LONDON METROPOLITAN HOUSING AUTHORITY

MADISON COUNTY

REGULAR AUDIT

OCTOBER 1, 2018 – SEPTEMBER 30, 2019

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Commissioners
London Metropolitan Housing Authority
179 South Main Street
London, Ohio 43140

We have reviewed the *Independent Auditor's Report* of the London Metropolitan Housing Authority, Madison County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 1, 2018 through September 30, 2019. 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 London Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

April 3, 2020

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LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY

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WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

London Metropolitan Housing Authority
Madison County
179 South Main Street
London, Ohio 43140

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the London Metropolitan Housing Authority, Madison County, Ohio (the Authority), as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the London Metropolitan Housing Authority, Madison County as of September 30, 2019, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 9, 2020

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

UNAUDITED

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

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

FINANCIAL HIGHLIGHTS

- Net Position was $1,450,837 and $1,439,148 for fiscal year ending September 30, 2019 and 2018, respectively. The Authority-wide statements reflect an increase of $11,689 during fiscal year 2019. This increase is reflective of the fiscal year's activities.

- The business-type activity revenue increased by $37,248 during fiscal year 2019, and was $742,254 and $705,006 for fiscal year 2019 and 2018, respectively. The increase was due to the Capital Grant Revenue earned for the fiscal year.

- The total expenses of all Authority programs decreased by $44,016. Total expenses were $730,565 and $774,581 for fiscal year 2019 and 2018, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

THE AUTHORITY'S FUND

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

Business Type Activities:

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income.

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

HOME Investment Partnerships Program – represents HUD resources developed from contracts with Madison County to provide assistance with housing for eligible residents.

Business Activity (BA) – The Business Activity Program was set-up to separate the HUD funded programs with non-HUD activities. This program is used to account for the financial activities of the operation of a 4-unit apartment building known as South Oak Place

Statement of Net Position

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

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STATEMENT OF NET POSITION

	2019	2018
Current and Other Non-Current Assets	$ 764,201	$ 612,838
Capital Assets	1,623,940	1,710,257
Total Assets	2,388,141	2,323,095
Deferred Outflows of Resources	74,432	42,962
Current Liabilities	74,454	65,237
Non-Current Liabilties	926,171	817,709
Total Liabilities	1,000,625	882,946
Deferred Inflows of Resources	11,111	43,963
Net Position:		
Net Investment in Capital Assets	1,043,940	1,130,257
Unrestricted	406,897	308,891
Total Net Position	$ 1,450,837	$ 1,439,148

For more detail information see Statement of Net Position presented on page 11 of this report.

Major Factors Affecting the Statement of Net Position

Current and other non-current assets (primarily cash and cash equivalents) increased by $151,363 mainly due to change in cash resulting from current fiscal year activities.

The increase in current liabilities of $9,217 was due to change in outstanding vendor payable at fiscal year end. The increase in non-current liabilities of $108,462 was due to change in accrued Pension and OPEB liability at fiscal year end.

Capital assets change between fiscal years 2019 and 2018 resulted in a decrease of $86,317. This change is the net result of current fiscal year additions less depreciation expense.

For further detail, please see "Capital Assets and Debt Administration" starting on page 9.

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

CHANGE IN UNRESTRICTED NET POSITION

Unrestricted Net Position September 30, 2018	$	308,891
Results of Operation		11,689
Adjustments:		
Depreciation (1)		122,726
Capital Outlay (2)		(36,409)
Unrestricted Net Position September 30, 2019	$	406,897

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

(2) Includes non-cash adjustment of $225 for capital assets.

CHANGE IN NET INVESTMENT IN CAPITAL ASSETS

Net Investment in Capital Assets September 30, 2018	$	1,130,257
Results of Current Fiscal Year Activity:		
Depreciation (1)		(122,726)
Capital Outlay (2)		36,409
Restricted Net Position September 30, 2019	$	1,043,940

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2019	2018
Revenues		
Tenant Revenues	$ 271,067	$ 234,055
Operating Subsidies	427,396	436,454
Capital Grants	27,566	0
Investment Income	9	9
Other Revenues	16,216	34,488
Total Revenues	742,254	705,006
Expenses		
Administrative	187,476	160,989
Utilities	120,054	121,649
Maintenance	231,092	285,612
Protective Services	4,321	4,321
Housing Assistance Payments	50,875	40,130
General and Insurance	14,021	34,894
Depreciation	122,726	126,986
Total Expenses	730,565	774,581
Change in Net Position	11,689	(69,575)
Net Position at Beginning of Fiscal Year	1,439,148	1,508,723
Net Position at End of Fiscal Year	$ 1,450,837	$ 1,439,148

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

Operating Grant Funds decreased by $9,058 during the fiscal year, while Capital Grant Funding increased by $27,566. The change in Operating Grant Funds is due to current fiscal year operating subsidy received. The Authority started a kitchen and bathroom renovation project that is funded with HUD capital grant funds.

Tenant revenue increased by $37,012. The increase was primarily due to family income and additional units leased.

The decrease in Other Revenue is mainly due to funds available for the HOME program operated on behalf of the Madison County Commissioners.

Expenditures decreased during the fiscal year by $44,016. The decrease was mainly due to maintenance expense. All other expense categories remained stabled for the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year-end, the Authority had $1,623,940 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (due to depreciation exceeding additions) of $86,317 from the end of last fiscal year.

	2019	2018
Land	$ 408,948	$ 408,948
Buildings	1,777,414	3,892,852
Furniture, Equipment and Vehicles	155,299	321,129
Leasehold Improvements	1,638,859	1,638,859
Construction in Progress	33,234	0
Accumulated Depreciation	(2,389,814)	(4,551,531)
Total	$ 1,623,940	$ 1,710,257

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 4 of the notes to the basic financial statements.

CHANGE IN CAPITAL ASSETS

Beginning Balance - September 30, 2018	$ 1,710,257
Current year Additions and Adjustments	36,409
Current year Depreciation Expense	(122,726)
Ending Balance - September 30, 2019	$ 1,623,940

The current fiscal year addition represents the start up cost for the kitchen and bath renovation project. These costs were reported as construction in process. Based on analysis of inventory, the Authority disposed of $2,284,218 in fully depreciated assets during fiscal year 2019; in evaluating and disposing of these assets an adjustment of $225 was determined and recorded in fiscal year 2019.

Debt Outstanding

In prior fiscal years, the Authority received a loan from Ohio Housing Finance Agency (OHFA) totaling $580,000 for the construction of a four-unit apartment building referred to as South Oak Place. The debt becomes due upon specific events as detailed in the agreement, none of which have occurred as of fiscal year end 2019. More information over Debt can be found in Note 8 in the notes to the basic financial statements.

Condensed Statement of Changes in Debt Outstanding

Beginning Balance - September 30, 2018	$	580,000
Current Year Debt Proceeds/Repayments		-
Ending Balance - September 30, 2019	$	580,000

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Sal Consiglio, Executive Director of the London Metropolitan Housing Authority. Specific requests may be submitted to London Metropolitan Housing Authority, 179 S Main Street, London, OH 43140.

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY

STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Assets		
Current Assets:		
Cash and Cash Equivalents	$	733,750
Restricted Cash and Cash Equivalents		20,217
Accounts Receivable, net		3,346
Prepaid Items		6,888
Total Current Assets		764,201
Non-Current Assets:		
Capital Assets:		
Nondepreciable Capital Assets		442,182
Depreciable Capital Assets		3,571,572
Accumulated Depreciation		(2,389,814)
Total Capital Assets		1,623,940
Total Non-Current Assets		1,623,940
Total Assets		2,388,141
Deferred Outflows of Resources		
Pension		66,131
OPEB		8,301
Total Deferred Outflows of Resources		74,432
Liabilities		
Current Liabilities:		
Accounts Payable		23,446
Accrued Wages and Payroll Taxes		8,759
Accrued Compensated Absences		7,153
Intergovernmental Payable		12,175
Tenant Security Deposits Payable		20,217
Unearned Revenue		2,704
Total Current Liabilities		74,454
Non-Current Liabilities:		
Loan Liability		580,000
Accrued Compensated Absences		1,482
Net Pension Liability		238,823
Net OPEB Liability		105,866
Total Non-Current Liabilities		926,171
Total Liabilities		1,000,625
Deferred Inflows of Resources		
Pension		8,467
OPEB		2,644
Total Deferred Inflows of Resources		11,111
Net Position		
Net Investment in Capital Assets		1,043,940
Unrestricted		406,897
Total Net Position	$	1,450,837

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

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Operating Revenues		
Tenant Revenue		$ 271,067
Government Operating Grants		427,396
Other Revenues		16,216
Total Operating Revenues		714,679
Operating Expenses		
Administrative	$ 187,476	
Utilities	120,054	
Maintenance	231,092	
Protective Services	4,321	
General and Insurance	50,875	
Housing Assistance Payments	14,021	
Depreciation	122,726	
Total Operating Expenses		730,565
Operating Loss		(15,886)
Nonoperating Revenues		
Interest		9
Capital Grants		27,566
Total Nonoperating Revenues		27,575
Change in Net Position		11,689
Net Position at October 1, 2018		1,439,148
Net Position at September 30, 2019		$ 1,450,837

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

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Cash flows from operating activities:		
Operating grants received	$	413,375
Tenant revenues received		282,637
Other revenue received		30,237
General and administrative expenses paid		(538,416)
Housing assistance payments paid		(14,021)
Net cash provided by operating activities		173,812
Cash flows from investing activities:		
Interest		9
Net cash provided by investing activities		9
Cash flows from capital and related activities:		
Captial grants received		27,566
Acquisition of capital assets		(36,184)
Net cash used by capital and related activities		(8,618)
Net change in cash		165,203
Cash at October 1, 2018		588,764
Cash at September 30, 2019	$	753,967
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$	(15,886)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		122,726
Adjustment for capital assets		(225)
Changes in:		
Accounts receivable, net		11,792
Prepaid items		2,048
Deferred outflows of resources		(31,470)
Accounts payable		3,638
Accrued wages and payroll taxes		917
Other liabilities		4,442
Net pension liability		95,120
Net OPEB liability		13,562
Deferred inflows of resources		(32,852)
Net cash provided by operating activities	$	173,812

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the London 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. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

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

Excluded Entity

The following entity is excluded from the Reporting Entity; because there were no activities conducted during the fiscal year. In addition, the Madison Housing Development Corporation has no assets or liabilities.

> **Madison Housing Development Corporation (MHDC)** - This organization was formed as an instrumentality of the Authority to assist in the development and financing of housing projects. MHDC is legally separate from the Authority however, the Board of the organization consists of the Board members of the Authority.

The Madison Housing Development Corporation was created in June of 2010 and received its 501(c)(3) status letter on August 21, 2011. The responsibility of the Authority was to make application to the State of Ohio to establish the organization and to obtain section 501(c)(3) non-profit exemption status. For fiscal year-end 2019, Madison Housing Development Corporation has no assets, liabilities, revenues, or expenditures; therefore it has been excluded from reporting.

Fund Accounting

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

Proprietary Fund Type:

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

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

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

Accounting and Reporting for Nonexchange Transactions

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

In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenue, Expenses and Changes in Net Position.

Capital Assets

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

Description	Estimated Useful Lives - Years
Building & Improvements	15 - 40
Leasehold Improvements	5 - 15
Furniture, Equipment & Vehicles	5 - 7

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.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal year.

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, liabilities and deferred outflows and inflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

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

Prepaid Items

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

Compensated Absences

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

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

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 Note 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 5 and 6.

Pensions / Other Post-Employment Benefits

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.

Capital Grants

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The authority did not have net position restricted by enabling legislature at September 30, 2019.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Tenant Security Deposits of $20,217.

Operating Revenues and Expenses

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At fiscal year end, the carrying amount of the Authority's deposits was $753,842 and the bank balance was $756,525. In addition, $125 was maintained in petty cash funds which is included in cash and cash equivalents presented on the statement of net position. Federal deposit insurance covered $250,000 of the bank balance and $506,525 was uninsured. Of the uninsured bank balance, the Authority was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with pledged securities held by Huntington National Bank	$506,525
Total Balance	$506,525

NOTE 3: INSURANCE AND RISK MANAGEMENT

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

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

NOTE 4: CAPITAL ASSETS

The following is a summary of capital assets at September 30, 2019:

	Balance 9/30/2018	Additions	Adjustment / Deletions	Balance 9/30/2019
Capital Assets Not Depreciated				
Land	$408,948	$0	$0	$408,948
Construction in process	0	33,234	0	33,234
Total Capital Assets Not Depreciated	408,948	33,234	0	442,182
Capital Assets Depreciated				
Buildings	3,892,852	0	(2,115,438)	1,777,414
Furniture, Equipment and Vehicles	321,129	2,950	(168,780)	155,299
Leasehold Improvements	1,638,859	0	0	1,638,859
Total Capital Assets Depreciated	5,852,840	2,950	(2,284,218)	3,571,572
Accumulated Depreciation:				
Buildings	(3,337,017)	(18,195)	2,117,781	(1,237,431)
Furniture, Equipment and Vehicles	(314,692)	(4,284)	166,662	(152,314)
Leasehold Improvements	(899,822)	(100,247)	0	(1,000,069)
Total Accumulated Depreciation	(4,551,531)	(122,726)	2,284,443	(2,389,814)
Total Capital Assets Depreciated, Net	1,301,309	(119,776)	225	1,181,758
Total Capital Assets, Net	$1,710,257	($86,542)	$225	$1,623,940

NOTE 5: DEFINED BENEFIT PENSION PLANS

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

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position.

The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually. Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

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

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

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

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

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

Group A 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 members' career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

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

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

	State and Local
2018 & 2019 Actual Contribution Rates:	
Employer:	
- Pension	14.0%
- Post-employment Health Care Benefits	0.0%
Total Employer Contributions	14.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for the traditional plan was $17,751 for the fiscal year ended September 30, 2019. Of this amount $1,510 was included in the accrued wages and payroll taxes.

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

The net pension liability was measured as of December 31, 2018, 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:

Proportion Share of Net Pension Liability	$238,823
Proportion of Net Pension Liability	.000872%
Change in Proportion from Prior Measurement Date	(0.000044%)
Pension Expense	$36,538

At September 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional Plan
Deferred Outflows of Resources	
Net difference between projected and actual earning on pension plan investments	$32,413
Change in Assumption	20,791
Difference Between Expected and Actual Experience	10
Change in propportionate share	3,018
Authority contributions subsequent to the measurement date	9,899
Total Deferred Outflows of Resources	$66,131
Deferred Inflows of Resources	
Difference between expected and actual experience	$3,136
Change in propportionate share	5,331
Total Deferred Inflows of Resources	$8,467

Amount of $9,899 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 September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending September 30:		
	2020	$21,619
	2021	8,066
	2022	3,005
	2023	15,072
	2021	3
	Total	$47,765

Actuarial Assumptions – PERS

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

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 was determined by an actuarial valuation as of December 31, 2018, 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. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Actuarial Information	Traditional Plan
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25 - 10.75 %
Cost-of-Living Adjustment	Pre 01/07/13 Retirees: 3% Simple Post 01/07/13 Retirees: 3% Simple through 2018, then 2.15% Simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual entry age

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

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

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

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 was a loss of 2.94 percent for 2018.

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 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.79%
Domestic Equities	19.00%	6.21%
Real Estate	10.00%	4.90%
Private Equity	10.00%	10.81%
International Equities	20.00%	7.83%
Other investments	18.00%	5.50%
Total	100.00%	5.95%

Discount Rate: The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease 6.2%	Current Discount rate 7.2%	1% Increase 8.2%
Authority's proporationate share of the net pension liability - Traditional Pension Plan	$352,811	$238,823	$144,098

NOTE 6 – DEFINED BENEFIT OPEB PLAN

<u>Net OPEB Liability</u>

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 fiscal year is included in accrued wages and payroll taxes on the accrual basis of accounting.

Plan Description – OPERS

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate plans: The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan; the member-directed plan is a defined contribution plan; and the combined plan is a cost sharing, multiple-employer defined benefit plan with defined contribution features.
OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Authority's contractually required contribution was $0 for the fiscal year 2019.

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

The net OPEB liability and total OPEB liability were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	Health Care Plan
Proportionate Share of Net OPEB Liability - Prior to Measurement Date	0.000850%
Proportionate Share of Net OPEB Liability - Current Measurement Date	0.000812%
Change in Proportion Share	-0.000038%
Proportionate Share of Net OPEB Liability	$105,866
Pension Expense	$7,819

At September 30, 2019, The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	
Net difference between projected and actual earning on OPEB investments	$4,853
Change in Assumption	3,412
Difference Between Expected and Actual Experience	36
Total Deferred Outflows of Resources	$8,301
Deferred Inflows of Resources	
Difference between expected and actual experience	$288
Change in propportionate share	2,356
Total Deferred Inflows of Resources	$2,644

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

Year Ending September 30:		
	2020	$2,636
	2021	(184)
	2022	760
	2023	2,445
	Total	$5,657

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Actuarial Information	
Wage Inflation	3.25%
Future Salary Increases, including inflation 3.25%	3.25 - 10.75%
Single Discount Rate:	
- Current measurement date	3.96%
- Prior measurement date	3.85%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.71%
Health Care Cost Trend Rate	10.00% initial, 3.25% ultimate in 2029
Actuarial Cost Method	Individual entry age

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

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

The long-term 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.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit 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 was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 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%	2.42%
Domestic Equities	21.00%	6.21%
REITs	6.00%	5.98%
International Equities	22.00%	7.83%
Other investments	17.00%	5.57%
Total	100.00%	5.16%

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 6.00 percent and a municipal bond rate of 3.71 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, 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 3.96 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 (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease 2.96%	Single Discount rate 3.96%	1% Increase 4.96%
Authority's proporationate share of the net OPEB liability	$135,442	$105,866	$82,345

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 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 2019 is 10.0 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 Trend Rate	1% Increase
Authority's proporationate share of the net OPEB liability	$101,760	$105,866	$110,594

NOTE 7: COMPENSATED ABSENCES

Employees earn annual vacation and sick leave per anniversary year, based on years of service. Annual vacation leave may be carried forward to the next fiscal year and paid upon termination or retirement. Employees are not paid out accumulated sick leave upon retirement. As of September 30, 2019, the accrual for compensated absences totaled $8,635 and has been included in the accompanying Statement of Net Position.

NOTE 8: LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended September 30, 2019:

Description	Balance 10/01/18	Additions	Deletions	Balance 09/30/19	Due Within One Year
Promissory Note - OHFA	$580,000	$0	$0	$580,000	$0
Compensated Absence Payable	8,500	14,832	(14,697)	8,635	7,153
Net Pension Liability	143,703	95,120	0	238,823	0
Net OPEB Liability	92,304	13,562	0	105,866	0
Total	$824,507	$123,514	($14,697)	$933,324	$7,153

On February 2, 2011, the Authority entered into a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of $580,000 to build 4-unit apartment building (known as South Oak Place). The project was complete as of September 30, 2013. The note accrues interest at a rate of two percent per annum. The note shall become due if the Authority ceases to use the South Oak Place for low income housing, as detailed in the agreement; as of September 30, 2019, the Authority continues to use the property to provide low income housing, therefore the events have not occurred or are anticipated to occur which would result in repayment of the note. Therefore, no amortization schedules are provided.

NOTE 9: CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any such disallowed claims could have a material adverse effect on the overall financial position of the Authority at September 30, 2019.

B. Litigation

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

London Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years (2)

Traditional Plan	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Authority's Proportion of the Net Pension Liability	0.000872%	0.000916%	0.000975%	0.001052%	0.001039%	0.001039%
Authority's Proportionate Share of the Net Pension Liability	$238,823	$143,703	$221,405	$182,219	$125,315	$122,485
Authority's Covered Payroll	$117,715	$121,029	$124,871	$130,875	$131,708	$130,360
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.88%	118.73%	177.31%	139.23%	95.15%	93.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Amount presented are as of the Authority's plan measurement date, which is the prior calednar year.
(2) Information prior to 2014 is not available. This schedule is intended to show ten year of information, additional years will be displayed as it become available.

London Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Last Ten Fiscal Years (2)

Traditional Plan	**2019**	**2018**	**2017**
Authority's Proportion of the Net OPEB Liability	0.000812%	0.000850%	0.000910%
Authority's Proportionate Share of the Net OPEB Liability	$105,866	$92,304	$85,853
Authority's Covered Payroll	$117,715	$121,029	$124,871
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.93%	76.27%	68.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	68.52%

(1) Amount presented are as of the Authority's plan measurement date, which is the prior calednar year.
(2) Information prior to 2017 is not available. This schedule is intended to show ten year of information, additional years will be displayed as it become available.

London Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Pension Contributions
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution - Traditional Plan	$17,751	$16,013	$15,931	$15,705	$15,805	$16,295	$14,015	$9,698	$11,914	$8,200
Contributions in Relation to the Contractually Required Contribution	17,751	16,013	15,931	15,705	15,805	16,295	14,015	9,698	11,914	8,200
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Authoirty's Covered Payroll	$126,792	$116,263	$124,871	$130,171	$131,871	$130,360	$121,976	$96,980	$129,641	$93,714
Contributions as a Percentage of Covered Payroll	14.00%	13.77%	12.76%	12.06%	12.08%	12.50%	11.49%	10.00%	9.19%	8.75%

London Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's OPEB Contributions
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution	$0	$264	$1,551	$2,519	$2,517	$1,955	$3,062	$3,879	$6,236	$4,920
Contributions in Relation to the Contractually Required Contribution	0	264	1,551	2,519	2,517	1,955	3,062	3,879	6,236	4,920
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Authoirty's Covered Payroll	$126,792	$116,263	$124,871	$130,171	$131,871	$130,360	$121,976	$96,980	$129,641	$93,714
Contributions as a Percentage of Covered Payroll	0.00%	0.23%	1.24%	1.94%	1.92%	1.50%	2.51%	4.00%	4.81%	5.25%

Ohio Public Employees' Retirement System

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2019.

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. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00%.

London Metropolitan Housing Authority

Financial Data Schedules

For the Fiscal Year Ended September 30, 2019

	Project Total	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	Elimination	Total
111 Cash - Unrestricted	$579,714	$0	$154,036	$733,750	$0	$733,750
114 Cash - Tenant Security Deposits	$18,427	$0	$1,790	$20,217	$0	$20,217
100 Total Cash	$598,141	$0	$155,826	$753,967	$0	$753,967
124 Accounts Receivable - Other Government	$0	$0	$0	$0	$0	$0
126 Accounts Receivable - Tenants	$4,224	$0	$0	$4,224	$0	$4,224
126.1 Allowance for Doubtful Accounts -Tenants	-$2,435	$0	$0	-$2,435	$0	-$2,435
127 Notes, Loans, & Mortgages Receivable - Current	$1,557	$0	$0	$1,557	$0	$1,557
120 Total Receivables, Net of Allowances for Doubtful Accounts	$3,346	$0	$0	$3,346	$0	$3,346
142 Prepaid Expenses and Other Assets	$6,803	$0	$85	$6,888	$0	$6,888
150 Total Current Assets	$608,290	$0	$155,911	$764,201	$0	$764,201
161 Land	$340,739	$0	$68,209	$408,948	$0	$408,948
162 Buildings	$1,195,100	$0	$582,314	$1,777,414	$0	$1,777,414
163 Furniture, Equipment & Machinery - Dwellings	$37,203	$0	$0	$37,203	$0	$37,203
164 Furniture, Equipment & Machinery - Administration	$118,096	$0	$0	$118,096	$0	$118,096
165 Leasehold Improvements	$1,638,859	$0	$0	$1,638,859	$0	$1,638,859
166 Accumulated Depreciation	-$2,287,909	$0	-$101,905	-$2,389,814	$0	-$2,389,814
167 Construction in Progress	$33,234	$0	$0	$33,234	$0	$33,234
160 Total Capital Assets, Net of Accumulated Depreciation	$1,075,322	$0	$548,618	$1,623,940	$0	$1,623,940
180 Total Non-Current Assets	$1,075,322	$0	$548,618	$1,623,940	$0	$1,623,940

London Metropolitan Housing Authority

Financial Data Schedules

For the Fiscal Year Ended September 30, 2019

	Project Total	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	Elimination	Total
200 Deferred Outflow of Resources	$74,432	$0	$0	$74,432	$0	$74,432
290 Total Assets and Deferred Outflow of Resources	$1,758,044	$0	$704,529	$2,462,573	$0	$2,462,573
312 Accounts Payable <= 90 Days	$11,804	$0	$0	$11,804	$0	$11,804
321 Accrued Wage/Payroll Taxes Payable	$8,759	$0	$0	$8,759	$0	$8,759
322 Accrued Compensated Absences - Current Portion	$7,153	$0	$0	$7,153	$0	$7,153
333 Accounts Payable - Other Government	$12,175	$0	$0	$12,175	$0	$12,175
341 Tenant Security Deposits	$18,427	$0	$1,790	$20,217	$0	$20,217
342 Unearned Revenue	$2,704	$0	$0	$2,704	$0	$2,704
345 Other Current Liabilities	$33	$0	$0	$33	$0	$33
346 Accrued Liabilities - Other	$11,609	$0	$0	$11,609	$0	$11,609
310 Total Current Liabilities	$72,664	$0	$1,790	$74,454	$0	$74,454
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$0	$0	$580,000	$580,000	$0	$580,000
354 Accrued Compensated Absences - Non Current	$1,482	$0	$0	$1,482	$0	$1,482
357 Accrued Pension and OPEB Liabilities	$344,689	$0	$0	$344,689	$0	$344,689
350 Total Non-Current Liabilities	$346,171	$0	$580,000	$926,171	$0	$926,171
300 Total Liabilities	$418,835	$0	$581,790	$1,000,625	$0	$1,000,625
400 Deferred Inflow of Resources	$11,111	$0	$0	$11,111	$0	$11,111
508.4 Net Investment in Capital Assets	$1,075,322	$0	-$31,382	$1,043,940	$0	$1,043,940

	Project Total	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	Elimination	Total
511.4 Restricted Net Position	$0	$0	$0	$0	$0	$0
512.4 Unrestricted Net Position	$252,776	$0	$154,121	$406,897	$0	$406,897
513 Total Equity - Net Assets / Position	$1,328,098	$0	$122,739	$1,450,837	$0	$1,450,837
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$1,758,044	$0	$704,529	$2,462,573	$0	$2,462,573
70300 Net Tenant Rental Revenue	$249,987	$0	$21,080	$271,067	$0	$271,067
70500 Total Tenant Revenue	$249,987	$0	$21,080	$271,067	$0	$271,067
70600 HUD PHA Operating Grants	$413,375	$0	$0	$413,375	$0	$413,375
70610 Capital Grants	$27,566	$0	$0	$27,566	$0	$27,566
70800 Other Government Grants	$0	$14,021	$0	$14,021	$0	$14,021
71100 Investment Income - Unrestricted	$9	$0	$0	$9	$0	$9
71500 Other Revenue	$15,831	$0	$385	$16,216	$0	$16,216
70000 Total Revenue	$706,768	$14,021	$21,465	$742,254	$0	$742,254
91100 Administrative Salaries	$44,722	$0	$500	$45,222	$0	$45,222
91200 Auditing Fees	$5,225	$0	$0	$5,225	$0	$5,225
91500 Employee Benefit contributions - Administrative	$40,169	$0	$0	$40,169	$0	$40,169
91600 Office Expenses	$5,080	$0	$0	$5,080	$0	$5,080
91700 Legal Expense	$3,612	$0	$0	$3,612	$0	$3,612
91800 Travel	$152	$0	$0	$152	$0	$152
91900 Other	$87,016	$0	$1,000	$88,016	$0	$88,016

London Metropolitan Housing Authority

Financial Data Schedules

For the Fiscal Year Ended September 30, 2019

	Project Total	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	Elimination	Total
91000 Total Operating - Administrative	$185,976	$0	$1,500	$187,476	$0	$187,476
93100 Water	$34,443	$0	$635	$35,078	$0	$35,078
93200 Electricity	$12,538	$0	$687	$13,225	$0	$13,225
93300 Gas	$45,372	$0	$0	$45,372	$0	$45,372
93600 Sewer	$26,379	$0	$0	$26,379	$0	$26,379
93000 Total Utilities	$118,732	$0	$1,322	$120,054	$0	$120,054
94100 Ordinary Maintenance and Operations - Labor	$67,447	$0	$1,000	$68,447	$0	$68,447
94200 Ordinary Maintenance and Operations - Materials and Other	$20,756	$0	$318	$21,074	$0	$21,074
94300 Ordinary Maintenance and Operations Contracts	$79,189	$0	$1,801	$80,990	$0	$80,990
94500 Employee Benefit Contributions - Ordinary Maintenance	$60,581	$0	$0	$60,581	$0	$60,581
94000 Total Maintenance	$227,973	$0	$3,119	$231,092	$0	$231,092
95300 Protective Services - Other	$4,321	$0	$0	$4,321	$0	$4,321
95000 Total Protective Services	$4,321	$0	$0	$4,321	$0	$4,321
96110 Property Insurance	$10,562	$0	$363	$10,925	$0	$10,925
96120 Liability Insurance	$5,290	$0	$172	$5,462	$0	$5,462
96100 Total insurance Premiums	$15,852	$0	$535	$16,387	$0	$16,387
96210 Compensated Absences	$14,831	$0	$0	$14,831	$0	$14,831
96300 Payments in Lieu of Taxes	$12,175	$0	$0	$12,175	$0	$12,175
96400 Bad debt - Tenant Rents	$7,482	$0	$0	$7,482	$0	$7,482

London Metropolitan Housing Authority

Financial Data Schedules

For the Fiscal Year Ended September 30, 2019

	Project Total	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	Elimination	Total
96000 Total Other General Expenses	$34,488	$0	$0	$34,488	$0	$34,488
96900 Total Operating Expenses	$587,342	$0	$6,476	$593,818	$0	$593,818
97000 Excess of Operating Revenue over Operating Expenses	$119,426	$14,021	$14,989	$148,436	$0	$148,436
97300 Housing Assistance Payments	$0	$14,021	$0	$14,021	$0	$14,021
97400 Depreciation Expense	$108,168	$0	$14,558	$122,726	$0	$122,726
90000 Total Expenses	$695,510	$14,021	$21,034	$730,565	$0	$730,565
10010 Operating Transfer In	$22,790	$0	$0	$22,790	-$22,790	$0
10020 Operating transfer Out	-$22,790	$0	$0	-$22,790	$22,790	$0
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$11,258	$0	$431	$11,689	$0	$11,689
11030 Beginning Equity	$1,316,840	$0	$122,308	$1,439,148	$0	$1,439,148
11190 Unit Months Available	1,200	0	48	1,248	0	1,248
11210 Number of Unit Months Leased	1,185	0	46	1,231	0	1,231
11650 Leasehold Improvements Purchases	$27,566	$0	$0	$27,566	$0	$27,566

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WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

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

London Metropolitan Housing Authority
Madison County
179 South Main Street
London, Ohio 43140

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards,* the financial statements of the London Metropolitan Housing Authority, Madison County, (the Authority) as of and for the fiscal year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 9, 2020.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 9, 2020

OHIO AUDITOR OF STATE
KEITH FABER

LONDON METROPOLITAN HOUSING AUTHORITY

MADISON 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
APRIL 16, 2020