LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

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

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Licking County Metropolitan Housing Authority
144 W. Main St. Admin Office
Newark, OH 43055

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 13, 2019

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LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Licking Metropolitan Housing Authority
Newark, 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 Licking Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 Licking Metropolitan Housing Authority as of December 31, 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 1 to the basic financial statements, during 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

May 29, 2019

Licking Metropolitan Housing Authority's (LMHA) *Management Discussion and Analysis* is designed to:

a) Assist the reader in focusing on significant financial issues.
b) Provide an overview of LMHA's financial activity.
c) Identify changes in LMHA's financial position (its ability to address the next and subsequent year challenges).
d) Identify the single enterprise fund issues or concerns.

LMHA follows GASB No. 34. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with LMHA's financial statements which follow.

Financial Highlights

- Total Revenue: FYE12/31/18: $7,089,382 **increase** of $445,584 in 2018

- Total Expenses: FYE12/31/18: $7,135,821 **increase** of $98,691 in 2018

- LMHA implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (and Certain Issues Related to OPEB Plan Reporting)* causing a restatement of beginning net position that is $359,575 less than net position reported at December 31, 2017.

USING THIS ANNUAL REPORT

MD&A
Management Discussion and Analysis

BASIC FINANCIAL STATEMENTS
Statement of Net Position
Statement of Revenues, Expenses and Changes in Net Position
Cash Flows
Notes to Financial Statements

OTHER REQUIRED SUPPLEMENTARY INFORMATION
Pension and OPEB Schedules

This report focuses on LMHA as a single-enterprise fund. This format allows the user to address relevant questions, broaden a basis for comparison (year-to-year) and enhances LMHA's accountability.

BASIC FINANCIAL STATEMENTS

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

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 LMHA. The statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred outflow of resources, equals "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 Statements of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire LMHA. Net Position (formerly equity) is reported in three broad categories (as applicable).

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

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

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

The basic financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, 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.

LMHA's programs that are consolidated into a single-enterprise fund are as follows:

Conventional Public Housing (PH) **-** Under the Conventional Public Housing Program, LMHA rents up to 99 units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides an operating subsidy to enable the LMHA to provide the housing at a rent that is based upon 30 percent of adjusted gross household income.

Capital Fund Program (CFP) **-** This is the current primary funding source for LMHA's physical and management improvements for PH. Funds are allocated by a formula based on size and age of the authority's units.

Housing Choice Voucher Program (HCVP) **-** Under the Housing Choice Voucher Program, LMHA subsidizes rents to independent landlords who own the properties. LMHA subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The Program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable LMHA to subsidize a portion of a tenant's rent. The tenant typically pays 30 percent of their adjusted gross income toward their rent.

Other Business Activity **-** LMHA owns an office building/land which it purchased in 2005 for Section 8 and administrative staff. A lease agreement with the local health clinic for the rental of a portion of the administrative building continued through 2018. This agreement allows the local health clinic to provide a centralized location for their facility and provided LMHA's business activities with $7,200 income in the period.

Continuum of Care - The Continuum of Care Programs, funded by the McKinney-Vinto Homeless Assistance Act, provide rental assistance, in connection with supportive services to homeless persons with disabilities, (primarily persons who are seriously mentally ill and/or chronic substance abuse) and their families. The programs provide assistance through tenant-based rental assistance. These programs replace the programs previously administered using Shelter Plus Care program funds.

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

	2018	2017 Restated	Change	Percent Change
Assets and Deferred Outflows				
Current Assets	$ 335,065	$ 362,776	$ (27,711)	-7.64%
Capital Assets	1,780,593	1,708,879	71,714	4.20%
Total Assets	2,115,658	2,071,655	44,003	2.12%
Deferred Outflow of Resources	171,175	343,237	(172,062)	-50.13%
Total Assets and Deferred Outflows of Resources	$ 2,286,833	$ 2,414,892	(128,059)	-5.30%
Liabilities				
Current Liabilities	$ 71,708	$ 63,439	$ 8,269	13.03%
Non-current Liabilities	1,018,769	1,275,024	(256,255)	-20.10%
Total Liabilities	1,090,477	1,338,463	(247,986)	-18.53%
Deferred Inflow of Resources	178,786	12,420	166,366	1339.50%
Net Position				
Investment in Capital Assets	1,780,593	1,708,879	71,714	4.20%
Restricted Net Position	10,064	3,994	6,070	151.98%
Unrestricted Net Position	(773,087)	(648,864)	(124,223)	19.14%
Total Net Position	1,017,570	1,064,009	(46,439)	-4.36%
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,286,833	$ 2,414,892	(128,059)	-5.30%

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

At year end, a few things occurred affecting the Statement of Net Position, including:

Restricted net position includes $10,064 in HCV HAP equity up from $3,994 in 2017. These were funds provided by HUD to be used by LMHA to make rental assistance payments under the HCV Program that had not yet been spent at year end. This figure includes 50 percent of the fraud revenue received in 2018.

The 2018 figures presented above reflect balances reported in accordance with GASB Statement No. 68 and No. 75. The implementation of GASB 75 in the period caused a restatement of the 2017 numbers. A net pension liability and Other Post Employee Benefits (OPEB) Liability are being reported in the amount of $985,717 in 2018. This figure is down from the restated 2017 balance of $1,241,844.

Essentially, these accounting standards require LMHA to report on its financial statements the amount determined to be its share of the unfunded pension and OPEB liability of the Ohio Public Employees Retirement System (OPERS). The very large Net Pension Liability and OPEB Liability reported by LMHA in the amount $985,717 do not represent true liabilities to LMHA, in that if LMHA ceased its operation today, there would be no invoice in that amount to be paid. The concept behind the standard is ultimately for OPERS to resolve any unfunded pension and OPEB commitment it has, it will need to impose an additional funding burden on the entities contributing to it. Ohio State Law mandates employees of LMHA to participate in OPERS. Likewise, LMHA is mandated to make retirement contributions to OPERS on behalf of all its employees.

It should be noted, in Ohio, because members and employers pre-fund pension benefits for active employees through their regular contributions required by Ohio statute, current retiree liabilities are 100 percent funded, which makes default by OPERS very remote. The majority of systems in the recent news facing default did not deposit the required contributions over time needed to fund their member's pension benefits. To monitor the health of OPERS funding status, OPERS retains an external actuary to evaluate positions, annually. OPERS informs its contributors that should OPERS funding levels begin to trend downward, OPERS will work with the General Assembly to pass legislation increasing statutory contributions or decreasing benefits for its members. As evidence, this action was taken in 2012, when the General Assembly and OPERS adjusted the cost of benefits to maintain the funding necessary to meet long-term pension obligations.

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

	2018	2017	Change	Percent Change
Revenues				
Total Tenant Revenues	$ 306,903	$ 299,464	$ 7,439	2.48%
Operating Subsidies	6,516,295	6,174,232	342,063	5.54%
Capital Grants	162,029	36,328	125,701	346.02%
Investment Income	997	394	603	153.05%
Other Revenues	103,158	133,380	(30,222)	-22.66%
Total Revenues	7,089,382	6,643,798	445,584	6.71%
Expenses				
Administrative	858,905	888,775	(29,870)	-3.36%
Tenant and Protective Services	1,125	1,272	(147)	-11.56%
Utilities	128,950	119,126	9,824	8.25%
Maintenance	196,735	201,307	(4,572)	-2.27%
Insurance and General Expenses	66,707	61,290	5,417	8.84%
Housing Assistance Payments	5,733,715	5,612,990	120,725	2.15%
Depreciation	149,684	152,370	(2,686)	-1.76%
Total Expenses	7,135,821	7,037,130	98,691	1.40%
Net Incxreases (Decreases)	(46,439)	(393,332)	346,893	-88.19%
Beginning Net Position	1,064,009	N/A		
Ending Net Position	$ 1,017,570	$ 1,064,009		

N/A- Information necessary to restate the fiscal year 2017 beginning balance and the 2017 OPEB expense related to the implementation of GASB 75 is not available

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

In 2018, a $342,063 increase in entity-wide operating subsidy can be broken down by programs as follows:

- Low-Rent Public Housing received $8,683 more in operating grants;
- HCV Program received $402,237 more;
- Continuum of Care Programs received $68,857 less.

Capital grants income increased by $125,701, as two projects/upgrades were so large, they required the use of 2016, 2017, and 2018 capital funds to begin the project contracts in 2018.

Other revenue decreased by $30,222. In 2017, LMHA received funds from another housing authority for approximately twenty-one monthly port-ins, under HUD's Veterans Affairs Supportive Housing (VASH) Program. In 2018, the number of VASH vouchers dropped to twelve. This made up a large portion of the decrease in other revenue.

Administrative expense decreased $29,870 in 2018, but it should be noted that in 2017 this figure was up by $81,155 due to changes to the GASB68 balances, which increased the benefits expense for 2017 by $115,025 entity-wide.

Total Housing Assistance Payments and HAP Portability-In increased by $120,725. Below are the figures by program:

HCV HAP increased $217,701
HCV Port-Ins decreased $32,926
Continuum of Care HAP decreased $64,050.

In reviewing the per-unit cost in the HCV Program in 2018 vs. 2017, the average per unit cost increased in 2018 by $14.55 per unit, from $421.02 to $435.57.

A comparison of 2018 and 2017 utilities for the LMHA's programs is as follows:

HCV Utility	2018	2017
Water	$ 687	$ 686
Electric	5,634	5,508
Gas	1,960	1,608
Total	$ 8,281	$ 7,802

HCV: An increase of $479 was seen in utility expenses in 2018 from 2017.

A comparison of 2018 to 2017 utility expense for the Public Housing Program is as follows:

Low Rent Public Housing Utility	2018	2017
Water	$ 26,616	$ 25,629
Electric	74,299	67,955
Gas	19,754	17,740
Total	$ 120,669	$ 111,324

Low-Rent PH: An increase of $9,345 was seen in utility expenses in 2018 from 2017.

DEBT

LMHA ended the year with no debt.

CAPITAL ASSETS

As of 2018 year end, LMHA had $1,780,593 invested in a variety of capital assets as reflected in the following schedule which represents a net increase (addition, deductions, and depreciation) of $71,714 from the end of 2017 year-end balances. See tables 3 and 4.

Table 3 - Condensed Statement of Changes in Capital Assets

	2018	2017	Change	Percent Change
Land	$ 276,250	$ 276,250	$ 0	0.00%
Buildings	6,224,075	6,002,677	221,398	3.69%
Equipment	228,303	237,449	(9,146)	-3.85%
Accumulated Depreciation	(4,948,035)	(4,807,497)	(140,538)	2.92%
Total Capital Assets, Net	$ 1,780,593	$ 1,708,879	$ 71,714	4.20%

Table 4 - Changes in Capital Assets

Beginning Balance - December 31, 2017	$ 1,708,879
Current Year Additions	221,398
Current Year Deductions	0
Current Year Depreciation Expense	(149,684)
Ending Balance - December 31, 2018	$ 1,780,593

There were no HCV or Business Activity capital assets purchased in 2018.

Additions in capital assets in the amount of $221,398 for the Public Housing Hi-Rise included the following purchases:

- $168,102 Elevator Upgrade
- $18,646 New Fire Alarm Panel
- $2,445 Old Hickory 10 x 16 Utility Shed
- $2,739 ADA Door Openers & Switches
- $1,796 New Generator Circuit Board
- $17,350 Island-Air A/C's (Quantity 10)
- $10,320 Removal & Replace Domestic Hot Water Valves & Water Piping

ECONOMIC FACTORS

Significant economic factors affecting LMHA are as follows:

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

MANAGEMENT NOTES AND CONCLUSIONS:

LMHA ended the year with $10,064 in HCV HAP equity. HCV unit months leased totaled 12240 of its allowable 12395, which represents a 98.75 percent lease-up rate for 2018.

Public Housing Management and their maintenance staff, again focused on successful unit turn over. Of the 1,188 unit months available for the Public Housing Program, 1174 were leased in 2018 resulting in a 98.82 percent occupancy rate.

In reviewing the per unit costs for one, two, three and four bedrooms on the HCV Program, in 2018, LMHA saw an increase of $14.55 per unit. We believe this stems from the same reasons the area saw an increase to the per unit cost in 2017, including fewer rentals available in the market in 2018. The entire downtown Newark area has been under a major restoration effort, and the results of the improvements were seen in 2017 and 2018. Many more investors are buying and rehabilitating property and increasing the prices of the rehabilitated units. Several of the local, long-term owners who have owned a large stock of rental units for decades have sold their units and complexes. In the past, these older owners had maintained rents for relatively long periods of time, with minimal increases. The new investors have purchased their units and are raising the rents on the units. Unemployment also continues to be very low. The market in general, both for sale and rent, has experienced a reduction in product over the last year.

LMHA continued hosting the LMHA educational workshop for landlords and other related entities in LMHA's jurisdiction. This "Housing Forum" provides information about the processes and requirements within the LMHA Section-8 Program. It assists in increasing LMHA's housing stock and opens the line of communication for all related parties. Representatives attending included various local vendors, various local courts, legal aid, insurance providers, Fair Housing, Licking County Coalition for Housing, Licking County Apartment Association, Licking County Board of Developmental Disabilities, Behavioral Health Partners of Licking County, and the Ohio Department of Job & Family Services.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Jody Hull-Arthur, Executive Director of the Licking Metropolitan Housing Authority at 740-349-8069 Ext. 224, or Cynthia Hite, Financial Operations Manager, Ext. 229.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2018

ASSETS	
Current Assets	
Cash and Cash Equivalents:	$ 283,866
Restricted Cash and Cash Equivalents	28,048
Prepaid Expenses and Other Assets	23,151
Total Current Assets	335,065
Non-Current Assets	
Non-Depreciable Capital Assets	276,250
Depreciable Capital Assets, Net	1,504,343
Total Non-Current Assets	1,780,593
Deferred Outflows of Resources	
Deferred Outflow of Resources - Pension	142,726
Deferred Outflow of Resources - OPEB	28,449
Total Deferred Outflows of Resources	171,175
TOTAL ASSETS AND DEFRRED OUTFLOWS OF RESOURCES	$ 2,286,833
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 17,036
Accrued Wages - Payroll Taxes	9,871
Tenant Security Deposits	13,008
Intergovernmental Payable	18,619
Unearned Revenue	7,253
Other Current Liability	5,921
Total Current Liabilities	71,708
Non-Current Liabilities	
Accrued Compensated Absences	33,052
Net Pension Liability GASB 68	599,127
OPEB Liability GASB 75	386,590
Total Non-Current Liabilities	1,018,769
TOTAL LIABILITIES	1,090,477
Deferred Inflows of Resources	
Deferred Inflow of Resources - Pension	146,194
Deferred Inflow of Resources - OPEB	32,592
Total Deferred Inflows of Resources	178,786
Net Position	
Investment in Capital Assets	1,780,593
Unrestricted	(773,087)
Restricted	10,064
Total Net Posiiton	1,017,570
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$2,286,833

See accompanying notes to the basic financial statements.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Operating Revenue	
Government Grants	$ 6,516,295
Tenant Revenue	306,903
Other Revenue	103,158
Total Operating Revenue	6,926,356
Operating Expenses	
Administrative	858,905
Tenant Services	1,125
Utilities	128,950
Maintenance	196,735
General	66,707
Housing Assistance Payments	5,733,715
Total Operating Expenses	6,986,137
Income Before Depreciation	(59,781)
Depreciation	149,684
Operating Income (Loss)	(209,465)
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	997
Total Non-Operating Revenues (Expenses)	997
Income (Loss) Before Capital Grants	(208,468)
Capital Grants	162,029
Change In Net Position	(46,439)
Total Net Position - Beginning of Year - Restated	1,064,009
Total Net Position - End of Year	$ 1,017,570

See accompanying notes to the basic financial statements.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Cash Flows from Operating Activities	
Cash Received from Government Grants	$ 6,517,386
Cash Received from Tenants	313,740
Cash Payments for Housing Assistance	(5,733,715)
Cash Payments for Administrative Expenses	(788,638)
Cash Payments for Other Operating Expenses	(380,703)
Cash Received - Other Revenue	104,174
Net Cash Provided (Used) by Operating Activities	32,244
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(221,398)
Capital Grants Received	162,029
Net Cash Provided (Used) by Capital and Related Financing Activities	(59,369)
Cash Flows from Investing Activities	
Interest and Investment Income Received	997
Net Cash Provided (Used) by Investing Activities	997
Net Increase in Cash and Cash Equivalents	(26,128)
Cash and Cash Equivalents - Beginning of Year	338,042
Cash and Cash Equivalents - End of Year	$ 311,914
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ (209,465)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities:	
Depreciation	149,684
(Increase) Decrease in:	
Accounts Receivable	1,016
Deferred Outflows of Resources	172,062
Prepaid Expenses	567
Increase (Decrease) in:	
Accounts Payable	3,234
Accrued Pension and OPEB Liability	(256,127)
Accrued Compensated Absences	(128)
Tenants' Security Deposits	778
Accrued Wages and Payroll Taxes	439
Intergovernmental Payable	(103)
Unearned Revenue	7,253
Other Liabilities	(3,332)
Deferred Inflows of Resources	166,366
Net Cash Provided (Used) by Operating Activities	$ 32,244

See accomnpanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Licking Metropolitan Housing Authority (LMHA) is a political subdivision of the State of Ohio, located in Newark, Ohio, created under Section 3735.27 of the Ohio Revised Code, to engage in the acquisition, development, leasing and administration of low-rent housing programs. An Annual Contributions Contract was signed by the LMHA and the United States Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. LMHA was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring construction, maintenance, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 - as amended by GASB Statement No. 61, is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. LMHA is a political subdivision with no component units.

Basis of Presentation

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

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* LMHA follows GASB guidance as applicable to enterprise funds.

LMHA's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

LMHA uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

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

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

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of LMHA are included on the Statement of Net Position. The Statement of Changes in Revenues, Expenses, and Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how LMHA finances and meets the cash flow needs of its enterprise activity.

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 LMHA's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Programs

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

Public Housing (PH) - The PH program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with rental income received from tenants, are available solely to meet the operating expenses of the program.

Capital Fund Program (CFP) - The CFP provides funds annually, via a formula, to PH agencies for capital and management activities, including modernization and development housing.

Housing Choice Voucher Program (HCVP) - The HCVP was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

Continuum of Care - The Continuum of Care Program provides rental assistance, in connection with supportive services funded from sources other than this program to homeless persons with disabilities (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both, or have acquired immunodeficiency syndrome and related diseases) and their families. The program provides assistance through Tenant-based Rental Assistance (TRA).

Business Activities (BA) - Business Activities represents operations of LMHA other than HUD funded programming. Business Activities owns an office building and generates leasing revenue for space leased to other Licking MHA programs and a local health clinic. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

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

Cash and Cash Equivalents
LMHA considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash and cash equivalents.

Investments
Investments are stated at fair value. Cost-based measures of fair value were applied to non-negotiable certificates of deposit and money market investments.

Restricted Assets
Restricted assets represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include excess Housing Choice Voucher housing assistance payments funding and security deposits collected from residents of LMHA's housing units.

Property and Equipment
Property and equipment are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. LMHA's capitalization threshold is $1,000. Depreciation is recorded on the straight-line method under the following lives:

Buildings	27.5 years
Building Improvements	15 years
Equipment	7 years
Autos	5 years

Net Position
The net investment in capital assets component of net position, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use either through the enabling legislation adopted by LMHA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position includes what is known as Housing Choice Voucher Program HAP Equity. That is funding provided to the Agency by HUD for the purpose of making rental assistance payments on behalf of program participants that has yet to be expended.

LMHA applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgetary Accounting
LMHA annually prepares funding requests as prescribed by HUD. Operating budgets are adopted for all Authority's programs by LMHA's Board.

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

Capitalization of Interest

LMHA's policy is not to capitalize interest related to the construction or purchase of capital assets.

Pensions/Other Postemployment Benefits (OPEB)

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

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 LMHA, 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 6 and 7.

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 LMHA, deferred inflows of resources are reported on the Statement of Net Position for pension and OPEB. Deferred inflows of resources related to pension and OPEB are explained in Note 6 and 7.

Change in Accounting Principle

For fiscal year 2018, LMHA 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 LMHA's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

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

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

Net Position December 31, 2017	$	1,423,584
Adjustments:		
Net OPEB liability		(364,622)
Deferred Outflow - Payments Subsequent to Measurement Date		5,047
Restated Net Position December 31, 2017	$	1,064,009

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Cash on Hand

At December 31, 2018, the carrying amount of LMHA's deposits was $311,914 (including $28,048 of restricted funds, and $200 of petty cash).

At December 31, 2018, the bank balance of LMHA's cash deposits was $318,202. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2018, deposits totaling $318,202 were covered by Federal Depository Insurance.

Custodial credit is the risk that, in the event of a bank failure, LMHA's deposits may not be returned. LMHA's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of LMHA.

Investments

LMHA has a formal investment policy. LMHA follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, and records all its investments at fair value. At December 31, 2018, LMHA had no investments.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, LMHA's investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, LMHA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. LMHA has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

Restricted Cash

The restricted cash balance of $28,048 on the financial statements represents the following:

Excess cash advanced to the Housing Choice Voucher Program by HUD for:	
HUD for HCV Housing Assistance Payments	$ 10,064
Excess Cash Advanced for Continuum of Care for HAP	1,194
Cash Restricted for Payment of Current Liabilities	3,782
Tenant Security Deposits Liability	13,008
Total Restricted Cash	$ 28,048

NOTE 3: **CAPITAL ASSETS**

Following is a summary of capital assets:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Capital Assets Not Being Depreciated				
Land	$ 276,250	$ 0	$ 0	$ 276,250
Total Capital Assets Not Being Depreciated	276,250	0	0	276,250
Capital Assets Being Depreciated				
Buildings and Improvments	6,002,677	221,398		6,224,075
Furniture, Equipment, and Machinery	237,449		(9,146)	228,303
Subtotal Capital Assets Being Depreciated	6,240,126	221,398	(9,146)	6,452,378
Accumulated Depreciation -				
Buildings and Improvements	(4,629,830)	(128,597)		(4,758,427)
Furniture and Equipment	(177,667)	(21,087)	9,146	(189,608)
Total Accumulated Depreciation	(4,807,497)	(149,684)	9,146	(4,948,035)
Depreciable Assets, Net	1,432,629	71,714	0	1,504,343
Total Capital Assets, Net	$ 1,708,879	$ 71,714	$ 0	$ 1,780,593

NOTE 4: **CAPITAL LEASE OBLIGATIONS**

LMHA had no capital lease obligations throughout 2018.

NOTE 5: **ALLOCATION OF COSTS**

LMHA allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program or estimated actual usage. Management considers this to be an equitable method of allocation.

NOTE 6: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

The net pension liability represents LMHA'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 LMHA's obligation for this liability to annually required payments. LMHA cannot control benefit terms or the manner in which pensions are financed; however, LMHA 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.

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may

be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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

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

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

	State and Local
2017 - 2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the

Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and 0.0 percent for 2018.

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

LMHA's contractually required contribution for pension was $69,675 for fiscal year ending December 31, 2018.

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

The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. LMHA's proportion of the net pension liability was based on LMHA'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:

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability Prior Measurement Date	0.003863%
Proportion of the Net Pension Liability Current Measurement Date	0.003819%
Change in Proportionate Share	-0.000044%
Proportionate Share of the Net Pension Liability	$ 599,127
Pension Expense	$ 120,818

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

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Differences between expected and actual experience	$ 611
Changes of assumptions	71,599
Changes in proportion and differences between Authority contributions and proportionate share of contributions	841
Authority contributions subsequent to the measurement date	69,675
Total Deferred Outflows of Resources	$ 142,726
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 128,625
Differences between expected and actual experience	11,808
Changes in proportion and differences between Authority contributions and proportionate share of contributions	5,761
Total Deferred Inflows of Resources	$ 146,194

$69,675 reported as deferred outflows of resources related to pension resulting from LMHA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

	OPERS Traditional Pension Plan
Year Ending December 31:	
2019	$ 50,988
2020	(14,639)
2021	(56,639)
2022	(52,853)
Total	$ (73,143)

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	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	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

NOTE 6: **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:

NOTE 6: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

Sensitivity of LMHA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents LMHA's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what LMHA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	$ 1,063,897	$ 599,127	$ 211,649

NOTE 7: **POST-EMPLOYMENT BENEFITS**

Net OPEB Liability

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

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Net OPEB Liability (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

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

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

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

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

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

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

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

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

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

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

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

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

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. LMHA's contractually required contribution was $0 for fiscal year ending December 31, 2018.

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

The net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. LMHA's proportion of the net OPEB liability was based on LMHA'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		0.003610%
Proportion of the Net OPEB Liability: Current Measurement Date		0.003560%
Change in Proportionate Share		-0.000050%
Proportionate Share of the Net OPEB Liability	$	386,590
OPEB Expense	$	31,158

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

		OPERS
Deferred Outflows of Resources		
Differences between expected and actual experience	$	301
Changes of assumptions		28,148
Total Deferred Outflows of Resources	$	28,449
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	$	28,798
Changes in proportion and differences between Authority contributions and proportionate share of contributions		3,794
Total Deferred Inflows of Resources	$	32,592

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

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

		OPERS
Year Ending December 31:		
2019	$	4,588
2020		4,588
2021		(6,121)
2022		(7,198)
Total	$	(4,143)

Actuarial Assumptions - OPERS

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

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

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

NOTE 7: **POST-EMPLOYMENT BENEFITS** (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 expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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

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

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

Sensitivity of LMHA's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following table presents LMHA's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what LMHA'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	$ 513,601	$ 386,590	$ 283,839

NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Sensitivity of LMHA'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 LMHA's proportionate share of the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 369,884	$ 386,590	$ 403,846

NOTE 8: **NON-CURRENT LIABILITIES**

A summary of changes in non-current liabilities is as follows:

	Balance 1/1/2018	Additions	Used	Balance 12/31/2018	Current Portion
Compensated Absence	$ 33,180	$ 35,587	$ (35,715)	$ 33,052	$ 0
Net Pension Liability	877,222	0	(278,095)	599,127	0
OPEB Liability	364,622	21,968	0	386,590	0
Total Non-Current Liabilities	$ 1,275,024	$ 57,555	$ (313,810)	$ 1,018,769	$ 0

See Note 6 for more information regarding Net Pension Liability.

None of the compensated absence balance is considered to be current because no pay-outs at separation are anticipated in the coming period, and it is expected that leave earned in the period is what will be used in the period.

Vacation and sick leave are established by the Board of Commissioners based on local and state laws.

All permanent employees earn 5 hours of sick leave per 86.66 hours of service. Unused sick leave may be accumulated without limit. Accrued sick time is not payable to the employee upon their separation from employment.

All permanent employees will earn vacation hours accumulated based on length of service. Unused vacation time may be accumulated up to 240 hours. All vacation time accumulated will be paid to an employee upon separation of employment. At December 31, 2018 $33,052 was accrued for unused vacation.

NOTE 9: **RISK MANAGEMENT**

LMHA is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of damage to, and destruction of assets; errors and omissions; and injuries to employees.

LMHA maintains comprehensive insurance coverage with private carriers for health, real property and building contents. Workers' Compensation coverage is maintained through the State. There was no significant reduction in coverage and no settlements exceeded insurance coverage, during the past three years.

NOTE 10: **CONTINGENCIES**

Grants

Amounts grantor agencies pay to LMHA are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of LMHA at December 31, 2018.

Litigations and Claims

In the normal course of operations, the PHA may be subject to litigations and claims. At December 31, 2018 the PHA was not aware of any such matters.

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

Traditional Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.021435%	0.003863%	0.038440%	0.004012%	0.004012%
Authority's Proportionate Share of the Net Pension Liability	$ 3,362,736	$ 665,831	$ 665,831	$ 483,893	$ 472,963
Authority's Covered Payroll	$ 504,708	$ 499,375	$ 478,408	$ 491,833	$ 468,446
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	666.27%	133.33%	139.18%	98.39%	100.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

See accompanying notes to the required supplementary information.

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

Traditional Plan	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contributions	$ 69,675	$ 65,612	$ 59,925	$ 57,409	$ 59,020	$ 60,898	$ 44,828	$ 45,006	$ 38,319
Contributions in Relation to the Contractually Required Contribution	$ (69,675)	$ (65,612)	$ (59,925)	$ (57,409)	$ (59,020)	$ (60,898)	$ (44,828)	$ (45,006)	$ (38,319)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 497,679	$ 504,708	$ 499,375	$ 478,408	$ 491,833	$ 468,446	$ 448,280	$ 450,060	$ 425,767
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%

(1) - Information prior to 2010 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.

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

	2018	2017
Authority's Proportion of the Net OPEB Liability	0.003560%	0.003610%
Authority's Proportionate Share of the Net OPEB Liability	$ 386,590	$ 364,622
Authority's Covered Payroll	$ 504,708	$ 499,375
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.60%	73.02%
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

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY’S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS (1)

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution	$ 0	$ 5,047	$ 9,988	$ 9,568	$ 9,837	$ 4,685	$ 17,931	$ 18,002	$ 21,288
Contributions in Relation to the Contractually Required Contribution	$ 0	$ (5,047)	$ (9,988)	$ (9,568)	$ (9,837)	$ (4,685)	$ (17,931)	$ (18,002)	$ (21,288)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 497,679	$ 504,708	$ 499,375	$ 478,408	$ 491,833	$ 468,466	$ 448,280	$ 450,060	$ 425,767
Contributions as a Percentage of Covered Payroll	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%	4.00%	4.00%	5.00%

(1) Information prior to 2010 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.

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.

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
STATEMENT OF MODERNIZATION COSTS - COMPLETED
DECEMBER 31, 2018

Annual Contributions Contact C-5031

1. The total amount of modernization costs of the Capital Fund Housing Program grants are shown below:

OH16P043501-16		
Fund Approved	$	84,263
Funds Expended		76,836
Excess (Deficiency) of Funds Approved	$	7,427
Funds Advanced	$	84,263
Funds Expended		76,836
Excess (Deficiency) of Funds Advanced	$	7,427

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

3. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.

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

LICKING METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2018

	Project Total	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
111 Cash - Unrestricted	99,855	-	124,693	59,318	283,866	283,866
113 Cash - Other Restricted	-	1,194	10,064	-	11,258	11,258
114 Cash - Tenant Security Deposits	13,008	-	-	-	13,008	13,008
115 Cash - Restricted for Payment of Current Liabilities	-	-	3,782	-	3,782	3,782
100 Total Cash	112,863	1,194	138,539	59,318	311,914	311,914
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	11,680	-	11,471	-	23,151	23,151
150 Total Current Assets	124,543	1,194	150,010	59,318	335,065	335,065
161 Land	201,250	-	-	75,000	276,250	276,250
162 Buildings	5,590,528	-	44,269	589,278	6,224,075	6,224,075
163 Furniture, Equipment & Machinery - Dwellings	11,498	-	-	-	11,498	11,498
164 Furniture, Equipment & Machinery - Administration	13,718	-	182,725	20,362	216,805	216,805
166 Accumulated Depreciation	-4,495,411	-	-170,102	-282,522	-4,948,035	-4,948,035
160 Total Capital Assets, Net of Accumulated Depreciation	1,321,583	-	56,892	402,118	1,780,593	1,780,593
180 Total Non-Current Assets	1,321,583	-	56,892	402,118	1,780,593	1,780,593
200 Deferred Outflow of Resources	56,488	-	114,687	-	171,175	171,175
290 Total Assets and Deferred Outflow of Resources	1,502,614	1,194	321,589	461,436	2,286,833	2,286,833
312 Accounts Payable <= 90 Days	8,057	-	8,979	-	17,036	17,036
321 Accrued Wage/Payroll Taxes Payable	-	-	9,871	-	9,871	9,871
333 Accounts Payable - Other Government	18,619	-	-	-	18,619	18,619
341 Tenant Security Deposits	13,008	-	-	-	13,008	13,008
342 Unearned Revenue	6,059	1,194	-	-	7,253	7,253
345 Other Current Liabilities	-	-	4,939	-	4,939	4,939
346 Accrued Liabilities - Other	-	-	982	-	982	982
310 Total Current Liabilities	45,743	1,194	24,771	-	71,708	71,708

LICKING METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2018

	Project Total	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
354 Accrued Compensated Absences - Non Current	14,828	-	18,224	-	33,052	33,052
357 Accrued Pension and OPEB Liabilities	325,287	-	660,430	-	985,717	985,717
350 Total Non-Current Liabilities	340,115	-	678,654	-	1,018,769	1,018,769
300 Total Liabilities	385,858	1,194	703,425	-	1,090,477	1,090,477
400 Deferred Inflow of Resources	58,999	-	119,787	-	178,786	178,786
508.4 Net Investment in Capital Assets	1,321,583	-	56,892	402,118	1,780,593	1,780,593
511.4 Restricted Net Position	-	-	10,064	-	10,064	10,064
512.4 Unrestricted Net Position	-263,826	-	-568,579	59,318	-773,087	-773,087
513 Total Equity - Net Assets / Position	1,057,757	-	-501,623	461,436	1,017,570	1,017,570
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	1,502,614	1,194	321,589	461,436	2,286,833	2,286,833

LICKING METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Project Total	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
70300 Net Tenant Rental Revenue	306,246	-	-	-	306,246	306,246
70400 Tenant Revenue - Other	657	-	-	-	657	657
70500 Total Tenant Revenue	306,903	-	-	-	306,903	306,903
70600 HUD PHA Operating Grants	195,182	348,159	5,972,954	-	6,516,295	6,516,295
70610 Capital Grants	162,029	-	-	-	162,029	162,029
71100 Investment Income - Unrestricted	385	-	251	361	997	997
71400 Fraud Recovery	-	-	1,516	-	1,516	1,516
71500 Other Revenue	6,192	-	88,250	7,200	101,642	101,642
70000 Total Revenue	670,691	348,159	6,062,971	7,561	7,089,382	7,089,382
91100 Administrative Salaries	102,447	19,298	317,418	-	439,163	439,163
91200 Auditing Fees	2,491	-	9,839	-	12,330	12,330
91400 Advertising and Marketing	878	-	533	-	1,411	1,411
91500 Employee Benefit contributions - Administrative	64,272	-	203,782	-	268,054	268,054
91600 Office Expenses	22,906	-	95,695	-	118,601	118,601
91700 Legal Expense	7,616	-	4,208	-	11,824	11,824
91800 Travel	746	-	4,901	-	5,647	5,647
91900 Other	810	-	1,065	-	1,875	1,875
91000 Total Operating - Administrative	202,166	19,298	637,441	-	858,905	858,905
92400 Tenant Services - Other	1,125	-	-	-	1,125	1,125
92500 Total Tenant Services	1,125	-	-	-	1,125	1,125
93100 Water	26,616	-	687	-	27,303	27,303
93200 Electricity	74,299	-	5,634	-	79,933	79,933
93300 Gas	19,754	-	1,960	-	21,714	21,714
93000 Total Utilities	120,669	-	8,281	-	128,950	128,950
94100 Ordinary Maintenance and Operations - Labor	67,136	-	-	-	67,136	67,136
94200 Ordinary Maintenance and Operations - Materials and Other	20,813	-	5,184	-	25,997	25,997
94300 Ordinary Maintenance and Operations Contracts	35,197	-	7,516	-	42,713	42,713

LICKING METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Project Total	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	Total
94500 Employee Benefit Contributions - Ordinary Maintenance	42,119	-	-	-	42,119	42,119
94000 Total Maintenance	165,265	-	12,700	-	177,965	177,965
96110 Property Insurance	12,483	-	5,033	-	17,516	17,516
96130 Workmen's Compensation	2,006	-	5,627	-	7,633	7,633
96100 Total insurance Premiums	14,489	-	10,660	-	25,149	25,149
96200 Other General Expenses	430	-	9,356	5,873	15,659	15,659
96210 Compensated Absences	1,254	-	-	-	1,254	1,254
96300 Payments in Lieu of Taxes	18,619	-	-	-	18,619	18,619
96400 Bad debt - Tenant Rents	6,026	-	-	-	6,026	6,026
96000 Total Other General Expenses	26,329	-	9,356	5,873	41,558	41,558
96900 Total Operating Expenses	530,043	19,298	678,438	5,873	1,233,652	1,233,652
97000 Excess of Operating Revenue over Operating Expenses	140,648	328,861	5,384,533	1,688	5,855,730	5,855,730
97100 Extraordinary Maintenance	18,770	-	-	-	18,770	18,770
97300 Housing Assistance Payments	-	328,861	5,331,421	-	5,660,282	5,660,282
97350 HAP Portability-In	-	-	73,433	-	73,433	73,433
97400 Depreciation Expense	104,092	-	22,369	23,223	149,684	149,684
90000 Total Expenses	652,905	348,159	6,105,661	29,096	7,135,821	7,135,821
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	17,786	-	-42,690	-21,535	-46,439	-46,439
11030 Beginning Equity	1,158,631	-	-218,018	482,971	1,423,584	1,423,584
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-118,660	-	-240,915	-	-359,575	-359,575
11170 Administrative Fee Equity	-	-	-511,687	-	-511,687	-511,687
11180 Housing Assistance Payments Equity	-	-	10,064	-	10,064	10,064
11190 Unit Months Available	1,188	624	12,395	-	14,207	14,207
11210 Number of Unit Months Leased	1,174	624	12,240	-	14,038	14,038

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/ *Pass-Through Grantor/* Program Title	**Federal CFDA Number**	**Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public and Indian Housing	14.850	$ 193,482
Public Housing Capital Fund	14.872	163,729
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	5,972,954
Total Housing Voucher Cluster		5,972,954
Continuum of Care	14.267	348,159
Total Direct Programs		6,678,324
Total U.S. Department of Housing and Urban Development		6,678,324
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 6,678,324

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

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Licking Metropolitan Housing Authority under programs of the Federal government for the year ended December 31, 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 the Licking Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Licking 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.

NOTE 3: **INDIRECT COST RATE**

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

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

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

To the Members of the Board
Licking Metropolitan Housing Authority
Newark, 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 Licking Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 29, 2019, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

May 29, 2019

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

To the Members of the Board
Licking Metropolitan Housing Authority
Newark, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Licking 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 December 31, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with 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 Licking 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 December 31, 2018.

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

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

May 29, 2019

LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
DECEMBER 31, 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 Choice Voucher Program - 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.

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LICKING METROPOLITAN HOUSING AUTHORITY
LICKING COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

The audit report for the prior year ended December 31, 2017 contained no findings or citations.

OHIO AUDITOR OF STATE
KEITH FABER

LICKING COUNTY METROPOLITAN HOUSING AUTHORITY

LICKING 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
JUNE 25, 2019

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