MORGAN METROPOLITAN HOUSING AUTHORITY

MORGAN COUNTY

SINGLE AUDIT

JULY 1, 2017 – JUNE 30, 2018

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

Dave Yost • Auditor of State

Board of Trustees
Morgan County Metropolitan Housing Authority
4580 St Rt 376 NW
Mcconnelsville, OH 43756

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

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

Dave Yost
Auditor of State

December 14, 2018

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MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY

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WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Morgan Metropolitan Housing Authority
Morgan County
4580 N. St. Rt. 276 NW
McConnelsville, Ohio 43756

To the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 3 to the basic financial statements, during 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 7, 2018

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

FINANCIAL HIGHLIGHTS

- The Authority's total net position decreased by $965 (or .06 percent) during fiscal year ended 2018. This decrease is reflective of the fiscal year's activities.

- Total revenue increased by $51,776 (or 4.85 percent) during fiscal year ended 2018. The amounts were $1,119,390 and $1,067,614 for 2018 and 2017 respectively.

- Total expenses of all Authority programs decreased by $86,184 (or 7.14 percent). Total expenses were $1,120,355 and $1,206,539 for fiscal year ended 2018 and 2017 respectively.

USING THE ANNUAL REPORT

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

BASIC FINANCIAL STATEMENTS

The 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 and deferred outflow of resources minus liabilities and deferred inflow of resources, equal "Net Position." Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current."

The focus of the Statement of Net Position (the "Unrestricted 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, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have outstanding debt related to capital assets as of June 30, 2018.
>
> Restricted: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
>
> Unrestricted: Consists of Net Position that do not meet the definition of "Investment in Capital Assets," or "Restricted." 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 operating grant revenue and rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, Non-Operating Revenue, such as capital grant revenue and interest income.

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, from capital and related financing activities, and from noncash investing, capital, and financing activities.

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

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

Housing Choice Voucher Program (HCVP) – 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.

PIH Family Self-Sufficiency – A grant program that provides funding for the salary and benefits of a coordinator to assist tenants in finding jobs, training and supportive services to help residents transition from welfare to work. The coordinator also assist to link elderly/disabled residents to critical services which can help them continue to live independently.

Business Activities – The Business Activity Fund was set up to separate the non-HUD activities from the HUD funded programs. This fund is mainly used to account for the management fees received from the Housing Opportunities and Personal Empowerment (HOPE) Board for managing rental property for tenants with developmental disabilities.

State & Local – The State & Local fund was set up to track grant money received for low income housing programs through state and local sources.

New GASB 75 Reporting

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with 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 benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from $1,794,352 to $1,668,237.

AUTHORITY STATEMENTS

Statement of Net Position

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

	2018	Restated 2017
Current Assets	$ 357,815	$ 308,710
Capital Assets	1,747,565	1,783,527
Deferred Outflows of Resources	88,555	127,191
Total Assets & Deferred Outflows of Resources	$ 2,193,935	$ 2,219,428
Current Liabilities	$ 64,272	$ 70,539
Long-Term Liabilities	367,795	460,460
Deferred Inflows of Resources	94,596	20,192
Total Liabilities and Deferred Inflows of Resources	526,663	551,191
Net Position:		
Investment in Capital Assets	1,747,565	1,783,527
Restricted Net Position	6,491	501
Unrestricted Net Position	(86,784)	(115,791)
Total Net Position	1,667,272	1,668,237
Total Liabilities, Deferred Inflows and Net Positions	$ 2,193,935	$ 2,219,428

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

Major Factors Affecting the Statement of Net Position

During 2018, current assets increased by $49,105 and current liabilities decreased by $6,267. The increase in current assets is mainly due to the change in cash and accounts receivable due to the result of current activities. The decrease in liability is due to the fiscal year-end vendor invoices received but not paid by the end of the fiscal year.

Capital assets also changed, decreasing from $1,783,527 to $1,747,565. The $35,962 decrease may be contributed primarily to a combination of total acquisitions of $82,718 less current year depreciation of $118,680.

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

	Unrestricted	Investment in Capital Assets	Restricted
Beginning Balance - Restated	$ (115,791)	$1,783,527	$ 501
Results of Operation	(6,955)	-	5,990
Adjustments:			
Depreciation Expense (1)	118,680	(118,680)	-
Capital Expenditures (2)	(82,718)	82,718	-
Ending Balance	$ (86,784)	$1,747,565	$ 6,491

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

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

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

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	2018	2017
Revenues		
Tenant Revenues	$107,569	$92,965
HUD PHA Operating Grants	958,263	912,475
Capital Grants	28,683	34,826
Interest	2,970	1,747
Gain on Sale of Assets	6,510	-
Other Revenues	15,395	25,601
Total Revenue	1,119,390	1,067,614
Expenses		
Administrative	164,941	212,579
Tenant Services	46,793	46,362
Utilities	102,721	112,014
Protective Services	419	239
Insurance	19,563	19,577
Maintenance and Operations	145,334	204,619
General Expenses	32,416	34,517
Housing Assistance Payments	489,488	462,782
Depreciation	118,680	113,850
Total Expenses	1,120,355	1,206,539
Change in Net Position	(965)	(138,925)
Net Position at July 1 - Restated	1,668,237	N/A
Net Position at June 30	$1,667,272	$1,668,237

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $15,001 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $11,762. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$1,120,355
Negative OPEB expense under GASB 75	11,762
2018 contractual contribution	0
Adjusted 2018 program expenses	1,132,117
Total 2017 program expenses under GASB 45	1,206,539
Decrease in program expenses not related to OPEB	($74,422)

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

Operating Subsidy reflects an increase of $45,788 or 5.02%. Increase in operating subsidy is mainly due to additional housing assistance money received during the year. Capital grants decreased by $6,143 due to capital funded activities during the fiscal year. Total tenant revenue increased by $14,604 (or 15.71%). The increase in tenant revenue was primarily due to increase in tenant rents and units leased. The decrease in other revenue was mainly due to FSS Escrow forfeited during the fiscal year.

Total expenses decreased $86,184 due to decrease in utility expenses, maintenance expenses and the net effect of GASB 68 and 75 transactions.

CAPITAL ASSETS

As of fiscal year-end, the Authority had $1,747,565 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $35,962 or 2.06% from the end of 2017. This decrease was due to depreciation expense net of current year capital additions.

	2018	**2017**
Land	$274,650	$274,650
Buildings	4,128,551	4,128,551
Equipment - administration	106,701	90,365
Equipment - dwelling	134,539	134,539
Leasehold Improvements	406,450	377,767
Accumulated Depreciation	(3,303,326)	(3,222,345)
Total	$1,747,565	$1,783,527

The following reconciliation identifies the change in Capital Assets. See Note 5 to the basic financial statement for more detail of the Capital Assets.

CHANGE IN CAPITAL ASSETS

Beginning Balance	$1,783,527
Additions	82,718
Depreciation	(118,680)
Ending Balance	$1,747,565

Current fiscal year additions are summarized as follows:

2017 Ram Mini Van	$ 21,715
2018 Honda CRV	25,012
Walk Mower Turf Tracer	7,308
Capital Expenditures	28,683
Total 2018 Additions	$ 82,718

During fiscal year 2018, the Authority disposed of two vehicles totaling $37,699; these vehicles were fully depreciated.

DEBT OUTSTANDING

As of fiscal year-end, the Authority has no outstanding debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, 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

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Jenna Jenkins, Executive Director of the Morgan Metropolitan Housing Authority at (740) 962-4930.

Respectfully submitted,
Jenna Jenkins, Executive Director

MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 277,294
Restricted Cash	57,799
Receivable, Net	4,838
Inventories, Net	7,882
Prepaid Items	10,002
Total Current Assets	357,815
Non-Current Assets:	
Capital Assets:	
Nondepreciable Capital Assets	274,650
Depreciable Capital Assets, Net of Accumulated Depreciation	1,472,915
Total Capital Assets	1,747,565
Total Non-Current Assets	1,747,565
Total Assets	2,105,380
Deferred Outflow of Resources	
Pension	78,406
OPEB	10,149
Total Deferred Outflow of Resources	88,555
Liabilities	
Current Liabilities:	
Accounts Payable	21,734
Accrued Wages and Payroll Taxes	3,882
Tenant Security Deposits	30,080
Accrued Compensated Absences	4,976
Unearned Revenue	3,600
Total Current Liabilities	64,272
Non-Current Liabilities:	
Accrued Compensated Absences	630
Net Pension Liability	208,024
Net OPEB Liability	137,913
Family Self-Sufficiency Escrow Liability	21,228
Total Non-Current Liabilities	367,795
Total Liabilities	432,067
Deferred Inflow of Resources	
Pension	84,322
OPEB	10,274
Total Deferred Inflow of Resources	94,596
Net Position	
Investment in Capital Assets	1,747,565
Restricted	6,491
Unrestricted	(86,784)
Total Net Position	$ 1,667,272

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

MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY

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

Operating Revenues		
Tenant Revenue		$ 107,569
Operating Grants		958,263
Other Revenues		15,395
Total Operating Revenues		1,081,227
Operating Expenses		
Administrative	164,941	
Tenant Services	46,793	
Utilities	102,721	
Protective Services	419	
Insurance	19,563	
Maintenance	145,334	
General	32,416	
Housing Assistance Payments	489,488	
Depreciation	118,680	
Total Operating Expenses		1,120,355
Operating Loss		(39,128)
Nonoperating Revenues		
Interest Revenue		2,970
Gain on Sale of Assets		6,510
HUD Capital Grants		28,683
Total Nonoperating Revenues		38,163
Change in Net Position		(965)
Net Position at July 1, 2017, Restated		1,668,237
Net Position at June 30, 2018		$ 1,667,272

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

MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY

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

Cash flows from operating activities:		
Cash received from tenants	$	106,756
Cash received from other sources		16,388
Cash received from HUD and other grant sources		957,420
Cash payments for administrative		(494,858)
Cash payments for housing assistance payments		(489,488)
Net cash provided by operating activities		96,218
Cash flows from capital and related financing activities:		
Capital funds received		28,683
Proceeds from sale of assets		6,510
Cash payments for capital assets		(82,718)
Net cash used in capital and realted financing activities		(47,525)
Cash flows from investing activities:		
Interest received		2,970
Net cash provided by investing activities		2,970
Net change in cash and cash equivalents		51,663
Cash and cash equivalents at July 1, 2017		283,430
Cash and cash equivalents at June 30, 2018	$	335,093
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$	(39,128)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		118,680
Changes in:		
Accounts receivable, net		1,263
Inventories, net		250
Prepaid items		1,045
Deferred outflow of resources		38,636
Accounts payable		(4,200)
Accrued wages and payroll taxes		(27)
Compensated absences		(2,081)
Net pension and OPEB liabilities		(100,026)
Other liabilities		7,402
Deferred inflow of resources		74,404
Net cash provided by operating activities	$	96,218

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Morgan 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 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. Financial accountability is defined by the component unit being fiscally dependent on the Authority. The Authority is not a component unit of any larger entity.

Basis of Presentation

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

The Authority uses a single enterprise fund to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

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 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 the cash flow needs of its enterprise activity.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

Housing Choice Voucher Program (HCVP) – 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 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.

PIH Family Self-Sufficiency Program – A grant program that provides funds to pay for the salaries and benefits of a Coordinator to assist tenant to find jobs, training and supportive services to help residents transition from welfare to work. The Coordinator also provides assistance to link elderly/disabled residents to critical services which can help them continue to live independently.

Business Activities – The Business Activity Fund was set up to separate the non-HUD activities from the HUD funded programs. This fund is mainly used to account for the management fees received from the county for managing a HOPE project.

State & Local – The State & Local fund was set up to track grant money received for low income housing programs through state and local sources.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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 Statement No. 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 government-mandated or voluntary nonexchange transactions. GASB Statement No. 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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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, the PHA should record resources received prior to that period as unearned 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.

Unearned Revenue
Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied.

Prepaid Items
Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the fiscal 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 $1,750. The following are the estimated useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15
Land improvements	15

Cash and Cash Equivalents
For cash flow reporting purposes, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Due From/To Other Programs

On the basic financial statements, receivables and payables resulting from the short-term interprogram loans are eliminated.

Accrued Liabilities

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

Compensated Absences

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

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

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development.

Estimates

The preparation of the financial statements in accordance 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.

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable and fraud recovery receivable balances at the end of the fiscal year. The allowance for doubtful accounts was $3,418 at June 30, 2018.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Inventories
Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was $880 at June 30, 2018.

Deferred inflow/outflow of Resources
In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 7 and 8.

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

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

Net Position
Net position represents the difference between assets and liabilities. 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. There was no related debt as of June 30, 2018. Net position is recorded as restricted when there are limitations imposed on their use either by internal or external restrictions. 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 have net position restricted by for the HAP reserve of $6,491 at June 30, 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Operating/Nonoperating 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, gain on sale of assets, and interest revenue. HUD capital grants are the amounts received by the Authority for capital improvements and administration of the public housing programs.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, protective services, insurance, general, depreciation, and housing assistance payments.

2. CASH AND CASH EQUIVALENTS

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 $335,093 and the bank balance was $347,517. In addition, $50 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 $97,517 was uninsured. Of the uninsured bank balance, the Authority was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held in the Ohio Pooled Collateral System	$97,517
Total Balance	$97,517

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

3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

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

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

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

Net Position – June 30, 2017	$1,794,352
Adjustments:	
- Net OPEB Liability	(128,274)
- Deferred Inflows	(12,842)
- Deferred Outflows – Payments Subsequent to measurement date	15,001
Restated Net Position – June 30, 2017	$1,668,237

4. RESTRICTED CASH

The restricted cash balance on the financial statements consists of the following:

Tenant Security Deposit	$30,080
FSS Escrow Funds held for Tenants	21,228
Advances from HUD for housing assistance payments	6,491
Total Restricted Cash on Hand	$57,799

5. CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Capital Assets Not Depreciated				
Land	$ 274,650	$ -	$ -	$ 274,650
Capital Assets Depreciated				
Buildings and improvements	4,506,318	28,683	-	4,535,001
Furniture and equipment	224,904	54,035	(37,699)	241,240
Total Assets Depreciated	4,731,222	82,718	(37,699)	4,776,241
Accumulated Depreciation				
Buildings and improvements	(3,059,602)	(104,297)	-	(3,163,899)
Furniture and equipment	(162,743)	(14,383)	37,699	(139,427)
Total Accumulated Depreciation	(3,222,345)	(118,680)	37,699	(3,303,326)
Total Assets Depreciated, Net	1,508,877	(35,962)	-	1,472,915
Total Capital Assets, Net	$ 1,783,527	$ (35,962)	$ -	$ 1,747,565

6. LONG-TERM LIABILITIES

Long-term liabilities are summarized as follows:

Description	Restated Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
FSS Escrow Liability	$ 13,856	$ 9,259	($ 1,887)	$ 21,228	$ -
Net Pension Liability	317,689	-	(109,665)	208,024	-
Net OPEB Liability	128,274	9,639	-	137,913	-
Compensated Absences Payable	7,687	17,065	(19,146)	5,606	4,976
Total	$ 467,506	$ 35,963	($130,698)	$ 372,771	$ 4,976

The FSS Escrow Liability of $21,228 represents money held in escrow for residents participating in the family self-sufficiency program. Each month contributions are deposited into the designated savings account on behalf of the program participants. Participants enter into an initial five year contract (with an option for a two year extension upon Authority's approval). At the end of the contract, the participant either meet their program goals, may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs in the program, the money earned is used by the Authority to provide additional housing assistance.

See Note 7 and Note 8 for information on the Authority's net pension and OPEB liabilities.

7. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

7. DEFINED BENEFIT PENSION PLANS – CONTINUED

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

7. **DEFINED BENEFIT PENSION PLANS – CONTINUED**

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 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
2018 Actual Contribution Rates:	
Employer: July 1, 2017 to December 31, 2017	
Pension	13.0%
Post-employment Health Care Benefits	1.0%
Total Employer	14.0%
Employer: January 1, 2018 to June 30, 2018	
Pension	14.0%
Post-employment Health Care Benefits	0.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution to OPERS was $24,444 for fiscal year 2018. 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 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:

7. **DEFINED BENEFIT PENSION PLANS – CONTINUED**

	Traditional Plan
Proportionate Share of Net Pension Liability	$208,024
Proportion of the Net Pension Liability	0.001326%
Change in Proportion from Prior Measurement date	(0.000073%)
Pension Expense	$44,662

At June 30, 2018, 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	$32,689
Assumption Changes	24,860
Difference between expected and actual experience	212
Change in proportionate share and difference between Employer contribution and proportionate share of contribution	7,645
Authority contributions subsequent to the measurement date	13,000
Total Deferred Outflows of Resources	$78,406
Deferred Inflows of Resources	
Net Difference between projected and actual earning on pension plan investments	$77,349
Difference between expected and actual experience	4,099
Change in proportionate share and difference between Employer contribution and proportionate share of contribution	2,874
	$84,322

7. DEFINED BENEFIT PENSION PLANS – CONTINUED

$13,000 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 June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional Plan
Fiscal Year Ending June 30:	
2019	$19,897
2020	(796)
2021	(19,666)
2022	(18,351)
Total	($18,916)

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 was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions and methods applied to all prior periods included in the measurement:

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	7.50%
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

7. DEFINED BENEFIT PENSION PLANS – CONTINUED

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

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

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

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

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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for 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.

7. DEFINED BENEFIT PENSION PLANS – CONTINUED

Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio.

Discount Rate: The discount rate used to measure the total pension liability was 7.5 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 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	$369,397	$208,024	$73,487

8. 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

8. DEFINED BENEFIT OPEB PLAN – CONTINUED

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 both the accrual basis of accounting.

Plan Description – OPERS

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

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

8. **DEFINED BENEFIT OPEB PLAN – CONTINUED**

Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2018, Authority contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of employer contributions allocated to healthcare was 1.0% for calendar year 2017. As recommended by OPERSs actuary, the portion of employer contributions allocated to healthcare beginning January 1, 2018 decrease to 0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Authority's contractually required contribution was $25,324 for the fiscal year 2018. Of this amount, $880 was used to fund health care.

8. DEFINED BENEFIT OPEB PLAN – CONTINUED

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

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

	Health Care Plan
Proportionate Share of Net OPEB Liability	$137,913
Proportion of the Net OPEB Liability	0.001270%
Change in Proportionate Share from Prior Measurement Date	0.000034%
OPEB Expense	$11,762

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

	Health Care Plan
Deferred Outflows of Resources	
Assumption Changes	$10,041
Difference between expected and actual experience	108
Total Deferred Outflows of Resources	$10,149
Deferred Inflows of Resources	
Net Difference between projected and actual earning on pension plan investments	$10,274
	$10,274

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

8. DEFINED BENEFIT OPEB PLAN – CONTINUED

	Health Care Plan
Fiscal Year Ending June 30:	
2019	$2,284
2020	2,284
2021	(2,123)
2022	(2,570)
Total	($125)

Actuarial Assumptions - OPERS

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

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

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

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted

8. **DEFINED BENEFIT OPEB PLAN – CONTINUED**

for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

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

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

8. DEFINED BENEFIT OPEB PLAN – CONTINUED

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

	1% Decrease (2.85%)	Single Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	$183,223	$137,913	$101,257

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease (6.50%)	Current Trend Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net OPEB liability	$131,953	$137,913	$144,069

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Morgan MHA is a member. Settled claims have not exceeded the Authority's insurance in any of the past three years.

10. CONTINGENCIES

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received federal grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

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

	2018	**2017**	**2016**	**2015**	**2014**
Authority's Proportion of the Net Pension Liability	0.001326%	0.001399%	0.001334%	0.001302%	0.001302%
Authority's Proportionate Share of the Net Pension Liability	$208,024	$317,689	$231,066	$157,036	$153,490
Authority's Covered-Employee Payroll	$181,022	$181,844	$174,868	$165,173	$156,986
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	114.92%	174.70%	132.14%	95.07%	97.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	89.19%

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

2) Information prior to 2014 is not available.

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

	2018	**2017**
Authority's Proportion of the Net OPEB Liability	0.001270%	0.001304%
Authority's Proportionate Share of the Net OPEB Liability	$137,913	$128,274
Authority's Covered-Employee Payroll	$181,022	$181,844
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	76.19%	70.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.14%	68.52%

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

2) Information prior to 2017 is not available.

MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
LAST NINE FISCAL YEARS
(UNAUDITED)

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required employer contribution									
Pension	$24,444	$21,823	$21,162	$19,822	$20,409	$16,483	$17,759	$23,211	$20,628
OPEB	880	3,635	3,320	3,302	1,569	6,593	2,960	1,351	1,201
Contributions in Relation to the Contractually Required Contribution	($25,324)	($25,458)	($24,482)	($23,124)	($21,978)	($23,076)	($20,719)	($24,562)	($21,829)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority Covered-Employee Payroll	$181,022	$181,844	$174,868	$165,173	$156,986	$164,828	$147,993	$175,443	$155,921
Contributions as a Percentage of Covered-Employee Payroll									
Pension	13.50%	12.00%	12.10%	12.00%	13.00%	10.00%	12.00%	13.23%	13.23%
OPEB	0.49%	2.00%	1.90%	2.00%	1.00%	4.00%	2.00%	0.77%	0.77%

1) Information prior to 2010 is not available.

Ohio Public Employees' Retirement System

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

Net Pension Liability

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

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

Net OPEB Liability

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

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

MORGAN METROPOLITAN HOUSING AUTHORITY

FDS SCHEDULES SUBMITTED TO HUD

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	State / Local	Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	$189,679	$0	$67,708	$7,387	$12,520	$277,294	$0	$277,294
113 Cash - Other Restricted	$21,228	$0	$6,491	$0	$0	$27,719	$0	$27,719
114 Cash - Tenant Security Deposits	$30,080	$0	$0	$0	$0	$30,080	$0	$30,080
100 Total Cash	$240,987	$0	$74,199	$7,387	$12,520	$335,093	$0	$335,093
124 Accounts Receivable - Other Government	$0	$0	$0	$945	$0	$945	$0	$945
126 Accounts Receivable - Tenants	$5,600	$0	$0	$0	$0	$5,600	$0	$5,600
126.1 Allowance for Doubtful Accounts -Tenants	($2,100)	$0	$0	$0	$0	($2,100)	$0	($2,100)
128 Fraud Recovery	$0	$0	$1,711	$0	$0	$1,711	$0	$1,711
128.1 Allowance for Doubtful Accounts - Fraud	$0	$0	($1,318)	$0	$0	($1,318)	$0	($1,318)
120 Total Receivables, Net of Allowances for Doubtful Accounts	$3,500	$0	$393	$945	$0	$4,838	$0	$4,838
142 Prepaid Expenses and Other Assets	$7,853	$0	$2,149	$0	$0	$10,002	$0	$10,002
143 Inventories	$8,762	$0	$0	$0	$0	$8,762	$0	$8,762
143.1 Allowance for Obsolete Inventories	($880)	$0	$0	$0	$0	($880)	$0	($880)
150 Total Current Assets	$260,222	$0	$76,741	$8,332	$12,520	$357,815	$0	$357,815
161 Land	$274,650	$0	$0	$0	$0	$274,650	$0	$274,650
162 Buildings	$4,128,551	$0	$0	$0	$0	$4,128,551	$0	$4,128,551
163 Furniture, Equipment & Machinery - Dwellings	$134,539	$0	$0	$0	$0	$134,539	$0	$134,539
164 Furniture, Equipment & Machinery - Administration	$102,281	$0	$4,420	$0	$0	$106,701	$0	$106,701
165 Leasehold Improvements	$406,450	$0	$0	$0	$0	$406,450	$0	$406,450
166 Accumulated Depreciation	($3,299,643)	$0	($3,683)	$0	$0	($3,303,326)	$0	($3,303,326)

MORGAN METROPOLITAN HOUSING AUTHORITY

FDS SCHEDULES SUBMITTED TO HUD

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	State / Local	Business Activities	Subtotal	ELIM	Total
160 Total Capital Assets, Net of Accumulated Depreciation	$1,746,828	$0	$737	$0	$0	$1,747,565	$0	$1,747,565
180 Total Non-Current Assets	$1,746,828	$0	$737	$0	$0	$1,747,565	$0	$1,747,565
200 Deferred Outflow of Resources	$71,906	$0	$16,649	$0	$0	$88,555	$0	$88,555
290 Total Assets and Deferred Outflow of Resources	$2,078,956	$0	$94,127	$8,332	$12,520	$2,193,935	$0	$2,193,935
312 Accounts Payable <= 90 Days	$12,169	$0	$480	$8,332	$753	$21,734	$0	$21,734
321 Accrued Wage/Payroll Taxes Payable	$3,223	$0	$659	$0	$0	$3,882	$0	$3,882
322 Accrued Compensated Absences - Current Portion	$3,411	$0	$1,565	$0	$0	$4,976	$0	$4,976
341 Tenant Security Deposits	$30,080	$0	$0	$0	$0	$30,080	$0	$30,080
342 Unearned Revenue	$3,600	$0	$0	$0	$0	$3,600	$0	$3,600
310 Total Current Liabilities	$52,483	$0	$2,704	$8,332	$753	$64,272	$0	$64,272
353 Non-current Liabilities - Other	$21,228	$0	$0	$0	$0	$21,228	$0	$21,228
354 Accrued Compensated Absences - Non Current	$359	$0	$271	$0	$0	$630	$0	$630
357 Accrued Pension and OPEB Liabilities	$284,516	$0	$61,421	$0	$0	$345,937	$0	$345,937
350 Total Non-Current Liabilities	$306,103	$0	$61,692	$0	$0	$367,795	$0	$367,795
300 Total Liabilities	$358,586	$0	$64,396	$8,332	$753	$432,067	$0	$432,067
400 Deferred Inflow of Resources	$80,186	$0	$14,410	$0	$0	$94,596	$0	$94,596

MORGAN METROPOLITAN HOUSING AUTHORITY

FDS SCHEDULES SUBMITTED TO HUD

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	State / Local	Business Activities	Subtotal	ELIM	Total
508.4 Net Investment in Capital Assets	$1,746,828	$0	$737	$0	$0	$1,747,565	$0	$1,747,565
511.4 Restricted Net Position	$0	$0	$6,491	$0	$0	$6,491	$0	$6,491
512.4 Unrestricted Net Position	($106,644)	$0	$8,093	$0	$11,767	($86,784)	$0	($86,784)
513 Total Equity - Net Assets / Position	$1,640,184	$0	$15,321	$0	$11,767	$1,667,272	$0	$1,667,272
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$2,078,956	$0	$94,127	$8,332	$12,520	$2,193,935	$0	$2,193,935
70300 Net Tenant Rental Revenue	$107,569	$0	$0	$0	$0	$107,569	$0	$107,569
70500 Total Tenant Revenue	$107,569	$0	$0	$0	$0	$107,569	$0	$107,569
70600 HUD PHA Operating Grants	$342,221	$46,264	$567,647	$0	$0	$956,132	$0	$956,132
70610 Capital Grants	$28,683	$0	$0	$0	$0	$28,683	$0	$28,683
70700 Total Fee Revenue	$370,904	$46,264	$567,647	$0	$0	$984,815	$0	$984,815
70800 Other Government Grants	$0	$0	$0	$2,131	$0	$2,131	$0	$2,131
71100 Investment Income - Unrestricted	$2,192	$0	$778	$0	$0	$2,970	$0	$2,970
71400 Fraud Recovery	$0	$0	$936	$0	$0	$936	$0	$936
71500 Other Revenue	$11,531	$0	$0	$0	$2,928	$14,459	$0	$14,459
71600 Gain or Loss on Sale of Capital Assets	$3,010	$0	$3,500	$0	$0	$6,510	$0	$6,510
70000 Total Revenue	$495,206	$46,264	$572,861	$2,131	$2,928	$1,119,390	$0	$1,119,390
91100 Administrative Salaries	$41,820	$0	$30,040	$0	$712	$72,572	$0	$72,572

MORGAN METROPOLITAN HOUSING AUTHORITY

FDS SCHEDULES SUBMITTED TO HUD

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	State / Local	Business Activities	Subtotal	ELIM	Total
91200 Auditing Fees	$2,836	$0	$3,328	$0	$0	$6,164	$0	$6,164
91400 Advertising and Marketing	$130	$0	$4	$0	$100	$234	$0	$234
91500 Employee Benefit contributions - Administrative	$21,895	$0	$13,998	$0	$0	$35,893	$0	$35,893
91600 Office Expenses	$4,096	$0	$2,248	$0	$0	$6,344	$0	$6,344
91700 Legal Expense	$3,840	$0	$0	$0	$0	$3,840	$0	$3,840
91800 Travel	$1,841	$0	$779	$0	$0	$2,620	$0	$2,620
91900 Other	$22,676	$0	$14,174	$0	$424	$37,274	$0	$37,274
91000 Total Operating - Administrative	$99,134	$0	$64,571	$0	$1,236	$164,941	$0	$164,941
92100 Tenant Services - Salaries	$0	$36,213	$0	$0	$0	$36,213	$0	$36,213
92300 Employee Benefit Contributions - Tenant Services	$0	$10,051	$0	$0	$0	$10,051	$0	$10,051
92400 Tenant Services - Other	$529	$0	$0	$0	$0	$529	$0	$529
92500 Total Tenant Services	$529	$46,264	$0	$0	$0	$46,793	$0	$46,793
93100 Water	$87,286	$0	$117	$0	$0	$87,403	$0	$87,403
93200 Electricity	$11,437	$0	$457	$0	$0	$11,894	$0	$11,894
93300 Gas	$3,325	$0	$99	$0	$0	$3,424	$0	$3,424
93000 Total Utilities	$102,048	$0	$673	$0	$0	$102,721	$0	$102,721
94100 Ordinary Maintenance and Operations - Labor	$51,054	$0	$0	$1,830	$319	$53,203	$0	$53,203
94200 Ordinary Maintenance and Operations - Materials and Other	$8,338	$0	$0	$0	$0	$8,338	$0	$8,338
94300 Ordinary Maintenance and Operations Contracts	$29,647	$0	$0	$0	$0	$29,647	$0	$29,647
94500 Employee Benefit Contributions - Ordinary	$53,845	$0	$0	$301	$0	$54,146	$0	$54,146

MORGAN METROPOLITAN HOUSING AUTHORITY

FDS SCHEDULES SUBMITTED TO HUD

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	State / Local	Business Activities	Subtotal	ELIM	Total
94000 Total Maintenance	$142,884	$0	$0	$2,131	$319	$145,334	$0	$145,334
95300 Protective Services - Other	$419	$0	$0	$0	$0	$419	$0	$419
95000 Total Protective Services	$419	$0	$0	$0	$0	$419	$0	$419
96110 Property Insurance	$10,627	$0	$0	$0	$0	$10,627	$0	$10,627
96120 Liability Insurance	$5,722	$0	$295	$0	$0	$6,017	$0	$6,017
96130 Workmen's Compensation	$2,656	$0	$263	$0	$0	$2,919	$0	$2,919
96100 Total insurance Premiums	$19,005	$0	$558	$0	$0	$19,563	$0	$19,563
96200 Other General Expenses	$9,259	$0	$0	$0	$0	$9,259	$0	$9,259
96210 Compensated Absences	$13,292	$0	$3,773	$0	$0	$17,065	$0	$17,065
96400 Bad debt - Tenant Rents	$4,918	$0	$1,174	$0	$0	$6,092	$0	$6,092
96000 Total Other General Expenses	$27,469	$0	$4,947	$0	$0	$32,416	$0	$32,416
96900 Total Operating Expenses	$391,488	$46,264	$70,749	$2,131	$1,555	$512,187	$0	$512,187
97000 Excess of Operating Revenue over Operating Expenses	$103,718	$0	$502,112	$0	$1,373	$607,203	$0	$607,203
97300 Housing Assistance Payments	$0	$0	$489,488	$0	$0	$489,488	$0	$489,488
97400 Depreciation Expense	$117,207	$0	$1,473	$0	$0	$118,680	$0	$118,680
90000 Total Expenses	$508,695	$46,264	$561,710	$2,131	$1,555	$1,120,355	$0	$1,120,355

MORGAN METROPOLITAN HOUSING AUTHORITY

FDS SCHEDULES SUBMITTED TO HUD

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Voucher	State / Local	Business Activities	Subtotal	ELIM	Total
10010 Operating Transfer In	$48,771	$0	$0	$0	$0	$48,771	($48,771)	$0
10020 Operating transfer Out	($48,771)	$0	$0	$0	$0	($48,771)	$48,771	$0
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	($13,489)	$0	$11,151	$0	$1,373	($965)	$0	($965)
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$1,760,871	$0	$23,087	$0	$10,394	$1,794,352	$0	$1,794,352
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	($107,198)	$0	($18,917)	$0	$0	($126,115)	$0	($126,115)
11170 Administrative Fee Equity	$0	$0	$8,830	$0	$0	$8,830	$0	$8,830
11180 Housing Assistance Payments Equity	$0	$0	$6,491	$0	$0	$6,491	$0	$6,491
11190 Unit Months Available	720	0	1,680	0	0	2,400	0	2,400
11210 Number of Unit Months Leased	713	0	1,650	0	0	2,363	0	2,363
11650 Leasehold Improvements Purchases	$28,683	$0	$0	$0	$0	$28,683	$0	$28,683

Morgan Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Costs
June 30, 2018

Capital Fund Program Number (OH16P066501-13)

1. The Program Costs are as follows:

Funds Approved	$	69,545
Funds Expended		69,545
Excess (Deficiency) of Funds Approved	$	-

Funds Approved	$	69,545
Funds Expended		69,545
Excess (Deficiency) of Funds Approved	$	-

2. All Costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed on August 4, 2014.

4. The Final Costs on the Certification agrees with the Authority's records.

Morgan Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Costs
June 30, 2018

Capital Fund Program Number (OH16P066501-14)

1. The Program Costs are as follows:

Funds Approved	$	72,404
Funds Expended		72,404
Excess (Deficiency) of Funds Approved	$	-

Funds Approved	$	72,404
Funds Expended		72,404
Excess (Deficiency) of Funds Approved	$	-

2. All Costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed on November 9, 2017.

4. The Final Costs on the Certification agrees with the Authority's records.

Morgan Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Costs
June 30, 2018

Capital Fund Program Number (OH16P066501-15)

1. The Program Costs are as follows:

Funds Approved	$	73,410
Funds Expended		73,410
Excess (Deficiency) of Funds Approved	$	-
Funds Approved	$	73,410
Funds Expended		73,410
Excess (Deficiency) of Funds Approved	$	-

2. All Costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed on November 9, 2017.

4. The Final Costs on the Certification agrees with the Authority's records.

Morgan Metropolitan Housing Authority
PHA's Statement of Certification of Actual Modernization Costs
June 30, 2018

Capital Fund Program Number (OH16P066501-16)

1. The Program Costs are as follows:

Funds Approved	$	75,862
Funds Expended		75,862
Excess (Deficiency) of Funds Approved	$	-

Funds Approved	$	75,862
Funds Expended		75,862
Excess (Deficiency) of Funds Approved	$	-

2. All Costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed on November 14, 2017.

4. The Final Costs on the Certification agrees with the Authority's records.

MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY

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

Federal Grantor/Pass Through Grantor Program/Cluster Title	Pass-Through Number	Federal CFDA Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	$ 293,450
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	567,647
Public Housing Capital Fund	N/A	14.872	77,454
Family Self-Sufficiency Program	N/A	14.896	46,264
Total Expenditures of Federal Awards			$ 984,815

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

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

Morgan Metropolitan Housing Authority
Morgan County
4580 N. St. Rt. 276 NW
McConnelsville, Ohio 43756

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Morgan Metropolitan Housing Authority, Morgan County, (the Authority) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 7, 2018, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 7, 2018

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

Morgan Metropolitan Housing Authority
Morgan County
4580 N. St. Rt. 276 NW
McConnelsville, Ohio 43756

To the Board of Directors:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 7, 2018

MORGAN METROPOLITAN HOUSING AUTHROITY
MORGANCOUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

MORGAN COUNTY METROPOLITAN HOUSING AUTHORITY

MORGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 27, 2018

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