Totals at Historical Costs	11,585,748	44,289	-	11,630,037
Less: Accumulated Depreciation	(9,016,988)	(354,539)	-	(9,371,527)
TOTAL CAPITAL ASSETS, BEING DEPRECIATED, NET	$ 2,568,760	$ (310,250)	$ -	$ 2,258,510
TOTAL CAPITAL ASSETS, NET	$ 2,926,110	$ (275,527)	$ -	$ 2,650,583
Accumulated Depreciation by Class:				
Buildings				$ 9,285,995
Furniture and Equipment				85,532
TOTAL ACCUMULATED DEPRECIATION				$ 9,371,527

6. 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.

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

Total Employer Contribution:	
Traditional and Combined Plans	
Basic Benefits	14%
Health Care (OPEB)	0%
Member Directed Plan	
Pension	10%
Post-employment Health Care Benefits	4%
Total Employer	14%
Employee Contribution	10%

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.

However, for employers with employees in the Member-Directed Plan, the percentage allocated to health care in 2018 did not change, this remained at 4.0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contributions to OPERS for fiscal year 2018 was $101,470 for the Traditional, Combined and Member Direct Plans. The full amount was contributed during the fiscal year.

Pension Liabilities, 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:

	Traditional Pension Plan	Combined Pension Plan	Member-Directed Pension Plan
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.004937%	0.009851%	0.011206%
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.004688%	0.009551%	0.012033%
Change in Proportionate Share	-0.000249%	-0.000300%	0.000827%
Proportionate Share of the Net Pension Liability/(Asset)	$ 735,456	$ (13,002)	$ (420)

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

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	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OPERS Member-Directed Pension Plan	Total
Deferred Outflows of Resources				
Changes of assumptions	$ 87,892	$ 1,136	$ 50	$ 89,078
Differences between expected and actual experience	751	-	817	1,568
Changes in proportion and differences between Authority contributions and proportionate share of contributions	4,202	253	-	4,455
Authority contributions subsequent to the measurement date	89,248	5,587	4,739	99,574
Total Deferred Outflows of Resources	$ 182,093	$ 6,976	$ 5,606	$ 194,675
Deferred Inflows of Resources				
Net difference between projected and actual earnings on pension plan investments	$ 157,893	$ 2,051	$ 118	$ 160,062
Differences between expected and actual experience	14,494	3,873	-	18,367
Changes in proportion and differences between Authority contributions and proportionate share of contributions	58,830	3,514	2,603	64,947
Total Deferred Inflows of Resources	$ 231,217	$ 9,438	$ 2,721	$ 243,376

$99,574 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OPERS Member-Directed Pension Plan
Year Ending December 31:			
2019	$ 26,567	$ (1,160)	$ (191)
2020	(30,528)	(1,219)	(192)
2021	(69,528)	(1,675)	(208)
2022	(64,883)	(1,629)	(207)
2023	-	(908)	(170)
Thereafter	-	(1,458)	(886)
Total	$ (138,372)	$ (8,049)	$ (1,854)

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:

Actuarial Information	Traditional	Combined	Member-Directed Plan
Valuation Date	December 31, 2017	December 31, 2017	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age	Individual entry age
Actuarial Assumptions:			
Investment Rate of Return	7.50%	7.50%	7.50%
Wage Inflation	3.25%	3.25%	3.25%
Projected Salary	Increases 3.25% - 10.75% (includes wage inflation at 3.25%)	Increases 3.25% - 8.25% (includes wage inflation at 3.25%)	Increases 3.25% - 8.25% (includes wage inflation at 3.25%)
Cost-of-living Adjustments	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

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.

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

Authority's proportionate share of the net pension liability (asset)	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Traditional Plan	$ 1,305,983	$ 735,456	$ 259,809
Combined Plan	(7,068)	(13,002)	(17,096)
Member-Directed Plan	(241)	(420)	(602)
Total	$ 1,298,675	$ 722,034	$ 242,111

Changes between Measurement Date and Report Date

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

7. POST-EMPLOYMENT BENEFITS

Net OPEB Liability

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

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

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

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

OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

Total Employer Contribution:	
Traditional and Combined Plans	
Basic Benefits	14%
Health Care (OPEB)	0%
Member Directed Plan	
Pension	10%
Post-employment Health Care Benefits	4%
Total Employer	14%
Employee Contribution	10%

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 $1,896 for fiscal year ending December 31, 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	0.005317%
Proportion of the Net OPEB Liability Current Measurement Date	0.005120%
Change in Proportionate Share	-0.000197%
Proportionate Share of the Net OPEB Liability	$ 555,994
OPEB Expense	$ 39,465

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

	OPERS
Deferred Outflows of Resources	
Changes of assumptions	$40,482
Differences between expected and actual experience	433
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-
City contributions subsequent to the measurement date	1,896
Total Deferred Outflows of Resources	$42,811
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$41,418
Changes in proportion and differences between Authority contributions and proportionate share of contributions	12,675
Total Deferred Inflows of Resources	$54,093

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

		OPERS
Year Ending December 31:		
	2019	$3,149
	2020	3,149
	2021	(9,120)
	2022	(10,356)
Total		(13,178)

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:

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

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

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

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

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

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

Discount Rate

A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.85 percent) or one percentage point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	$ 738,662	$ 555,994	$ 408,218

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 actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 531,968	$ 555,994	$ 580,813

8. CONTINGENCIES

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2018.

9. COMMITMENTS

The authority has, under its normal operations, entered into commitments for the purchase of maintenance, cleaning, and other services. Such commitments are monthly and annually.

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft to, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the Authority was insured through the State Housing Authority Risk Pool Association, Inc. (SHARP), a public entity risk pool operating a common risk management and insurance program for its housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through commercial insurance companies.

The Authority carried commercial insurance for risk of loss for employee health and accident insurance. There has been no significant reduction in coverage from last year. Settled claims have not exceeded this coverage in any of the last three years.

11. PAYMENT IN LIEU OF TAXES

The Authority has cooperation agreements with certain municipalities under which it makes payment in lieu of real estate taxes for various public services. Expense recognized for payment in lieu of taxes for the year ended December 31, 2018 totaled $39,270.

12. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2018, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and change in net asset and other data to HUD as required on the accrual basis of accounting. The audited version of the entity wide balance sheet summary and entity wide revenue and expense summary are included as supplemental data. The schedules are presented in the manner prescribed by U. S. Department of Housing and Urban Development.

13. RELATED PARTY TRANSACTION

The Miami Metropolitan Housing Authority has an “Employer of Record” contract with Miami County Community Action Council. This contract provides staffing services in which a contract is signed to provide services as determined by the Housing Authority. The Community Action Council has a separate audit of its financial records under the same guidelines as Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* <u>(Uniform Guidance)</u>.

14. ECONOMIC DEPENDENCY

Both the Low Rent Public Housing Program and the Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD.

15. NOTE TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Authority's federal award programs. The schedule has been prepared on the accrual basis of accounting.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 18, 2019, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

MIAMI METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
DIRECT PROGRAMS		
PHA Owned Housing:		
Public and Indian Housing	14.850	$ 122,119
Public Housing Capital Fund	14.872	34,723
Housing Assistance Payments:		
Section 8 Housing Choice Voucher	14.871	4,862,549
Total FEDERAL AWARDS		**$ 5,019,391**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE B – SUBRECIPIENTS

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

NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

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

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

MIAMI METROPOLITAN HOUSING AUTHORITY

Ceritfication of Actual Modernization Costs

Fiscal Year Ending December 31, 2018

	CFP 501-15	CFP 501-16
Funds approved	$127,599	$129,687
Funds expended	127,599	129,687
Excess of (deficiency) of funds approved	$ -	$ -
Funds advanced	$127,599	$129,687
Funds expended	127,599	129,687
Excess of (deficiency) of funds advanced	$ -	$ -

1. All modernization work in connection with the Capital Fund Program has been completed.

2. The entire Actual Modernization cost or liabilities incurred by the Authority have been fully paid.

3. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid aginst such modernization work.

MIAMI METROPOLITAN HOUSING AUTHORITY

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/(Asset) - Traditional	0.004688%	0.004937%	0.005678%	0.004994%	0.004994%
Authority's Proportionate Share of the Net Pension Liability - Traditional	$ 735,456	$ 1,121,109	$ 983,501	$ 602,310	$ 588,705
Authority's Covered-Employee Payroll	$ 637,487	$ 619,538	$ 638,223	$ 706,685	$ 612,243
Authority's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	115.37%	180.96%	154.10%	85.23%	96.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Traditional	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability/(Asset) - Combined	0.009551%	0.009851%	0.009164%	0.026125%	0.026125%
Authority's Proportionate Share of the Net Pension Asset - Combined	$ (13,002)	$ (5,483)	$ (4,459)	$ (10,059)	$ (2,741)
Authority's Covered-Employee Payroll	$ 39,907	$ 39,114	$ 38,343	$ 33,343	$ 91,986
Authority's Proportionate Share of the Net Pension Asset as a percentage of its Covered Employee Payroll	32.58%	14.02%	11.63%	30.17%	2.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Combined	137.28%	116.55%	116.90%	114.83%	104.56%

Member-Directed Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability/(Asset) - Member Direct	0.012033%	0.011206%	0.011947%	0.000000%	0.000000%
Authority's Proportionate Share of the Net Pension Asset - Member Direct	$ (420)	$ (47)	$ (46)	$ -	$ -
Authority's Covered-Employee Payroll	$ 47,393	$ 65,950	$ 58,172	$ 57,036	$ 56,629
Authority's Proportionate Share of the Net Pension Asset as a percentage of its Covered Employee Payroll	0.89%	0.07%	0.08%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Member-Directed	124.46%	103.40%	103.91%	0.00%	0.00%

(1) Information prior to 2014 is not available

MIAMI METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS (1)

	2018	2017	2016	2015	2014
Contractually Required Contributions					
Traditional Plan	$ 89,248	$ 86,735	$ 89,351	$ 98,936	$ 85,714
Combined Plan	5,587	5,476	5,368	4,668	12,878
Member-Direct Plan	6,635	9,233	8,144	7,985	7,928
Total Required Contributions	$ 101,470	$ 101,444	$ 102,863	$ 111,589	$ 106,520
Contributions In Relation to the Contractually Required Contributions	(101,470)	(101,444)	(102,863)	(111,589)	(106,520)
Contribution Deficiency / (Excess)	$ -	$ -	$ -	$ -	$ -
Authority's Covered-Employee Payroll					
Traditional, Combined, and Member-Directed Plans Total Required Contributions	$ 724,787	$ 724,602	$ 734,738	$ 797,064	$ 760,858
Contributions as a Percentage of Covered-Employee	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Information prior to 2014 is not available

MIAMI METRPOLITAN HOUSING AUTHORITY

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 Pension Liability/(Asset) - Traditional	**0.005120%**	**0.005317%**
Authority's Proportionate Share of the Net OBEB Liability	**$ 555,994**	**$ 537,035**
Authority's Covered-Employee Payroll	**$ 637,487**	**$ 619,538**
Authority's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	**87.22%**	**86.68%**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Traditional	**84.66%**	**77.25%**

(1) Information prior to 2017 is not available

MIAMI METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS (1)

	2018	2017	2016	2015	2014
Contractually Required Contributiopn	$ 1,896	$ 9,224	$ 15,858	$ 14,801	$ 15,533
Contributions In Relation to the Contractually Required Contributions	(1,896)	(9,224)	(15,858)	(14,801)	(15,533)
Contribution Deficiency / (Excess)	$ -	$ -	$ -	$ -	$ -
<u>Authority's Covered-Employee Payroll</u>					
Traditional, Combined, and Member-Directed Plans Total Required Contributions	$ 724,787	$ 724,602	$ 734,738	$ 797,064	$ 760,858
Contributions as a Percentage of Covered-Employee	0.26%	1.00%	2.00%	2.00%	2.00%

(1) Information prior to 2014 is not available

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 2014-2018.

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

Net OPEB Liability

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

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

MIAMI METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	$127,200	$45,896	$260,114	$433,210	$0	$433,210
113 Cash - Other Restricted	$0	$0	$120,384	$120,384	$0	$120,384
114 Cash - Tenant Security Deposits	$50,739	$0	$0	$50,739	$0	$50,739
100 Total Cash	$177,939	$45,896	$380,498	$604,333	$0	$604,333
125 Accounts Receivable - Miscellaneous	$0	$3,442	$0	$3,442	$0	$3,442
126 Accounts Receivable - Tenants	$3,062	$0	$0	$3,062	$0	$3,062
126.1 Allowance for Doubtful Accounts -Tenants	-$613	$0	$0	-$613	$0	-$613
120 Total Receivables, Net of Allowances for Doubtful Accounts	$2,449	$3,442	$0	$5,891	$0	$5,891
142 Prepaid Expenses and Other Assets	$18,263	$26,460	$3,219	$47,942	$0	$47,942
143 Inventories	$38,785	$0	$0	$38,785	$0	$38,785
143.1 Allowance for Obsolete Inventories	-$3,879	$0	$0	-$3,879	$0	-$3,879
150 Total Current Assets	$233,557	$75,798	$383,717	$693,072	$0	$693,072
161 Land	$357,350	$0	$0	$357,350	$0	$357,350
162 Buildings	$11,527,147	$0	$0	$11,527,147	$0	$11,527,147
163 Furniture, Equipment & Machinery - Dwellings	$9,549	$0	$0	$9,549	$0	$9,549
164 Furniture, Equipment & Machinery - Administration	$93,341	$0	$0	$93,341	$0	$93,341
166 Accumulated Depreciation	-$9,371,527	$0	$0	-$9,371,527	$0	-$9,371,527
167 Construction in Progress	$34,723	$0	$0	$34,723	$0	$34,723
160 Total Capital Assets, Net of Accumulated Depreciation	$2,650,583	$0	$0	$2,650,583	$0	$2,650,583
174 Other Assets	$5,906	$0	$7,516	$13,422	$0	$13,422
180 Total Non-Current Assets	$2,656,489	$0	$7,516	$2,664,005	$0	$2,664,005
200 Deferred Outflow of Resources	$104,493	$0	$132,993	$237,486	$0	$237,486

MIAMI METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
290 Total Assets and Deferred Outflow of Resources	$2,994,539	$75,798	$524,226	$3,594,563	$0	$3,594,563
312 Accounts Payable <= 90 Days	$16,486	$4,105	$2,201	$22,792	$0	$22,792
321 Accrued Wage/Payroll Taxes Payable	$5,136	$0	$7,949	$13,085	$0	$13,085
322 Accrued Compensated Absences - Current Portion	$12,741	$0	$16,668	$29,409	$0	$29,409
333 Accounts Payable - Other Government	$39,270	$0	$0	$39,270	$0	$39,270
341 Tenant Security Deposits	$50,739	$0	$0	$50,739	$0	$50,739
342 Unearned Revenue	$221	$0	$0	$221	$0	$221
345 Other Current Liabilities	$0	$107	$0	$107	$0	$107
310 Total Current Liabilities	$124,593	$4,212	$26,818	$155,623	$0	$155,623
357 Accrued Pension and OPEB Liabilities	$568,238	$0	$723,212	$1,291,450	$0	$1,291,450
350 Total Non-Current Liabilities	$568,238	$0	$723,212	$1,291,450	$0	$1,291,450
300 Total Liabilities	$692,831	$4,212	$750,030	$1,447,073	$0	$1,447,073
400 Deferred Inflow of Resources	$130,887	$0	$166,582	$297,469	$0	$297,469
508.4 Net Investment in Capital Assets	$2,650,583	$0	$0	$2,650,583	$0	$2,650,583
511.4 Restricted Net Position	$0	$0	$120,384	$120,384	$0	$120,384
512.4 Unrestricted Net Position	-$479,762	$71,586	-$512,770	-$920,946	$0	-$920,946
513 Total Equity - Net Assets / Position	$2,170,821	$71,586	-$392,386	$1,850,021	$0	$1,850,021
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$2,994,539	$75,798	$524,226	$3,594,563	$0	$3,594,563
70300 Net Tenant Rental Revenue	$633,821	$0	$0	$633,821	$0	$633,821
70400 Tenant Revenue - Other	$11,741	$0	$0	$11,741	$0	$11,741

MIAMI METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70500 Total Tenant Revenue	$645,562	$0	$0	$645,562	$0	$645,562
70600 HUD PHA Operating Grants	$122,119	$0	$4,862,549	$4,984,668	$0	$4,984,668
70610 Capital Grants	$34,723	$0	$0	$34,723	$0	$34,723
71100 Investment Income - Unrestricted	$194	$0	$985	$1,179	$0	$1,179
71500 Other Revenue	$7,694	$112,076	$6	$119,776	($76,521)	$43,255
70000 Total Revenue	$810,292	$112,076	$4,863,540	$5,785,908	($76,521)	$5,709,387
91100 Administrative Salaries	$105,815	$0	$263,255	$369,070	$0	$369,070
91200 Auditing Fees	$812	$0	$6,241	$7,053	$0	$7,053
91500 Employee Benefit contributions - Administrative	$71,293	$0	$171,015	$242,308	$0	$242,308
91600 Office Expenses	$52,232	$0	$75,753	$127,985	($76,521)	$51,464
91700 Legal Expense	$1,530	$0	$0	$1,530	$0	$1,530
91800 Travel	$3,050	$0	$1,326	$4,376	$0	$4,376
91900 Other	$3,040	$0	$18,060	$21,100	$0	$21,100
91000 Total Operating - Administrative	$237,772	$0	$535,650	$773,422	($76,521)	$696,901
92400 Tenant Services - Other	$3,578	$0	$0	$3,578	$0	$3,578
92500 Total Tenant Services	$3,578	$0	$0	$3,578	$0	$3,578
93100 Water	$37,896	$1,957	$0	$39,853	$0	$39,853
93200 Electricity	$161,201	$14,967	$0	$176,168	$0	$176,168
93300 Gas	$30,572	$10,013	$0	$40,585	$0	$40,585
93600 Sewer	$26,172	$1,693	$0	$27,865	$0	$27,865
93000 Total Utilities	$255,841	$28,630	$0	$284,471	$0	$284,471
94100 Ordinary Maintenance and Operations - Labor	$76,285	$857	$0	$77,142	$0	$77,142
94200 Ordinary Maintenance and Operations - Materials and Other	$52,462	$5,233	$0	$57,695	$0	$57,695

MIAMI METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts	$76,399	$57,141	$0	$133,540	$0	$133,540
94500 Employee Benefit Contributions - Ordinary Maintenance	$53,464	$337	$0	$53,801	$0	$53,801
94000 Total Maintenance	$258,610	$63,568	$0	$322,178	$0	$322,178
96110 Property Insurance	$13,665	$5,825	$0	$19,490	$0	$19,490
96120 Liability Insurance	$6,559	$2,796	$1,156	$10,511	$0	$10,511
96140 All Other Insurance	$0	$0	$2,409	$2,409	$0	$2,409
96100 Total insurance Premiums	$20,224	$8,621	$3,565	$32,410	$0	$32,410
96200 Other General Expenses	$0	$0	$1,620	$1,620	$0	$1,620
96210 Compensated Absences	$15,071	$0	$22,548	$37,619	$0	$37,619
96300 Payments in Lieu of Taxes	$39,270	$0	$0	$39,270	$0	$39,270
96400 Bad debt - Tenant Rents	$15,039	$0	$0	$15,039	$0	$15,039
96000 Total Other General Expenses	$69,380	$0	$24,168	$93,548	$0	$93,548
96900 Total Operating Expenses	$845,405	$100,819	$563,383	$1,509,607	($76,521)	$1,433,086
97000 Excess of Operating Revenue over Operating Expenses	($35,113)	$11,257	$4,300,157	$4,276,301	$0	$4,276,301
97300 Housing Assistance Payments	$0	$0	$4,179,980	$4,179,980	$0	$4,179,980
97400 Depreciation Expense	$354,539	$0	$0	$354,539	$0	$354,539
90000 Total Expenses	$1,199,944	$100,819	$4,743,363	$6,044,126	($76,521)	$5,967,605
10093 Transfers between Program and Project - In	$53,494	$0	$0	$53,494	($53,494)	$0
10094 Transfers between Project and Program - Out	$0	($53,494)	$0	($53,494)	$53,494	$0
10100 Total Other financing Sources (Uses)	$53,494	($53,494)	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	($336,158)	($42,237)	$120,177	($258,218)	$0	($258,218)

MIAMI METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
11030 Beginning Equity	$2,739,216	$113,823	($216,989)	$2,636,050	$0	$2,636,050
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	($232,237)	$0	($295,574)	($527,811)	$0	($527,811)
11170 Administrative Fee Equity	$0	$0	($512,770)	($512,770)	$0	($512,770)
11180 Housing Assistance Payments Equity	$0	$0	$120,384	$120,384	$0	$120,384
11190 Unit Months Available	1,524	0	11,820	13,344	0	13,344
11210 Number of Unit Months Leased	1,515	0	11,639	13,154	0	13,154
11270 Excess Cash	($14,655)	$0	$0	($14,655)	$0	($14,655)
11620 Building Purchases	$34,723	$0	$0	$34,723	$0	$34,723

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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

Board of Commissioners
Miami Metropolitan Housing Authority

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Miami Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Miami Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated July 18, 2019.

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

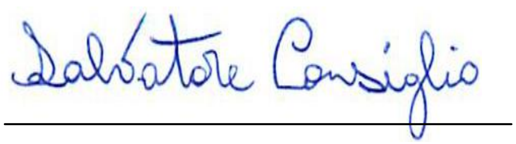
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Miami Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I did note a certain matter not requiring inclusion in this report that I reported to the Authority's management in a separate letter dated July 18, 2019.

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



Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
July 18, 2019

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Miami Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, Miami 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 each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

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

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
July 18, 2019

Miami Metropolitan Housing Authority
Schedule of Findings
2 CFR § 200.515
December 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

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

There are no findings or questioned costs for the year ended December 31, 2018.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no findings or questioned costs for the year ended December 31, 2018.

Miami Metropolitan Housing Authority
Schedule of Prior Audit Findings
December 31, 2018

The audit report for the fiscal year ending December 31, 2017 contained no audit findings.

MIAMI COUNTY METROPOLITAN HOUSING AUTHORITY

MIAMI 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
SEPTEMBER 24, 2019