

**BUTLER METROPOLITAN  
HOUSING AUTHORITY  
BUTLER COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

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





# Dave Yost • Auditor of State

Board of Trustees  
Butler County Metropolitan Housing Authority  
Benjamin Jones, Executive Director  
4110 Hamilton Middletown Rd

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 20, 2018

**This page intentionally left blank.**

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

---

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements:	
Statement of Net Position	9
Statement of Revenues, Expenses, and Changes in Net Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	12-37
Required Supplementary Information:	
Schedule of the Authority's Proportionate Share of the Net Pension Liability – Ohio Public Employees Retirement System – Last Five Fiscal Years	38
Schedule of the Authority's Contributions – Ohio Public Employees Retirement System – Last Five Fiscal Years	39
Schedule of the Authority's Proportionate Share of the Net OPEB Liability – Ohio Public Employees Retirement System - Last Two Fiscal Years	40
Schedule of Authority's Contributions – OPEB – Ohio Public Employees Retirement System – Last Four Fiscal Years	41
Notes to the Required Supplementary Information	42
Financial Data Schedules:	
Entity Wide Balance Summary	43-44
Entity Wide Revenue and Expense Summary	45-47
Schedule of Expenditures of Federal Awards	48
Note to Schedule of Expenditures of Federal Awards	49
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50-51
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	52-53
Schedule of Findings and Questioned Costs	54
Schedule of Prior Audit Findings and Recommendations	55

**This page intentionally left blank.**

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

---

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Members of the Board  
Butler Metropolitan Housing Authority  
Hamilton, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

**Report on the Financial Statements**

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

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

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

***Auditor's Responsibility***

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

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

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

### ***Opinion***

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

### ***Emphasis of Matter***

As discussed in Note A to the basic financial statements, during 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.



The Financial Data Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



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

November 26, 2018

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

The Butler Metropolitan Housing Authority (“the Authority”) management’s discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

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

**FINANCIAL HIGHLIGHTS**

- The business-type activity revenue decreased by \$.63 million (3%) from FY 2017. Total revenue was \$22.0 million and \$22.6 million for FY 2018 and FY 2017 respectively.
- The total expenses of all Authority programs increased by \$.20 million (1%). Total expenses were \$22.9 million and \$22.7 million for FY 2018 and FY 2017 respectively.
- The Authority implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (and Certain Issued Related to OPEB Plan Reporting)* causing a restatement of beginning net position that is \$1,523,888 less than net position reported at June 30, 2017.

**Authority-Wide Financial Statements**

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

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

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

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

Unrestricted Net Position: Consists of Net Position that does not meet the definition of “Net Position Invested in Capital Assets, Net of Related Debt,” or “Restricted Net Position.”

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

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

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

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

Traditional users of governmental financial statements will find the consolidated Financial Statements presentation familiar. The focus is on Authority-wide balances rather than individual program balances. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The following is a condensed Statement of Net Position compared to prior year.

**Table 1 - Condensed Statement of Net Position**

	2018	Restated 2017	Change	% Change
<b><u>Assets</u></b>				
Current Assets	\$ 8,062,000	\$ 7,425,000	\$ 637,000	9%
Capital Assets	10,208,000	11,178,000	(970,000)	-9%
Other Non-current Assets	633,000	618,000	15,000	2%
<b>Total Assets</b>	<b>18,903,000</b>	<b>19,221,000</b>	<b>(318,000)</b>	<b>-2%</b>
<b>Deferred Outflows</b>	<b>608,000</b>	<b>1,287,000</b>	<b>(679,000)</b>	<b>-53%</b>
<b><u>Liabilities</u></b>				
Current Liabilities	440,000	345,000	95,000	28%
Non-current Liabilities	4,545,000	5,381,000	(836,000)	-16%
<b>Total Liabilities</b>	<b>4,985,000</b>	<b>5,726,000</b>	<b>(741,000)</b>	<b>-13%</b>
<b>Deferred Inflows</b>	<b>913,000</b>	<b>249,000</b>	<b>664,000</b>	<b>267%</b>
<b><u>Net Position</u></b>				
Invested in Capital	10,208,000	11,178,000	(970,000)	-9%
Restricted	469,000	1,007,000	(538,000)	-53%
Unrestricted	2,936,000	2,348,000	588,000	25%
<b>Total Net Position</b>	<b>\$ 13,613,000</b>	<b>\$ 14,533,000</b>	<b>\$ (920,000)</b>	<b>-6%</b>

**Major Factors Affecting the Statement of Net Position**

Current assets increased about \$637,000 (or almost 9%). Contributing to that increase was an increase in current liabilities due to regular timing of payment of obligations, and a gain from operations in the period. The drop in capital assets reflects that depreciation on existing assets outpaced capital additions.

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

The changes in deferred outflow of resources, deferred inflow of resources and non-current liabilities all were primarily due to reporting of pension and other postemployment benefits (OPEB) activity required by GASB 68 and GASB 75. GASB 68 and GASB 75 are accounting standards that essentially require the Authority to report what is determined to be its share of the unfunded pension and health insurance liability of the pension system, the Ohio Public Employees Retirement System (PERS). Employees of the Authority are required by state law to be members of PERS, and The Authority is required to make retirement contributions to PERS for all of its employees. The Net Pension and Health Insurance Liability is unlike other liabilities the Authority has in that these liabilities do not represent invoices to be paid by the Authority but rather is an attempt to estimate the extent to which contributions to PERS would have to increase in order for PERS to fully fund its pension and healthcare obligations. GASB 68 was implemented a few years ago. GASB 75 is implemented with this reporting period. In addition to the impact on deferred outflow of resources, deferred inflow of resources, and non-current liabilities, the implementation of GASB 75 also caused net position to be restated as of June 30, 2018 by a value of \$1,524,000 less than what it was reported last fiscal year.

The following is a condensed Statement of Revenues, Expenses, and Changes in Net Position compared to prior year.

**Table 2 - Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	2018	2017	Change	% Change
<b><u>Revenues</u></b>				
Tenant Revenues	\$ 1,994,000	\$ 1,944,000	\$ 50,000	3%
Subsidies	18,979,000	18,750,000	229,000	1%
Capital Grants	724,000	1,601,000	(877,000)	-55%
Interest Income	9,000	3,000	6,000	200%
Other Income	304,000	344,000	(40,000)	-12%
<b>Total Revenues</b>	<b>22,010,000</b>	<b>22,642,000</b>	<b>(632,000)</b>	<b>-3%</b>
<b><u>Expenses</u></b>				
Administrative	3,186,000	3,005,000	181,000	6%
Tenant Services	11,000	9,000	2,000	22%
Utilities	1,096,000	998,000	98,000	10%
Maintenance and Operation	2,961,000	3,249,000	(288,000)	-9%
General and Interest	542,000	486,000	56,000	12%
HAP	13,422,000	13,241,000	181,000	1%
Depreciation	1,712,000	1,744,000	(32,000)	-2%
<b>Total Expenses</b>	<b>22,930,000</b>	<b>22,732,000</b>	<b>198,000</b>	<b>1%</b>
Change in Net Position	(920,000)	(90,000)	(830,000)	
Prior Period Adjustment	0	(145,000)	(145,000)	100%
Total Net Position - Beginning	14,533,000	N/A		
<b>Total Net Position - Ending</b>	<b>\$ 13,613,000</b>	<b>\$ 14,533,000</b>		

**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (CONTINUED)**

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

Revenues remained steady compared to the prior year, dropping by a modest 3%. The drop primarily was in capital grant revenue, which is really not due to a reduction in funding for this purpose but rather more a reflection of when the grants received every year are being spent. HUD provides Capital Fund Grant funding annually, and typically the Authority has 4 years to spend what is received in any given year. So what varies is when the funds are spent and how much of it is spent on capital improvements versus extraordinary maintenance work items. The reduction in this revenue this year is more a reflection of a normal variation in when grants received over the past 4 years was spent and how much of it was on capital improvement work items.

Expenses likewise changed modestly, increasing by less than 1%. Increases in administrative, utilities and HAP expenses were all but offset by a reduction in maintenance expenses. The increase in administrative costs was primarily related to staffing, wages and benefits. The increase in utilities was mostly due to rate changes. The increase in HAP expense was minor (just more than 1%) due to changes in family income and composition of families helped by the program. The drop in maintenance expense was a result of a drop in spending on contracting for ordinary maintenance as management was able to achieve targeted reductions to stay within budget and deflect more significant maintenance/repair costs to the capital fund program.

The following summarizes the change in Capital Assets.

**Table 3 - Condensed Changes in Capital Assets**

<u>Capital Assets</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% Change</u>
Land	\$ 3,147,000	\$ 3,147,000	\$ 0	0%
Buildings and Improvements	74,735,000	74,011,000	724,000	1%
Equipment	1,934,000	1,916,000	18,000	1%
Accumulated Depreciation	<u>(69,608,000)</u>	<u>(67,896,000)</u>	<u>(1,712,000)</u>	3%
<b>Total Capital Assets</b>	<u><u>\$10,208,000</u></u>	<u><u>\$ 11,178,000</u></u>	<u><u>\$ (970,000)</u></u>	-9%

**Debt**

The Authority has no debt at June 30, 2018.

**ECONOMIC FACTORS**

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The likelihood of full improvements in the level of funding from DHUD for Authority programs is not favorable. Cuts in HUD funding for Authority programs eventually means cuts in what the Authority can do for its clients.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

---

**FINANCIAL CONTACT**

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Butler Metropolitan Housing Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions regarding these financial statements or supplemental information, you may contact Benjamin Jones, Executive Director, at (513) 623-0353 or by writing: Butler Metropolitan Housing Authority, 4110 Hamilton-Middletown Road, Hamilton, Ohio 45011-6218.

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents - Unrestricted	\$ 6,851,560
Cash and Cash Equivalents - Restricted	801,698
Accounts Receivable, Net	77,123
Prepaid Expenses	212,848
Inventories	119,145
<b>Total Current Assets</b>	<b>8,062,374</b>

**Noncurrent Assets**

<b>Capital Assets:</b>	
Land	3,147,250
Buildings and Improvements	74,735,460
Furniture and Equipment	1,933,975
	<b>79,816,685</b>
Less: Accumulated Depreciation	(69,608,371)
Total Capital Assets, Net	<b>10,208,314</b>
Notes Receivable	609,184
Other Assets	24,101
<b>Total Noncurrent Assets</b>	<b>10,841,599</b>

**Deferred Outflows of Resources**

Deferred Outflows of Resources - Pension	467,458
Deferred Outflows of Resources - OPEB	140,062
<b>Total Deferred Outflows of Resources</b>	<b>607,520</b>

**TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES** **\$ 19,511,493**

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accounts Payable	\$ 147,364
Accrued Liabilities	126,772
Accrued Compensated Absences - Current Portion	42,000
Tenant Security Deposits	123,634
<b>Total Current Liabilities</b>	<b>439,770</b>

**Noncurrent Liabilities**

Accrued Compensated Absences	432,137
Trust Deposit Liabilities	9,506
Net Pension Liability	2,413,451
Net OPEB Liability	1,689,701
<b>Total Noncurrent Liabilities</b>	<b>4,544,795</b>
<b>TOTAL LIABILITIES</b>	<b>4,984,565</b>

**Deferred Inflow of Resources**

Pension	588,619
OPEB	125,871
Prepaid Ground Lease	199,023
<b>Total Deferred Inflow of Resources</b>	<b>913,513</b>

**NET POSITION**

Net Investment in Capital Assets	10,208,314
Restricted Net Position	469,535
Unrestricted Net Position	2,935,566
<b>TOTAL NET POSITION</b>	<b>13,613,415</b>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION** **\$ 19,511,493**

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

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

<b><u>Operating Revenue</u></b>	
Tenant Revenue	\$ 1,994,171
Governmental Grants and Subsidy	18,978,544
Other Income	303,510
<b>Total Operating Revenue</b>	<b><u>21,276,225</u></b>
<b><u>Operating Expenses</u></b>	
Administration	3,185,617
Tenant Services	10,895
Utilities	1,096,139
Maintenance and Operation	2,961,021
Protective Services	72,478
General Expense	469,624
Housing Assistance Payments	13,421,580
Depreciation	1,711,936
<b>Total Operating Expenses</b>	<b><u>22,929,290</u></b>
<b>Net Operating Income (Loss)</b>	<b><u>(1,653,065)</u></b>
<b><u>Nonoperating Revenues/(Expenses)</u></b>	
Investment Income	<u>9,323</u>
Net Nonoperating Revenues/(Expenses)	<u>9,323</u>
<b>Net Income/(Loss) before Capital Grants</b>	<b>(1,643,742)</b>
Capital Grants	<u>724,377</u>
<b>Increase (Decrease) in Net Position</b>	<b><u>(919,365)</u></b>
Total Net Position - Beginning - Restated	14,532,780
<b>Total Net Position - Ending</b>	<b><u>\$ 13,613,415</u></b>

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



**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Cash flows from Operating Activities**

Operating Grants Received	\$ 18,982,724
Tenant Revenue Received	1,900,521
Other Revenue Received	136,320
Administrative Expenses	(2,714,809)
Other Operating Expenses	(4,399,082)
Housing Assistance Payments	(13,281,580)
<b>Net Cash Provided from Operating Activities</b>	<b><u>624,094</u></b>

**Cash Flows from Capital and Related Financing Activities**

Capital Grants Received	724,377
Property and Equipment Purchased	(742,663)
<b>Net Cash Provided from Capital and Related Financing Activities</b>	<b><u>(18,286)</u></b>

**Cash Flows from Investing Activities**

Interest Earned	9,323
<b>Net Cash Provided from Investing Activities</b>	<b><u>9,323</u></b>

Net Increase (Decrease) in Cash	615,131
Cash and Cash Equivalents at Beginning of Year	7,038,127
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 7,653,258</u></b>

**Reconciliation of Operating Income to Net**

**Cash Provided by Operating Activities**

Net Income (Loss)	\$ (1,653,065)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	1,711,936
Decrease (Increase) in Accounts Receivable	17,446
Decrease (Increase) in Prepaid and Other Assets	(41,692)
Decrease (Increase) in Inventory	(12,982)
Increase (Decrease) in Deferred Outflows	680,406
Increase (Decrease) in Accounts Payable	58,344
Increase (Decrease) in Accrued Expenses	36,134
Increase (Decrease) in Intergovernmental Payable	4,180
Increase (Decrease) in Tenant Security Deposits	3,000
Increase (Decrease) in Compensated Absence	45,228
Increase (Decrease) in Other Non-Current Liabilities	41
Increase (Decrease) in Net Pension and OPEB Liabilities	(889,625)
Increase (Decrease) in Deferred Inflows	664,743
<b>Net Cash Provided from Operating Activities</b>	<b><u>\$ 624,094</u></b>

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

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY**

**1. Introduction**

The financial statements of the Butler Metropolitan Housing Authority (“the Authority”) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

**2. Organization**

The Authority is a public body and a body corporate and politic organized under the laws of the State of Ohio by the City of Hamilton for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the Board is appointed pursuant to the Ohio Revised Code, but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development (“HUD”) to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

**3. Reporting Entity**

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board* and the Financial Accounting Standards Board and GASB Statement Number 14, *The Financial Reporting Entity*.

**Financial Accountability** - The Authority is responsible for its debts, does not impose a financial burden on the City or County and is entitled to all surpluses. No separate Authority receives a financial benefit nor imposes a financial burden on the Authority.

**Appointment of a Voting Majority** – the Board of Commissioners of the Authority is appointed to five-year terms by the Mayor of the City of Hamilton, Probate Court, Commons Please Court, and the Butler County Commissioners, but the Authority designates its own management. The City and County provide no financial support to the Authority and are not responsible for the debts or entitled to the net assets of the Authority. The Authority has the power to approve its own budget and maintains its own accounting system. Although the officials of the City of Hamilton and Butler County appoint the governing board of the Authority, no other criteria established by Government Accounting Standards Board for inclusion of the Authority in the financial reports of those entities are met. Therefore, a separate financial report is prepared for the Authority.

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)**

**3. Reporting Entity (Continued)**

**Imposition of Will** - The County has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority nor for the Authority to be included in the City of Hamilton's or Butler County's financial reports, therefore, the Authority reports independently. The Authority operated the following programs under Annual Contributions Contract:

- A. *Public Housing Program*** – The Authority rents units it owns to low-income households. The program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy to enable the Authority to rent the units based on 30% of household income.
- B. *Housing Choice Voucher Program***– The objective of this program is to provide housing for eligible low-income families through housing assistance payments to private landlords.
- C. *Capital Fund Program*** - The objective of this program is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the Program.
- D. *Business Activities*** – Various other activities of the Authority.

**4. Basis of Presentation, Basis of Accounting and Measurement Focus**

**Basis of Accounting** - The Authority uses the accrual basis of accounting for all funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

**Basis of Presentation** - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Authority's activities are included on the Statement of Net Position. The Authority uses the following fund:

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY** (Continued)

**4. Basis of Presentation, Basis of Accounting and Measurement Focus** (Continued)

Enterprise Fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

The Authority's net position is reported in three components:

1. Net investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and 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.
2. Restricted Net Position – Consists of net position with constraints placed on their use by external groups including HUD, creditors, grantors, contributors, or laws and regulations of other governments.
3. Unrestricted Net Position – All other net assets that do not meet the definition of “restricted” or “invested” in capital assets, net of related debt.

**5. Accounting and Reporting for Non-exchange Transactions**

Non-exchange transactions occur when a Public Housing Authority receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transaction 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 non-exchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).
- Government-mandated non-exchange 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 non-exchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

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

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

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)**

**5. Accounting and Reporting for Non-Exchange Transactions (Continued)**

- 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 non-exchange 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 non-exchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

**6. Revenues and Expenses**

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

**7. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. The Authority does not utilize encumbrance accounting.

**8. Budgets**

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the program to which the budget applies. The Authority prepares annual operating budgets, which are formally adopted by its Governing Board of Commissioners and submitted to HUD when required.

**9. Inventories**

Inventories are recorded on a first-in, first out basis. The periodic method is used to account for inventories. Under the periodic method, inventories are charged to expense when purchased and adjusted periodically upon physical inventory count.

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)**

**10. Capital Assets and Depreciation**

Capital assets are stated at historical cost. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the City of Hamilton for maintenance and repairs. Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Assets. The Authority has established a capitalization threshold of \$2,000 for equipment, buildings and improvements.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings and Improvements	10-20 years
Furniture, Fixtures and Equipment	3-10 years
Vehicles	5 years

**11. Collection Losses**

Collection losses on accounts receivable are expensed, in the appropriate fund, on the specific write-off method.

**12. Insurance**

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. The Authority secures required insurance coverage through the competitive bid process. The Authority had the required coverage in force.

**13. Cash and Investments**

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY** (Continued)

**14. Compensated Absences**

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

**15. Operating Revenue**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsides received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net assets below the non-operating revenue and expense.

**16. Deferred Outflows/Inflows 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 G and Note H respectively.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension, OPEB and a prepaid ground lease. The deferred inflows of resources related to pension and OPEB are explained in Note G and Note H respectively. The deferred inflows of resources related to the prepaid ground lease is explained in Note M.



**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (CONTINUED)**

**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)**

**16. Deferred Outflows/Inflows of Resources (Continued)**

<u>Deferred Inflows</u>	
Pension	\$ 588,619
OPEB	125,871
Prepaid Ground Lease	199,023
<b>Total Deferred Inflows</b>	<b><u><u>\$ 913,513</u></u></b>

**17. Pensions/Other Post Employment Benefits (OPEB)**

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

**18. Change in Accounting Principle and Restatement of Net Position**

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

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

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	\$16,056,668
Adjustments	
Net OPEB liability	(1,548,382)
Deferred Outflow - Payments Subsequent to Measurement Date	24,494
Restated Net Position June 30, 2017	<b><u><u>\$14,532,780</u></u></b>



**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

**NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY** (Continued)

**18. Change in Accounting Principle and Restatement of Net Position** (Continued)

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

**NOTE B: CASH AND CASH EQUIVALENTS**

All the deposits of the Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Authority has no policy regarding custodial credit risk for deposits.

At June 30, 2018, the Authority's deposits had a carrying amount of \$7,653,258 (including \$1,200 of petty cash) and a bank balance of \$7,867,886. Of the bank balances held in various financial institutions, \$250,000 was covered by Federal Depository Insurance and the remainder was covered by collateral held under the dedicated method.

***Interest Rate Risk*** - As a means of limiting its exposure to market value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to maturities of 12 months or less. The Authority has no specific policy regarding interest rate risk.

***Credit Risk*** - The Authority has no policy regarding credit risk.

***Custodial Credit Risk*** - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority had no funds that were considered to be investments and as such all funds were classified as cash & cash equivalents. The Authority has no policy on custodial credit risk.

***Concentration of Credit Risk*** - The Authority places no limit on the amount that it may invest in any one issuer. The Authority has no policy regarding credit risk.

Cash and cash equivalents at June 30, 2018, consisted of the following:

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**NOTE B: CASH AND CASH EQUIVALENTS** (Continued)

<b><u>Cash and Cash Equivalents</u></b>	
Checking - Unrestricted	\$ 6,850,360
Cash - Restricted	801,698
Petty Cash	1,200
<b>Total Cash and Cash Equivalents</b>	<b><u><u>\$ 7,653,258</u></u></b>
<b><u>Restricted Cash and Cash Investments</u></b>	
Tenant Security Deposits	\$ 123,634
FSS Escrow	9,506
HCV HAP Equity/Net Restricted Assets	452,196
Restricted for Development	216,362
<b>Total Restricted Cash and Cash Investments</b>	<b><u><u>\$ 801,698</u></u></b>

**NOTE C: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2018, consisted of the following:

Tenants (Net of Allowance of \$51,288)	\$ 22,334
Accounts Receivable - Other PHAs	54,789
	<b><u><u>\$ 77,123</u></u></b>

The above receivable balance excludes \$285,610 of interfund balances that have been eliminated from the consolidated financial statements at June 30, 2018.

**NOTE D: CAPITAL ASSETS**

The following is a summary of changes in the net capital assets during the fiscal year ended June 30, 2018:

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
<b><u>Capital Assets Not Being Depreciated</u></b>				
Land	\$ 3,147,250	\$ 0	\$ 0	\$ 3,147,250
<b>Total Capital Assets Not Being Depreciated</b>	<b><u>3,147,250</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>3,147,250</u></b>
<b><u>Capital Assets Being Depreciated</u></b>				
Buildings and Improvements	74,011,083	724,377	0	74,735,460
Furniture and Equipment	1,915,689	18,286	0	1,933,975
<b>Subtotal Capital Assets Being Depreciated</b>	<b><u>75,926,772</u></b>	<b><u>742,663</u></b>	<b><u>0</u></b>	<b><u>76,669,435</u></b>
<b><u>Accumulated Depreciation</u></b>				
Buildings and Improvements	(66,198,528)	(1,650,482)	0	(67,849,010)
Furniture and Equipment	(1,697,907)	(61,454)	0	(1,759,361)
<b>Subtotal Accumulated Depreciation</b>	<b><u>(67,896,435)</u></b>	<b><u>(1,711,936)</u></b>	<b><u>0</u></b>	<b><u>(69,608,371)</u></b>
Depreciable Assets, Net	<u>8,030,337</u>	<u>(969,273)</u>	<u>0</u>	<u>7,061,064</u>
 <b>Total Capital Assets, Net</b>	 <b><u><u>\$ 11,177,587</u></u></b>	 <b><u><u>\$ (969,273)</u></u></b>	 <b><u><u>\$ 0</u></u></b>	 <b><u><u>\$ 10,208,314</u></u></b>

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**NOTE E: NOTE RECEIVABLE**

**Mixed Finance Construction Loan**

The Authority is loaning to a development partner in conjunction with a multi-lender mixed finance arrangement for construction of the Beacon Pointe development. Repayment is based on cash flows realized by the Project. A lump sum payment of outstanding principal and interest is due at maturity, which is 40 years. The loan is secured by the property. At June 30, 2018, the Note Receivable balance is \$609,184.

**Allowance**

No allowance for an uncollectible amount is deemed necessary against the receivable. No facts are currently known that would lead the Authority to believe that default on the loan is probable. The debt may be satisfied through repayment in full or by transfer of property to the Authority.

**Interest Income**

Due to the length of time preceding the required payment of interest, interest earned on the note receivable has been deferred and is not recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

**NOTE F: SUMMARY OF CHANGES OF LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities is as follows:

	Restated July 1, 2017	Additions	Deletions	Balance June 30, 2018	Current Portion
Compensated Absences	\$ 428,909	\$ 154,677	\$ (109,449)	474,137	\$ 42,000
FSS Escrows	9,465	1,253	(1,212)	9,506	0
Net Pension Liability	3,444,395	0	(1,030,944)	2,413,451	
OPEB Liability	1,548,382	141,319	0	1,689,701	0
<b>Total Restricted Net Assets</b>	<b>\$5,431,151</b>	<b>\$ 297,249</b>	<b>\$ (1,141,605)</b>	<b>\$ 4,586,795</b>	<b>\$ 42,000</b>

**NOTE G: DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

**NOTE G: DEFINED BENEFIT PENSION PLANS** (Continued)

*Net Pension Liability* (Continued)

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

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

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

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

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

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

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**NOTE G: DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

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

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

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

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**NOTE G: DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

	State and Local
<b>2017 - 2018 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %

With the assistance of the System’s actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and 0.0 percent for 2018.

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

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

The Authority’s contractually required contribution for pension was \$285,859 for fiscal year ending June 30, 2018.

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

The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on the Authority’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset			
Prior Measurement Date	0.015168%	0.016977%	
Proportion of the Net Pension Liability/Asset			
Current Measurement Date	0.015384%	0.017704%	
Change in Proportionate Share	0.000216%	0.000727%	
Proportionate Share of the Net Pension			
Liability/(Asset)	\$ 2,413,451	\$ (24,101)	\$ 2,389,350
Pension Expense	\$ 431,855	\$ (1,000)	\$ 430,855

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**NOTE G: DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 2,465	\$ 0	\$ 2,465
Changes of assumptions	288,423	2,107	290,530
Changes in proportion and differences between Authority contributions and proportionate share of contributions	31,656	3,363	35,019
Authority contributions subsequent to the measurement date	134,642	4,802	139,444
<b>Total Deferred Outflows of Resources</b>	<u>\$ 457,186</u>	<u>\$ 10,272</u>	<u>\$ 467,458</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 518,137	\$ 3,803	\$ 521,940
Differences between expected and actual experience	47,560	7,180	54,740
Changes in proportion and differences between Authority contributions and proportionate share of contributions	11,582	357	11,939
<b>Total Deferred Inflows of Resources</b>	<u>\$ 577,279</u>	<u>\$ 11,340</u>	<u>\$ 588,619</u>

\$139,444 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending June 30:			
2019	\$ 226,119	\$ (776)	\$ 225,343
2020	(39,785)	(880)	(40,665)
2021	(228,160)	(1,732)	(229,892)
2022	(212,909)	(1,643)	(214,552)
2023	0	(307)	(307)
Thereafter	0	(532)	(532)
<b>Total</b>	<u>\$ (254,735)</u>	<u>\$ (5,870)</u>	<u>\$ (260,605)</u>

**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (CONTINUED)**

---

**NOTE G: DEFINED BENEFIT PENSION PLANS** (Continued)

*Actuarial Assumptions – OPERS*

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees’ actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age



**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

**NOTE G: DEFINED BENEFIT PENSION PLANS** (Continued)

*Actuarial Assumptions – OPERS* (Continued)

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

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

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

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

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

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**NOTE G: DEFINED BENEFIT PENSION PLANS** (Continued)

*Actuarial Assumptions – OPERS* (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	<u>100.00 %</u>	<u>5.66 %</u>

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

**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:

<u>Authority's proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Traditional Pension Plan	\$ 4,285,675	\$ 2,413,451	\$ 852,581
Combined Plan	\$ (13,101)	\$ (24,101)	\$ (31,690)

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

**NOTE H: DEFINED OPEB BENEFIT PLANS**

*Net OPEB Liability*

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

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

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

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

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

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

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

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

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

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

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

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

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

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

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

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

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

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

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

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

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

**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (CONTINUED)**

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

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

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

	State and Local
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	14.00%
Employee	10.00%

With the assistance of the System’s actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and decreased to 0.0 percent for 2018. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts was 4.0 percent for 2017. The Authority’s contractually required contribution was \$15,219 for fiscal year ending June 30, 2018.

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

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

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.015330%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.015560%
Change in Proportionate Share	0.000230%
Proportionate Share of the Net OPEB Liability	\$ 1,689,701
OPEB Expense	\$ 151,622

**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

---

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

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

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

	OPERS
<b>Deferred Outflows of Resources</b>	
Differences between expected and actual experience	\$ 1,317
Changes of assumptions	123,028
Changes in proportion and differences between Authority contributions and proportionate share of contributions	15,717
<b>Total Deferred Outflows of Resources</b>	<b>\$ 140,062</b>
<b>Deferred Inflows of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	\$ 125,871
<b>Total Deferred Inflows of Resources</b>	<b>\$ 125,871</b>

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

	OPERS
Year Ending June 30:	
2019	\$ 35,495
2020	35,495
2021	(25,332)
2022	(31,467)
Total	<b>\$ 14,191</b>

***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.



**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (CONTINUED)**

---

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

*Actuarial Assumptions – OPERS* (Continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The total OPEB liability was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74. In 2016, the Board of Trustees’ actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

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

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

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



**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

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

*Actuarial Assumptions – OPERS* (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
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	<u>100.00 %</u>	<u>4.98 %</u>

**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (CONTINUED)**

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

*Actuarial Assumptions – OPERS* (Continued)

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

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

	1% Decrease (2.85%)	Single Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	\$ 2,244,841	\$ 1,689,701	\$ 1,240,599

**Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** – Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the Authority’s proportionate share of the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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

**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (CONTINUED)**

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

*Actuarial Assumptions – OPERS* (Continued)

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 1,616,684	\$ 1,689,701	\$ 1,765,126

**NOTE I: RISK MANAGEMENT**

The Authority is exposed to various risks of losses related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were no claims in excess of commercial coverage during the previous three years. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2018, there were no liabilities to be reported.

**NOTE J: RESTRICTED NET POSITION**

HCV/HAP Equity	\$ 452,196
Restricted for Development	17,339
	\$ 469,535

**NOTE K: ECONOMIC DEPENDENCY**

Both the Authority owned Housing Program and the Housing Choice Voucher Programs are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

**NOTE L: 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 conditions of the Authority.

**NOTE M: PREPAID GROUND LEASE**

On June 24, 2011, the Authority entered into a ground lease with Beacon Pointe LP to lease a parcel of land owned by the Authority. The Authority received a pre-payment of \$212,000 in fiscal year 2011 which is being amortized over the 98 year lease term. The income recognized each year is \$2,163.

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

<b>Traditional Plan</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Authority's Proportion of the Net Pension Liability	0.015384%	0.015168%	0.015430%	0.013959%	0.013959%
Authority's Proportionate Share of the Net Pension Liability	\$ 2,413,451	\$ 3,444,395	\$ 2,672,670	\$ 1,683,612	\$ 1,645,585
Authority's Covered-Employee Payroll	\$ 2,032,957	\$ 2,053,136	\$ 1,982,818	\$ 1,760,869	\$ 1,961,892
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	118.72%	167.76%	134.79%	95.61%	83.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%
<b>Combined Plan</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Authority's Proportion of the Net Pension Asset	0.017704%	0.016977%	0.025380%	0.026619%	0.026619%
Authority's Proportionate Share of the Net Pension (Asset)	\$ (24,101)	\$ (9,449)	\$ (12,350)	\$ (10,248)	\$ (2,793)
Authority's Covered-Employee Payroll	\$ 72,508	\$ 69,196	\$ 95,370	\$ 95,570	\$ 121,708
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	33.24%	13.66%	12.95%	10.72%	2.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%	116.55%	116.90%	114.83%	104.33%

(1) - Information prior to 2014 is not available. Schedule is intended to show ten years of information,

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

See accompanying notes to the required supplementary information

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FIVE FISCAL YEARS (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Contractually Required Contributions</u>					
Traditional Plan	\$ 276,015	\$ 243,185	\$ 232,780	\$ 218,705	\$ 235,427
Combined Plan	9,844	8,196	9,867	10,736	14,605
Total Required Contributions	\$ 285,859	\$ 251,381	\$ 242,647	\$ 229,441	\$ 250,032
Contributions in Relation to the Contractually Required Contribution	(285,859)	(251,381)	(242,647)	(229,441)	(250,032)
Contribution Deficiency / (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Authority's Covered-Employee Payroll</u>					
Traditional Plan	\$ 2,049,217	\$ 1,945,480	\$ 1,939,833	\$ 1,822,542	\$1,961,892
Combined Plan	\$ 73,088	\$ 65,568	\$ 82,225	\$ 89,467	\$ 121,708
<u>Pension Contributions as a Percentage of Covered-Employee Payroll</u>					
Traditional Plan	13.47%	12.50%	12.00%	12.00%	12.00%
Combined Plan	13.47%	12.50%	12.00%	12.00%	12.00%

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

See accompanying notes to the required supplementary information.

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

---

	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.015560%	0.015330%
Authority's Proportionate Share of the Net OPEB Liability	\$ 1,689,701	\$ 1,548,382
Authority's Covered Payroll	\$ 2,204,108	\$ 2,119,018
Authority's Proportionate Share of the Net OPEB Liability of its Covered Payroll	76.66%	73.07%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information.

**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF AUTHORITY'S CONTRIBUTIONS - OPEB  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST FOUR FISCAL YEARS (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 15,219	\$ 33,837	\$ 42,302	\$ 38,605
Contributions in Relation to the Contractually Required Contribution	<u>(15,219)</u>	<u>(33,837)</u>	<u>(42,302)</u>	<u>(38,605)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority Covered Payroll	\$ 2,221,737	\$ 2,088,887	\$ 2,107,627	\$ 2,635,386
Contributions as a Percentage of Covered Payroll	0.69%	1.62%	2.01%	1.46%

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

See accompanying notes to the required supplementary information

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

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

***Net Pension Liability***

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

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

***Net OPEB Liability***

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

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



**BUTLER METROPOLITAN HOUSING AUTHORITY**  
**BUTLER COUNTY, OHIO**  
**SUPPLEMENTAL FINANCIAL DATA SCHEDULES**  
**ENTITY WIDE BALANCE SHEET SUMMARY**  
**JUNE 30, 2018**

<b>BUTLER METROPOLITAN HOUSING AUTHORITY (OH015)</b>	Project Total	14.871 Housing Choice Vouchers	Other Federal Program	Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	3,800,374	343,159	47,145	231,586	2,429,296	6,851,560	-	6,851,560
112 Cash - Restricted - Modernization and Development	216,362	-	-	-	-	216,362	-	216,362
113 Cash - Other Restricted	-	461,702	-	-	-	461,702	-	461,702
114 Cash - Tenant Security Deposits	123,634	-	-	-	-	123,634	-	123,634
<b>100 Total Cash</b>	<b>4,140,370</b>	<b>804,861</b>	<b>47,145</b>	<b>231,586</b>	<b>2,429,296</b>	<b>7,653,258</b>	<b>-</b>	<b>7,653,258</b>
121 Accounts Receivable - PHA Projects	-	54,789	-	-	-	54,789	-	54,789
126 Accounts Receivable - Tenants	29,005	-	-	-	-	29,005	-	29,005
126.1 Allowance for Doubtful Accounts -Tenants	-13,500	-	-	-	-	-13,500	-	-13,500
127 Notes, Loans, & Mortgages Receivable - Current	6,829	-	-	-	-	6,829	-	6,829
128 Fraud Recovery	-	37,788	-	-	-	37,788	-	37,788
128.1 Allowance for Doubtful Accounts - Fraud	-	-37,788	-	-	-	-37,788	-	-37,788
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>22,334</b>	<b>54,789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,123</b>	<b>-</b>	<b>77,123</b>
142 Prepaid Expenses and Other Assets	167,116	17,494	-	-	28,238	212,848	-	212,848
143 Inventories	134,445	-	-	-	-	134,445	-	134,445
143.1 Allowance for Obsolete Inventories	-15,300	-	-	-	-	-15,300	-	-15,300
144 Inter Program Due From	-	-	-	-	285,610	285,610	-285,610	-
<b>150 Total Current Assets</b>	<b>4,448,965</b>	<b>877,144</b>	<b>47,145</b>	<b>231,586</b>	<b>2,743,144</b>	<b>8,347,984</b>	<b>-285,610</b>	<b>8,062,374</b>
161 Land	3,111,825	-	-	-	35,425	3,147,250	-	3,147,250
162 Buildings	73,262,608	-	-	-	1,472,852	74,735,460	-	74,735,460
164 Furniture, Equipment & Machinery - Administration	1,497,512	104,840	-	-	331,623	1,933,975	-	1,933,975
166 Accumulated Depreciation	-67,762,440	-82,504	-	-	-1,763,427	-69,608,371	-	-69,608,371
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>10,109,505</b>	<b>22,336</b>	<b>-</b>	<b>-</b>	<b>76,473</b>	<b>10,208,314</b>	<b>-</b>	<b>10,208,314</b>
171 Notes, Loans and Mortgages Receivable - Non-Current	609,184	-	-	-	-	609,184	-	609,184
174 Other Assets	11,778	5,785	-	-	6,538	24,101	-	24,101
<b>180 Total Non-Current Assets</b>	<b>10,730,467</b>	<b>28,121</b>	<b>-</b>	<b>-</b>	<b>83,011</b>	<b>10,841,599</b>	<b>-</b>	<b>10,841,599</b>
200 Deferred Outflow of Resources	296,901	145,831	-	-	164,788	607,520	-	607,520
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>15,476,333</b>	<b>1,051,096</b>	<b>47,145</b>	<b>231,586</b>	<b>2,990,943</b>	<b>19,797,103</b>	<b>-285,610</b>	<b>19,511,493</b>

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
SUPPLEMENTAL FINANCIAL DATA SCHEDULES  
ENTITY WIDE BALANCE SHEET SUMMARY  
JUNE 30, 2018**

<b>BUTLER METROPOLITAN HOUSING AUTHORITY (OH015)</b>	Project Total	14.871 Housing Choice Vouchers	Other Federal Program	Business Activities	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	63,133	12,830	-	199	31,462	107,624	-	107,624
321 Accrued Wage/Payroll Taxes Payable	60,273	43,974	-	-	22,525	126,772	-	126,772
322 Accrued Compensated Absences - Current Portion	42,000	-	-	-	-	42,000	-	42,000
331 Accounts Payable - HUD PHA Programs	-	1,523	38,217	-	-	39,740	-	39,740
341 Tenant Security Deposits	123,634	-	-	-	-	123,634	-	123,634
347 Inter Program - Due To	-	276,682	8,928	-	-	285,610	-285,610	-
<b>310 Total Current Liabilities</b>	<b>289,040</b>	<b>335,009</b>	<b>47,145</b>	<b>199</b>	<b>53,987</b>	<b>725,380</b>	<b>-285,610</b>	<b>439,770</b>
353 Non-current Liabilities - Other	-	9,506	-	-	-	9,506	-	9,506
354 Accrued Compensated Absences - Non Current	172,060	83,728	-	-	176,349	432,137	-	432,137
357 Accrued Pension and OPEB Liabilities	2,005,242	984,937	-	-	1,112,973	4,103,152	-	4,103,152
<b>350 Total Non-Current Liabilities</b>	<b>2,177,302</b>	<b>1,078,171</b>	<b>-</b>	<b>-</b>	<b>1,289,322</b>	<b>4,544,795</b>	<b>-</b>	<b>4,544,795</b>
<b>300 Total Liabilities</b>	<b>2,466,342</b>	<b>1,413,180</b>	<b>47,145</b>	<b>199</b>	<b>1,343,309</b>	<b>5,270,175</b>	<b>-285,610</b>	<b>4,984,565</b>
400 Deferred Inflow of Resources	548,201	171,510	-	-	193,802	913,513	-	913,513
508.4 Net Investment in Capital Assets	10,109,505	22,336	-	-	76,473	10,208,314	-	10,208,314
511.4 Restricted Net Position	17,339	452,196	-	-	-	469,535	-	469,535
512.4 Unrestricted Net Position	2,334,946	-1,008,126	-	231,387	1,377,359	2,935,566	-	2,935,566
<b>513 Total Equity - Net Assets / Position</b>	<b>12,461,790</b>	<b>-533,594</b>	<b>-</b>	<b>231,387</b>	<b>1,453,832</b>	<b>13,613,415</b>	<b>-</b>	<b>13,613,415</b>
<b>600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net</b>	<b>15,476,333</b>	<b>1,051,096</b>	<b>47,145</b>	<b>231,586</b>	<b>2,990,943</b>	<b>19,797,103</b>	<b>-285,610</b>	<b>19,511,493</b>

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
SUPPLEMENTAL FINANCIAL DATA SCHEDULES  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

BUTLER METROPOLITAN HOUSING AUTHORITY (OH015)	Project Total	14.871 Housing Choice Vouchers	Other Federal Program	Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	1,968,384	-	-	-	-	1,968,384	-	1,968,384
70400 Tenant Revenue - Other	25,787	-	-	-	-	25,787	-	25,787
<b>70500 Total Tenant Revenue</b>	<b>1,994,171</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,994,171</b>	<b>-</b>	<b>1,994,171</b>
70600 HUD PHA Operating Grants	4,432,373	14,521,878	24,293	-	-	18,978,544	-	18,978,544
70610 Capital Grants	724,377	-	-	-	-	724,377	-	724,377
70710 Management Fee	-	-	-	-	743,239	743,239	-743,239	-
70720 Asset Management Fee	-	-	-	-	136,680	136,680	-136,680	-
70730 Book Keeping Fee	-	-	-	-	116,769	116,769	-116,769	-
<b>70700 Total Fee Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>996,688</b>	<b>996,688</b>	<b>-996,688</b>	<b>-</b>
71100 Investment Income - Unrestricted	5,654	500	-	235	-	6,389	-	6,389
71400 Fraud Recovery	-	18,882	-	-	-	18,882	-	18,882
71500 Other Revenue	108,427	161,506	-	-	14,695	284,628	-	284,628
72000 Investment Income - Restricted	2,934	-	-	-	-	2,934	-	2,934
<b>70000 Total Revenue</b>	<b>7,267,936</b>	<b>14,702,766</b>	<b>24,293</b>	<b>235</b>	<b>1,011,383</b>	<b>23,006,613</b>	<b>-996,688</b>	<b>22,009,925</b>
91100 Administrative Salaries	366,683	668,383	-	-	548,757	1,583,823	-	1,583,823
91200 Auditing Fees	13,216	783	100	-	1,566	15,665	-	15,665
91300 Management Fee	702,411	32,000	8,828	-	-	743,239	-743,239	-
91310 Book-keeping Fee	98,769	18,000	-	-	-	116,769	-116,769	-
91500 Employee Benefit contributions - Administrative	226,662	382,695	-	-	282,349	891,706	-	891,706
91600 Office Expenses	188,034	151,268	-	-	154,656	493,958	-	493,958
91700 Legal Expense	30,284	10,291	-	-	12,557	53,132	-	53,132
91800 Travel	2,683	5,697	-	-	20,124	28,504	-	28,504
91900 Other	109,394	508	-	7,911	1,016	118,829	-	118,829
<b>91000 Total Operating - Administrative</b>	<b>1,738,136</b>	<b>1,269,625</b>	<b>8,928</b>	<b>7,911</b>	<b>1,021,025</b>	<b>4,045,625</b>	<b>-860,008</b>	<b>3,185,617</b>
92000 Asset Management Fee	136,680	-	-	-	-	136,680	-136,680	-
92400 Tenant Services - Other	10,895	-	-	-	-	10,895	-	10,895
<b>92500 Total Tenant Services</b>	<b>10,895</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,895</b>	<b>-</b>	<b>10,895</b>
93100 Water	168,571	-	-	-	296	168,867	-	168,867
93200 Electricity	428,556	-	-	-	19,666	448,222	-	448,222
93300 Gas	189,372	-	-	-	-	189,372	-	189,372
93800 Other Utilities Expense	289,465	-	-	-	213	289,678	-	289,678
<b>93000 Total Utilities</b>	<b>1,075,964</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,175</b>	<b>1,096,139</b>	<b>-</b>	<b>1,096,139</b>

**BUTLER METROPOLITAN HOUSING AUTHORITY  
BUTLER COUNTY, OHIO  
SUPPLEMENTAL FINANCIAL DATA SCHEDULES  
ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

BUTLER METROPOLITAN HOUSING AUTHORITY (OH015)	Project Total	14.871 Housing Choice Vouchers	Other Federal Program	Business Activities	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	748,855	-	-	-	-	748,855	-	748,855
94200 Ordinary Maintenance and Operations - Materials and Other	266,297	39	-	-	8	266,344	-	266,344
94300 Ordinary Maintenance and Operations Contracts	1,265,044	49,773	-	-	36,549	1,351,366	-	1,351,366
94500 Employee Benefit Contributions - Ordinary Maintenance	463,517	-	-	-	-	463,517	-	463,517
<b>94000 Total Maintenance</b>	<b>2,743,713</b>	<b>49,812</b>	<b>-</b>	<b>-</b>	<b>36,557</b>	<b>2,830,082</b>	<b>-</b>	<b>2,830,082</b>
95200 Protective Services - Other Contract Costs	58,979	-	-	-	13,499	72,478	-	72,478
<b>95000 Total Protective Services</b>	<b>58,979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,499</b>	<b>72,478</b>	<b>-</b>	<b>72,478</b>
96110 Property Insurance	237,969	-	-	-	-	237,969	-	237,969
96120 Liability Insurance	-	2,674	-	-	26,740	29,414	-	29,414
<b>96100 Total insurance Premiums</b>	<b>237,969</b>	<b>2,674</b>	<b>-</b>	<b>-</b>	<b>26,740</b>	<b>267,383</b>	<b>-</b>	<b>267,383</b>
96200 Other General Expenses	-	7,327	-	-	-	7,327	-	7,327
96210 Compensated Absences	19,567	-	-	-	34,020	53,587	-	53,587
96400 Bad debt - Tenant Rents	141,327	-	-	-	-	141,327	-	141,327
<b>96000 Total Other General Expenses</b>	<b>160,894</b>	<b>7,327</b>	<b>-</b>	<b>-</b>	<b>34,020</b>	<b>202,241</b>	<b>-</b>	<b>202,241</b>
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>96900 Total Operating Expenses</b>	<b>6,163,230</b>	<b>1,329,438</b>	<b>8,928</b>	<b>7,911</b>	<b>1,152,016</b>	<b>8,661,523</b>	<b>-996,688</b>	<b>7,664,835</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>1,104,706</b>	<b>13,373,328</b>	<b>15,365</b>	<b>-7,676</b>	<b>-140,633</b>	<b>14,345,090</b>	<b>-</b>	<b>14,345,090</b>
97100 Extraordinary Maintenance	128,897	-	-	-	-	128,897	-	128,897
97200 Casualty Losses - Non-capitalized	2,042	-	-	-	-	2,042	-	2,042
97300 Housing Assistance Payments	-	13,257,907	15,365	-	-	13,273,272	-	13,273,272
97350 HAP Portability-In	-	148,308	-	-	-	148,308	-	148,308
97400 Depreciation Expense	1,695,401	5,712	-	-	10,823	1,711,936	-	1,711,936
<b>90000 Total Expenses</b>	<b>7,989,570</b>	<b>14,741,365</b>	<b>24,293</b>	<b>7,911</b>	<b>1,162,839</b>	<b>23,925,978</b>	<b>-996,688</b>	<b>22,929,290</b>
10010 Operating Transfer In	138,075	-	-	-	-	138,075	-138,075	-
10020 Operating transfer Out	-138,075	-	-	-	-	-138,075	138,075	-
<b>10100 Total Other financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>-721,634</b>	<b>-38,599</b>	<b>-</b>	<b>-7,676</b>	<b>-151,456</b>	<b>-919,365</b>	<b>-</b>	<b>-919,365</b>

**BUTLER METROPOLITAN HOUSING AUTHORITY  
 BUTLER COUNTY, OHIO  
 SUPPLEMENTAL FINANCIAL DATA SCHEDULES  
 ENTITY WIDE REVENUE AND EXPENSE SUMMARY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

BUTLER METROPOLITAN HOUSING AUTHORITY (OH015)	Project Total	14.871 Housing Choice Vouchers	Other Federal Program	Business Activities	COCC	Subtotal	ELIM	Total
11030 Beginning Equity	13,928,160	-129,195	-	239,063	2,018,640	16,056,668	-	16,056,668
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-744,736	-365,800	-	-	-413,352	-1,523,888	-	-1,523,888
11170 Administrative Fee Equity	-	-985,790	-	-	-	-985,790	-	-985,790
11180 Housing Assistance Payments Equity	-	452,196	-	-	-	452,196	-	452,196
11190 Unit Months Available	13,716	29,076	132	-	-	42,924	-	42,924
11210 Number of Unit Months Leased	13,190	24,000	36	-	-	37,226	-	37,226

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

<b>FEDERAL GRANTOR/ Program/Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<i>Direct Programs:</i>		
Public and Indian Housing	14.850	\$ 4,064,636
Public Housing Capital Fund	14.872	1,092,114
Section 8 Project Based Cluster:		
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	24,293
Total Section 8 Project Based Cluster		24,293
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	14,521,878
Total Housing Voucher Cluster		14,521,878
<b>Total U.S. Department of Housing and Urban Development</b>		<b>19,702,921</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$ 19,702,921</b>

This schedule is prepared on the accrual basis of accounting.

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

---

**NOTE 1: BASIS OF PRESENTATION**

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

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

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

**NOTE 3: INDIRECT COST RATE**

Butler Metropolitan Housing Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

To the Members of the Board  
Butler Metropolitan Housing Authority  
Hamilton, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Butler Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 26, 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***

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

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

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



### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

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

A handwritten signature in black ink that reads "James G. Zupka, CPA, Inc." The signature is written in a cursive, flowing style.

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

November 26, 2018

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

---

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

To the Members of the Board  
Butler Metropolitan Housing Authority  
Hamilton, Ohio

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

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

We have audited the Butler Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

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

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

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

In our opinion, the Butler Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

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

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

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

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

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



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

November 26, 2018

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

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

2018(i) Type of Financial Statement Opinion	Unmodified
2018(ii) Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2018(ii) Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2018(iii) Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2018(iv) Were there any material internal control weaknesses reported for major federal programs?	No
2018(iv) Were there any significant deficiencies in internal control reported for major federal programs?	No
2018(v) Type of Major Programs' Compliance Opinion	Unmodified
2018(vi) Are there any reportable findings under 2 CFR 200.516(a)?	No
2018(vii) Major Programs (list):  Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871	
2018(viii) Dollar Threshold: Type A\B Programs	Type A: \$750,000 Type B: All Others
2018(ix) Low Risk Auditee?	Yes

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

None.

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

None.

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

---

The audit report for the fiscal year ending June 30, 2017 contained no audit findings. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**BUTLER COUNTY METROPOLITAN HOUSING AUTHORITY**

**BUTLER 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  
JANUARY 3, 2019**