LUCAS METROPOLITAN HOUSING AUTHORITY
LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

LUCAS METROPOLITAN HOUSING AUTHORITY
LUCAS COUNTY
DECEMBER 31, 2018

TABLE OF CONTENTS

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Lucas Metropolitan Housing Authority
Lucas County
435 Nebraska Avenue
Toledo, Ohio 43604

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of Lucas Metropolitan Housing Authority, Lucas County, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lucas Metropolitan Housing Authority, Lucas County, Ohio as of December 31, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, during 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Financial Data Schedules present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2019, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

August 20, 2019

This page is intentionally left blank.

Introduction

This Management's Discussion and Analysis (MD&A) of the Lucas Metropolitan Housing Authority (Authority) provides an introduction and overview to the financial statements of the Lucas Metropolitan Housing Authority for the year ended December 31, 2018. The Lucas Metropolitan Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2018, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Lucas Metropolitan Housing Authority. The information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows or resources, liabilities, and deferred inflows of resources with the differences between them being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- Restricted component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.
- Unrestricted component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the year ended December 31, 2018, to determine the net change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2018.

Program Information

Low Income Public Housing: The Authority owns 2,643 units in Lucas County, Ohio. Under the low income public housing program, the Authority rents units that it owns to low-income households. The program is operated under an annual contributions contract with HUD, and HUD provides operating subsidy and capital funding to enable the Authority to provide housing at a rent that is based on a percentage of household income. The conventional public housing program includes the capital fund program, which is the primary funding source for physical improvements to the Authority's properties.

Section 8 Housing Choice Vouchers: The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family. The objective of the program is to assist in making tenant-based rental assistance more successful by helping increase housing choices for low-income families and assisting them in obtaining affordable housing. The Authority currently administers 4,657 vouchers among the various Section 8 Programs, including Housing Choice Voucher, Mainstream, Mod Rehab and Veterans Affairs Supportive Housing (VASH) programs.

Capital Funds Grants: The Authority receives additional funding from HUD for physical and management improvements to its units within the Low Income Public Housing Program, under the same Annual Contributions Contract. This program provides funding for large-scale improvements or unplanned emergencies that are not covered by the operating subsidy amount previously mentioned.

Resident Service Grants: The Authority administers this program through funding awarded by HUD to provide additional assistance to residents with special needs. The Authority also provides community outreach connections that provide such assistance, for improved quality of life within the Low Income Public Housing community.

Shelter Plus Care Grant: The Authority administers this program through funding awarded by HUD to assist community organizations that provide transitional housing for chronically homeless individuals with disabilities or special needs. The Authority administers the program for a sponsored service provider, assisting with the cost of housing, and allowing them to provide supportive services by coordinating their efforts with other organizations for the homeless, to improve their quality of life.

Home Improvement Partnership Program: The Authority administers this program through funding awarded by the City of Toledo that passed through funding from HUD. The grant from the City of Toledo provided a portion of the mixed financing agreement related to the Collingwood Green Phase I construction project. The objective of the Home Improvement Partnership Program is to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans.

Non-HUD/Business Activities Programs: This area includes programs such as: contract administration, a consortium with other housing authorities in Ohio to manage site-based properties for HUD; the Veterans Fund, a discretionary pool of funding from a variety of activities; the Homeownership Funds, proceeds from the old Turnkey III program, utilized to provide opportunities for low-income families to become homeowners; and the Central Office Cost Center, the management entity related to the operation of the Housing Authority created through the implementation of the asset management program.

Health Profession Opportunity Grants (HPOG): The HPOG is administered by the Administration for Children and Families, U.S. Department of Health & Human Services, was created to provide education and training to TANF recipients and other low-income individuals for occupations in the health care field that pay well and are expected to either experience labor shortages or be in high demand. The LMHA has partnered with a third party to implement and manage a Northwest Ohio Pathways to Healthcare Careers Project, which utilizes the grant to fund Community and Success Coach positions that facilitate "Bridges Out of Poverty" trainings for LMHA resident clients participating in the Project.

Component Units:
Westridge Apartments Development Corporation: Through the Westridge Apartments Development Corporation, the Authority owns and operates a 190-unit apartment complex as a component unit of the Agency. This is a market rate rental site.

Collingwood Green Phase I: Through the Collingwood Green Phase I, LP, a 65 unit mixed-finance and mixed income apartment community was constructed in 2013. The development includes 65 units of housing owned by Collingwood Green Phase I, LP, of which 33 units are public housing units developed using Capital Funds received by the Authority from HUD, and a mixed-finance amendment to the Annual Contributions Contract.

Collingwood Green Phase II: Through the Collingwood Green Phase II, LP, another mixed-finance and mixed income townhome community was constructed in 2015. This development consists of 66 housing units, owned by Collingwood Green Phase II, LP, of which 33 units are public housing and were developed using Capital Funds received by the Authority from HUD, and mixed-finance amendment to the Annual Contributions Contract.

Collingwood Green Phase III, LP, was established as a wholly owned for-profit corporation which is currently under construction for the purposes of arranging for the mixed financing and construction of the Collingwood Green Townhouse complex, a 55 unit community of which 27 units will be Low Income Tax Credit (LITC) units and 28 units will be a Rental Assistance Demonstration (RAD) units assisted under a RAD PBV HAP contract developed with 9% LITC equity, City of Toledo HOME funds, HUD 221d4 FHA loan, deferred developer fees and Capital Funds LMHA received from HUD.

Lucas Housing Services Corporation: Through the Lucas Housing Services Corporation, a wholly owned non-profit corporation, the Authority acquired 53 parcels in 2013, from the Lucas County Land Reutilization company for the purpose of rehabilitating the single family dwellings to be resold to buyers who are unable to obtain conventional mortgages.

Parqwood Apartments LP: In October 2014, the Authority was awarded a new Rental Assistance Demonstration (RAD) project from HUD. This was the first award made with this new funding source, which allowed the Authority to renovate a former public housing development and lease it under the PBRA Section 8 housing assistance program. The Parqwood Apartments LP was created to manage this newly renovated 136 unit apartment building.

Financial Highlights

- The Lucas Metropolitan Housing Authority's net position decreased from \$59,927,879 to \$55,354,980, a decrease of \$4,572,899 or 8%. Total assets increased by \$1,363,143 or 1%.

- Total revenue increased from \$53,633,160 to \$56,862,560, an increase of \$3,229,400 or 6%.

- Total expenses decreased by $808,793 or 1%, from $57,000,606 to $56,191,813 for the current year.
- During the 2018 fiscal year, the Authority acquired two single family developments, North River and City Forest.
- Also during the 2018 fiscal year, the Authority closed on the Collingwood III property which is currently under construction.

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the summary of net position for the year ended December 31, 2018, and December 31, 2017.

Summary Statement of Net Position
As of December 31, 2018 and 2017

Category	12/31/2018	12/31/2017	Change $	Change %
Current Assets	$ 16,365,071	$ 14,936,273	$ 1,428,798	10%
Noncurrent Assets	$ 84,780,075	$ 84,845,730	$ (65,655)	0%
Total Assets	$ 101,145,146	$ 99,782,003	$ 1,363,143	1%
Deferred Outflow of Resources	$ 2,226,745	$ 4,191,545	$ (1,964,800)	-47%
Current Liabilities	$ 4,607,944	$ 4,893,846	$ (285,902)	-6%
Non Current Liabilities	$ 41,300,258	$ 39,087,880	$ 2,212,378	6%
Total Liabilities	$ 45,908,202	$ 43,981,726	$ 1,926,476	4%
Deferred Inflow of Resources	$ 2,108,709	$ 63,943	$ 2,044,766	3198%
Unrestricted	$ (7,249,128)	$ (1,247,573)	$ (6,001,555)	481%
Restricted	$ 6,790,955	$ 4,036,934	$ 2,754,021	68%
Net Investment in Capital Assets	$ 55,813,153	$ 57,138,518	$ (1,325,365)	-2%
Total Net Position	$ 55,354,980	$ 59,927,879	$ (4,572,899)	-8%

Current Assets

Current assets increased by $1,428,798 during the current year. The majority of the increase was attributed to the increase in cash and investment balances which increased from $11,349,081 to $14,862,348, an increase of $3,513,267. The increase relates primarily to cash balances accumulated and reserved for the construction of the Collingwood Green III project. In addition, operating grants from funding sources accrued as a receivable in 2017 were collected in the 2018 fiscal year. These receivables decreased from $1,285,184 in 2017 to $179,540 in 2018.

Noncurrent Assets

Noncurrent assets decreased from $84,845,730 to $84,780,075 during the current year. This will be discussed in further sections.

Current Liabilities

Current liabilities decreased slightly by $285,902 from the previous year.

Noncurrent Liabilities

Noncurrent liabilities increased from a 2017 balance of $39,087,880 to a 2018 balance of $41,300,258, a net increase of $2,212,378. Notable variances from the previous year included the following items;

- As required by GASB Statement #75, the OPEB liability was recorded to the financial statements in the current year. The OPEB liability balance recorded at December 31, 2018 was $5,212,446.
- The pension liability decreased from a 2017 balance of $10,744,203 to a 2018 balance of $7,083,172.
- Additional debt in the amount of $331,919 was incurred for the purchase of the North River and City Forest single family developments.
- Debt was also incurred for the construction of the Collingwood Green III project in the amount of $1,700,000 during the 2018 fiscal year.

Net Position

The net position of the Authority decreased by $4,572,899, or 8%, from the previous fiscal year. Of this amount, $4,765,205 was attributable to the recording of the OPEB liability balance required to be reported per GASB Statement #75.

The Authority's unrestricted component of net position changed from $(1,247,573) to $(7,249,128), a decrease of $6,001,555, due primarily to the recording of the OPEB liability noted above. The unrestricted component of net position represents the amount available for future appropriations.

The restricted component of net position increased by $2,754,021 or 68% from the previous fiscal year balance. The majority of the increase is due to the restricting of cash balances and reserves related to the construction of the Collingwood Green III's construction.

Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2018 and 2017

Category	12/31/2018	12/31/2017	Change $	Change %
Revenues:				
Tenant Revenue	$ 7,839,325	$ 7,609,394	$ 229,931	3%
Government Operating Grants	$ 41,120,449	$ 41,728,891	$ (608,442)	-1%
Capital Grants/Contributions	$ 2,449,083	$ 2,414,584	$ 34,499	1%
Other Revenue	$ 5,398,040	$ 1,830,357	$ 3,567,683	195%
Interest Income	$ 55,663	$ 49,934	$ 5,729	11%
Total Revenue	$ 56,862,560	$ 53,633,160	$ 3,229,400	6%
Expenses:				
Administration	$ 8,095,933	$ 10,329,429	$ (2,233,496)	-22%
Tenant Services	$ 1,344,504	$ 1,284,596	$ 59,908	5%
Utilities	$ 3,374,311	$ 3,585,387	$ (211,076)	-6%
Ordinary Maintenance	$ 8,419,499	$ 8,539,685	$ (120,186)	-1%
Protective Services	$ 286,435	$ 289,979	$ (3,544)	-1%
General/Insurance Expense	$ 3,266,081	$ 2,518,937	$ 747,144	30%
Depreciation	$ 5,825,073	$ 5,942,803	$ (117,730)	-2%
Housing Assistance Payments	$ 24,415,608	$ 23,117,252	$ 1,298,356	6%
Interest Expense	$ 1,087,580	$ 1,194,166	$ (106,586)	-9%
Total Expenses	$ 56,115,024	$ 56,802,234	$ (687,210)	-1%
Excess (Deficiency) Before Casualty Losses	$ 747,536	$ (3,169,074)	$ 3,916,610	-124%
Casualty Losses	$ 76,789	$ 198,372	$ (121,583)	-61%
Change in Net Position	$ 670,747	$ (3,367,446)	$ 4,038,193	-120%
Net Position, Beginning of Year	$ 59,927,879	$ 61,812,755	$ (1,884,876)	-3%
Prior Period Adjustment	$ (5,243,646)	$ 1,482,570	$ (6,726,216)	-454%
Net Position, End of Year	$ 55,354,980	$ 59,927,879	$ (4,572,899)	-8%

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD grants. The Authority's revenue increased by $3,229,400 or 6% compared to the previous fiscal year. Significant changes in revenue accounts consist of the following items:

- Excluding contributions of $1,579,756 for the purchase of the City Forest and North River Projects, Capital Grants revenue of $869,327 decreased by $1,545,257, from $2,414,584 in 2017. This represents a decrease of 64%. The decrease was primarily to reduced capital projects incurred in 2018. CFP funds are projected to be used in the future to aid in the funding of the Collingwood Green III Project.

- Other revenue increased dramatically from $1,830,357 to $5,398,040, an increase of 195%. A large portion of this amount was related to contributions related to the Collingwood Green III and Parqwood projects.

Total expenses decreased by $687,210. Significant variances between the years include the following:

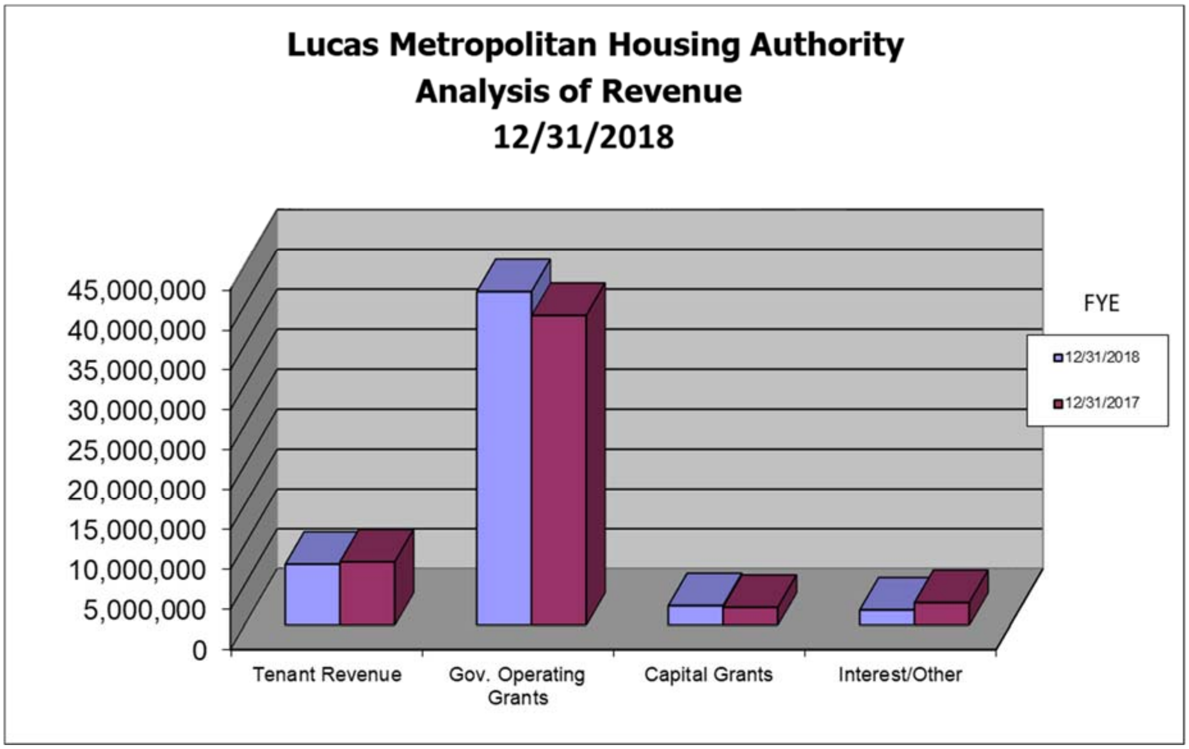
- Administration decreased by $2,233,496 or 22%, from $10,329,429 in 2017 to $8,095,933. This decrease was due primarily to the decrease in other administrative costs of $2,331,665. Administrative salaries and benefits also decreased by $389,060 from the previous fiscal year.

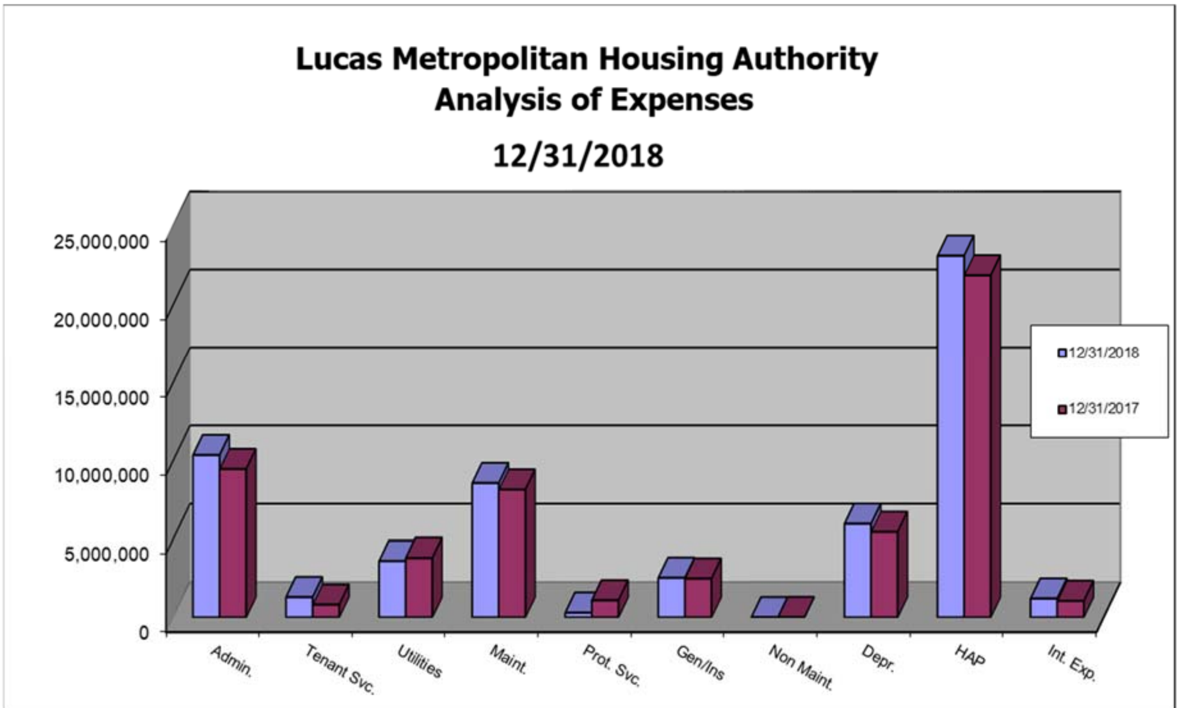
- Other general and insurance expense increased by $747,144 for the 2017 fiscal year. Significant increases were incurred in workmen's compensation insurance of $57,607 and other general expense of $822,397.

- Housing assistance payments increased by $1,298,356, or 6%. This was due to a concerted effort to lease additional units within the HCV Program. Unit months leased increased by 944 from the previous year.

- Interest expense decreased 9%, from $1,194,166 to $1,087,580. The Authority's additional debt incurred for the purchase of projects occurred at the end of the 2018 fiscal year. Therefore, no interest expense was charged against the loan balance in 2018.

The following presentations have been provided to demonstrate the revenues and expenses by summarized account category:





Capital Assets

As of December 31, 2018, the Authority's net investment in capital assets was $55,813,153. This investment includes land, building improvements, equipment, and construction in progress, net of accumulated depreciation and related debt.

Category	12/31/2018	12/31/2017	Change $	Change %
Land	$ 8,067,695	$ 8,032,695	$ 35,000	0%
Buildings	$ 218,056,184	$ 214,710,580	$ 3,345,604	2%
Equipment	$ 3,201,331	$ 2,777,658	$ 423,673	15%
Construction in Progress	$ 3,981,851	$ 2,305,728	$ 1,676,123	73%
Accumulated Depreciation	$ (150,098,935)	$ (144,273,861)	$ (5,825,074)	4%
Total Net Capital Assets	$ 83,208,126	$ 83,552,800	$ (344,674)	0%

- Land increased by $35,000 from the prior year due to the acquisition of the North River and City Forest projects.
- Buildings increased by $3,345,604 during the current fiscal year. The majority of this increase is related to the acquisition of the North River and City Forest projects.
- Equipment increased by $423,673, with most of the increase attributable to the purchase of previously leased vehicles.
- Construction in progress increased by $1,676,123, with the major transactions being the construction of the Collingwood Green III project and the reclassification of the cost of homes rehabbed in the Lucas Housing Service Corporation to the building accounts.

Long-Term Debt Activity

The Authority has incurred additional debt related to the acquisition of the North River and City Forest projects in the amount of $331,919 during the 2018 fiscal year. In addition, a construction loan has been incurred related to the funding of the Collingwood Green III project in the amount of $1,700,000.

Total Debt	$	27,394,973
Less portion classified as current	$	1,057,442
Long-term portion	$	26,337,531

Subsequent Event

Due to the 2019 Congressional Appropriations, the Authority's operating subsidy provided by HUD for the Low Rent Housing Program is estimated to be 89% for the calendar year 2019.

The estimated amount of funding for the 2019 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at 80% and HAP funding at 99%.

Lucas Metropolitan Housing Authority received HUD's Jobs Plus Grant in the amount of $2.3 million to assist unemployed residents who live in the Ravine Park Village and Birmingham Terrace development communities. The residents will receive job readiness training, supportive services and barrier removal to jobs. The purpose of the Jobs Plus Program is to develop locally based, job-driven approaches to increase earnings and advance employment outcomes through work readiness, employer linkages, job placement, educational advancement technology skills, and financial literacy for residents of public housing. LMHA will partner with various community organizations to provide these services to residents.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Lucas Metropolitan Housing Authority
Attn: Director of Finance
435 Nebraska Avenue,
Toledo, OH 43604

LUCAS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2018

ASSETS		
Current Assets:		
Cash and Cash Equivalents:		
Unrestricted	$	6,734,745
Restricted		7,370,809
Investments:		
Unrestricted		497,278
Restricted		259,516
Accounts Receivable (Net of Allowance):		
Tenants		176,621
HUD		292,509
Other		487,649
Prepaid Items		545,944
Total Current Assets		16,365,071
Noncurrent Assets:		
Capital Assets		
Land & Construction in Progress		12,049,546
Other Capital Assets, Net of Depreciation		71,158,580
Total Capital Assets		83,208,126
Other Non-Current Assets		
Notes, Loans, and Mortgages Receivable		928,897
Other Assets		643,052
Total Other Non-Current Assets		1,571,949
Total Noncurrent Assets		84,780,075
Total Assets		101,145,146
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflow of Resources - Pension Plan		1,843,164
Deferred Outflow of Resources - OPEB Plan		383,581
Total Deferred Outflow of Resources		2,226,745

See accompanying notes to the basic financial statements.

LUCAS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION –CONT.
DECEMBER 31, 2018

LIABILITIES		
Current Liabilities:		
Accounts Payable		1,899,330
Accounts Payable - Other Government		222,939
Wages/Payroll Payable		391,741
Deferred Revenue		121,266
Accrued Employee Leave (current)		113,150
Interest Payable		245,170
Tenant Security Deposits		417,677
Bonds and Notes Payble (current)		1,057,442
Other		139,229
Total Current Liabilities		4,607,944
Noncurrent Liabilities:		
Accrued Employee Leave (net of current)		837,775
Bonds and Notes Payable (net of current)		26,337,531
Pension Liability		7,083,174
OPEB Liability		5,212,447
Other		1,829,331
Total Noncurrent Liabilities		41,300,258
Total Liabilities		45,908,202
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow of Resources - Pension Plan		1,720,417
Deferred Inflow of Resources - OPEB Plan		388,292
Total Deferred Inflow of Resources		2,108,709
NET POSITION		
Net Investment in Capital Assets		55,813,153
Restricted Net Position		6,790,955
Unrestricted		(7,249,128)
Total Net Position	$	55,354,980

See accompanying notes to the basic financial statements.

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

OPERATING REVENUES	
Tenant Revenue	$ 7,839,325
Operating Grants	41,120,449
Other Revenue	5,398,040
Total Operating Revenues	54,357,814
OPERATING EXPENSES	
Administrative	8,095,933
Tenant Services	1,344,504
Utilities	3,374,311
Maintenance	8,419,499
Protective Services	286,435
Insurance/General	3,266,081
Housing Assistance Payments	24,415,608
Depreciation	5,825,073
Total Operating Expenses	55,027,444
Net Operating (Loss)	(669,630)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	55,663
Interest Expense	(1,087,580)
Casualty Losses	(76,789)
Net Nonoperating Revenues (Expenses)	(1,108,706)
Net (Loss) Before Contributions	(1,778,336)
Capital Contributions (HUD Funding)	869,327
Contributions (Donated Capital)	1,579,756
Total Capital Contributions	2,449,083
Change in Net Position	670,747
Net Position-Beginning of Year	59,927,879
Prior Period Adjustments (Net)	(5,243,646)
Net Position-End of Year	$ 55,354,980

See accompanying notes to the basic financial statements.

LUCAS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Grantor	$	42,314,837
Cash Received from Tenants		7,759,584
Cash Received from Misc. Sources		6,393,536
Cash Payments to Employees		(7,755,769)
Cash Payments to Vendors		(12,399,219)
Cash Payments for Rental Assistance		(24,415,608)
Prior Year Adjustment		(4,969,102)
Net Cash Provided in Operating Activities		**6,928,259**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received		62,809
Net Cash Paid on Increase of Mortgages Receivable		(104,679)
Redemption/(Purchase) of Investments		800,437
Net Cash Provided by Investing Activities		**758,567**
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grant Funding		992,752
Interest Paid on Long Term Debt		(870,589)
Addition of Mortgage		2,031,919
Principal Reduction on Long Term Debt		(1,051,228)
Casualty Loss		(76,789)
Property and Equipment Purchased		(4,399,187)
Net Cash Used in Financing Activities		**(3,373,122)**
Net Increase in Cash		**4,313,704**
Cash and Cash Equivalents-Beginning of Year		9,791,850
Cash and Cash Equivalents-End of Year		**14,105,554**
Reconciliation to Cash Accounts:		
Cash Equivalents-Unrestricted		6,734,745
Cash Equivalents-Restricted		7,370,809
Total Cash Equivalents	**$**	**14,105,554**

See accompanying notes to the basic financial statements.

LUCAS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS – CONT.
FOR THE YEAR ENDED DECEMBER 31, 2018

RECONCILIATION OF NET OPERATING LOSS TO CASH USED IN OPERATING ACTIVITIES:

Net Operating Loss	$	(669,630)
Adjustments to Reconcile Net Income to Net Cash Provided in Operating Activities:		
Depreciation		5,825,073
Decrease in Accounts Receivable (Operations)		2,031,580
Increase in Prepaid Expenses		(139,695)
Decrease in Other Assets		62,278
Increase in Accounts Payable		604,196
Decrease in Wages/Payroll Payable		(308,764)
Increase in Compensated Absences		126,555
Increase in Tenant Security Deposits		56,712
Decrease in Other Current Liabilities		(847,626)
Increase in Unearned Revenue (Operations)		21,851
Decrease in Other Noncurrent Liabilities		(426,153)
Decrease in Deferred Outflows		1,964,800
Increase in Pension Liability		1,551,418
Increase in Deferred Inflows		2,044,766
Prior Year Adjustment (Operations)		(4,969,102)
Net Cash Provided in Operating Activities	**$**	**6,928,259**

See accompanying notes to the basic financial statements.

NOTE 1 – REPORTING ENTITY

The financial statements of the Lucas Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. The Governmental Accounting Standards Board ("GASB") is the governing standard-setting body for establishing governmental accounting and financial reporting standards. The most significant accounting policies of the Authority are described below.

Reporting Entity

The Authority was established under the Ohio Revised Code, Section 3735.27 and applicable federal laws established by the Department of Housing and Urban Development. The Mayor of the City of Toledo appoints two of the five-member board of commissioners who have governance responsibility over all activities related to the Authority. This five-member board then votes on the Chairman and the Vice Chairman. Lucas County Probate Court appoints the Resident Commissioner. The other two Commissioners are appointed by the Lucas County Board and the Lucas County Court of Common Pleas. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The Authority's basic financial statements include all organizations, activities, and functions that comprise the Housing Authority. Component units are legally separate entities for which the Housing Authority is financially accountable. The decision to include a component unit in the reporting entity is defined by applying the criteria identified by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 61, *The Financial Reporting Entity: Omnibus*.

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Board of Commissioners of the Housing Authority or the component unit provides services entirely to the Housing Authority. These component units are blended into those of the Housing Authority by appropriate activity type to compose the primary government presentation.

These financial statements present the Authority and its blended component units; entities for which the Authority is considered to be financially accountable and which serve as the Authority's instruments to enhance its purpose to build and maintain affordable housing to low- and moderate-income families. All inter-entity balances and transactions are eliminated in the blending of financials statements.

NOTE 1 – REPORTING ENTITY – Continued

Blended Component Units

The *Westridge Apartments Development Corporation* (WADC), was formed in 2006 for the purpose of owning and operating a mixed-income apartment complex. WADC maintains a separate office and staff. The fiscal year end of WADC is December 31, 2018.

Collingwood Green Phase I, LP, was established as a wholly owned for-profit corporation which began operations in 2012 for the purpose of arranging for the mixed financing and construction of the Collingwood Green Senior Complex, a 65 unit community of which 33 units will be public housing units developed using Capital Funds received by LMHA from HUD, and a mixed-finance amendment to the Annual Contributions Contract between HUD and LMHA. Collingwood Green Phase I, LP, is managed by a third party agent and has fiscal year end of December 31, 2018.

Collingwood Green Phase II, LP, was established as a wholly owned for-profit corporation which began operations in 2014 for the purpose of arranging for the mixed financing and construction of the Collingwood Green Townhouse Complex, a 66 unit community of which 33 units will be public housing units developed using Capital Funds received by LMHA from HUD, and a mixed-finance amendment to the Annual Contributions Contract between HUD and LMHA.

Collingwood Green Phase III, LP, was established as a wholly owned for-profit corporation which is currently under construction for the purposes of arranging for the mixed financing and construction of the Collingwood Green Townhouse complex, a 55 unit community of which 27 units will be Low Income Tax Credit (LITC) units and 28 units will be a Rental Assistance Demonstration (RAD) units assisted under a RAD PBV HAP contract developed with 9% LITC equity, City of Toledo HOME funds, HUD 221d4 FHA loan, deferred developer fees and Capital Funds LMHA received from HUD.

Parqwood Apartments, LP, was established in 2014. This development is the product of the Rental Assistance Demonstration program (RAD) transferring the public housing project to a Project Based Rental Assistance (PBRA) funding stream. Parqwood Apartments, LP, consists of 134 units and is managed by a third party managing agent. The component unit has a fiscal year end of December 31, 2018.

Lucas Housing Services Corporation was established as a wholly owned non-profit corporation of the Authority in 2013 primarily for the purpose of purchasing and rehabilitating 53 single family dwelling units for subsequent resale to buyers who are unable to obtain conventional mortgages.

Separate financial statements have been issued for Parqwood Apartments, LP, Collingwood Green Phase I, LP, and Collingwood Green Phase II, LP, and may be requested in writing at the Lucas Metropolitan Housing Authority, P.O. Box 477, Toledo, Ohio, 43697-0477, to the attention of the Chief Financial Officer.

NOTE 1 – REPORTING ENTITY – Continued

Government-Wide Financial Statements

The Government-wide financial statements (the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows) report on the Authority as a whole. The statement of revenues, expenses, and the changes in net position demonstrates the degree to which the direct expenses of the Authority's function are offset by program revenues. Direct expenses are those that are clearly identifiable with the Authority's function. Program revenues include: 1) tenant revenue, 2) operating grants and contributions that are restricted to meeting the operational or capital requirements of the Authority's programs, and 3) asset management fees. The statement of cash flows presents changes in cash resulting from operating, financing and investing activities.

This report includes the financial statements of the funds required to be accounted for and those activities and functions that are related to the Authority and are controlled by or depend upon the Authority's governing body, the Board of Commissioners. The Authority is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14, *The Financial Reporting Entity*.

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

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

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

All of the activities of the Authority are reported as business-type activities as a proprietary fund. These funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through fees and user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Authority reports its various programs and activities as a single enterprise fund and

NOTE 1 – REPORTING ENTITY – Continued

its primary operations comprised a number of housing and grant programs. A summary of the significant programs administered by the Authority is provided below:

The properties are owned, maintained, and managed by the Authority. Funding of the program is provided by federal annual contributions and operating subsidies and tenant rentals.

Public Housing Program – operates under HUD's Annual Contributions Contract and consists of the operations of low-rent public housing properties totaling 2,643 units. The purpose of the program is to provide decent, safe, and affordable housing to low-income families at reduced rents.

Section 8 Program – consists of different Section 8 housing programs including the Housing Choice Voucher (HCV) Program, Moderate Rehabilitation Program, and Mainstream. The HCV Program provides rental assistance payments on behalf of low-income families to units owned and managed by private landlords. Eligible units total 4,663 units.

Central Office Cost Center – consists of a business activity used to account for a fee-for-service model with the charging of management and bookkeeping fees based on rates established by HUD. Fees are charged to the various programs as a fee per unit leased or as a percentage of revenue.

Grant Programs - consists of various grants awarded to the Authority used to supplement services provided to residents related to self-sufficiency, resident services, and improvements of neighborhoods.

Component Units - The following component units have been blended into the Authority's overall financial statements.

- *Westridge Apartments Development Corporation (WADC);*
- *Parqwood Apartments, LP*
- *Collingwood Green Phase I, LP;*
- *Collingwood Green Phase II, LP;*
- *Collingwood Green Phase III, LP; and*
- *Lucas Housing Services Corporation.*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus and Basis of Accounting
The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the grantor have been met and qualifying expenditures have occurred. Capital grant funds used to acquire or construct capital assets are recognized as a receivable and a capital contribution (revenues) in the period when all applicability requirements have been met. The principal operating revenues of the Authority's proprietary funds are tenant rental revenue, government operating grants such as

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

HUD operating grants, and Housing Assistance Payments, since they are used to subsidize rents at Authority-owned properties.

B. Adopted GASB Statements

Effective January 1, 2018, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB),* and has retroactively restated its financial statements accordingly. This statement establishes accounting and financial reporting requirements for OPEB that is provided to employees of state and local governmental employers and replaces GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

C. Cash and Cash Equivalent
For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less at the time of purchase are reported as cash equivalents on the financial statements.

D. Restricted Assets
Restricted cash and investments include assets to be used for debt servicing related to the Capital Fund Financing Program and the Energy Performance Contract, tenant security deposits, excess HAP funding, and Family Self Sufficiency ("FSS") funds held in escrow for families who successfully fulfill the program requirements.

E. Budget
The Authority is not required to follow the budgetary requirements of the Ohio Revised Code. However, the Authority does maintain a budget for management purposes. Budgetary data is not required for financial statement presentation.

F. Investments
Investments are reported at fair value which is based on quoted market prices. For investments in open-end money market mutual funds, fair value is determined by the fund's current share price. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends are included in the statement of revenues, expenses, and changes in net position.

G. Tenant Receivables and Recognition of Bad Debts
Tenant receivables are stated at net rent amounts. Tenant accounts are generally collectible as long as the tenant is occupying the unit. Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year.

H. Capital Assets
Capital assets are recorded at cost. Costs in excess of $5,000 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Donated capital assets are valued at acquisition cost. Capital assets are depreciated using the straight-line method over the following useful lives:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

- Buildings and improvements 15-40 years
- Land improvements 10-20 years
- Furniture and fixtures, equipment, and moving vehicles 5-7 years

I. Capitalization of Interest

The Authority's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset.

J. Compensated Absences

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

1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, and

2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Compensated absences are expensed when earned with the amount reported as a liability.

K. Deferred Inflow/Outflow of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows or resources are reported for pension related activities.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the statement of net position.

L. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that have been used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

M. Operating Revenues and Expenses
An enterprise fund distinguishes 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 an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority'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 non-operating revenues and expenses.

N. Capital Contributions
Capital contributions arise from the contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

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

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

Q. Inter-Program Receivables and Payables
During the normal course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "inter-program due from" or "inter-program due to" on the balance sheet. Reimbursements between funds

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund being reimbursed.

NOTE 3 – CASH AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Authority has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

NOTE 3 – CASH AND INVESTMENTS - Continued

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Authority by the financial institution or the Ohio Pooled Collateral System (OPCS).

Deposits

At December 31, 2018, the carrying amount of the Authority's deposits was $14,105,554 (including $4,394 of petty cash). Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2018, $2,018,284 of the Authority's bank balance of $13,641,016 was covered by Federal Depository Insurance and $11,622,732 was covered by OPCS.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. 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.

Investments

HUD, state statute and board resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority's investments at December 31, 2018 were as follows:

		Investment Maturities (in Years)	
Investment Type	Fair Value	Less than 1 Year	1 to 3 Years
Government Securities	$ 259,516	$ 259,516	$ -
Negotiable CDs	497,278	-	497,278
Total	$ 756,794	$ 259,516	$ 497,278

NOTE 3 – CASH AND INVESTMENTS - Continued

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The Authority's investment policy has no requirements beyond what the Ohio Revised Code requires.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has $259,516 of government agency securities that are invested in Federal Treasury Obligations, which are government-sponsored agencies, and of which the principal and interest are implicitly guaranteed by the United States government. The Standard and Poor's credit rating for the Federal Treasury Obligations securities held is AAA. The Authority also has $497,278 in long term certificates of deposit, which are FDIC insured.

Concentration of Credit Risk – The Authority places no limit on the amount the Authority may invest with one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority has no policy beyond what the Ohio Revised Code requires for custodial credit risk.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable balance consists of the following items as of December 31, 2018. All receivables are considered collectible in full.

Accounts Receivable Item	**Amount**
Tenants (Net of Allowance, $192,248)	$ 176,621
HUD (Operating Grants)	90,796
HUD (Capital Contributions)	201,713
Other Government Grants Rec.	88,744
Other	398,905

NOTE 5 – NOTES/MORTGAGE RECEIVABLE

(a) Other Than from Blended Component Units

Item	Balance at December 31, 2018	Due within one year
The Authority loaned funds to the Neighborhood Housing Services of Toledo through a series of promissory notes dated August of 2005 through October, 2006 providing mortgage assistance to low income households.	$540,020	$23,438
The Authority loaned funds to the Neighborhood Housing Services of Toledo through a series of promissory notes dated August of 2005 through October, 2006 providing mortgage assistance to low income households.	$60,760	$1,245

(b) Home Mortgages

Through the Lucas Housing Service Corporation, the Authority provides opportunities for qualified individuals to purchase homes by offering soft second mortgages for homes that have been rehabbed by the Authority along with a few first mortgages. As of December 31, 2018, the mortgage receivable balance was $352,800.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 is reported in the following table.

	Balance at 1/1/2018	Additions	Retirements	Adjustments	Balance at 12/31/18
Capital assets not being depreciated					
Land	$ 8,032,695	$ 35,000	$ -	$ -	$ 8,067,695
Construction in Progress	2,305,728	3,416,039	1,241,372	(498,544)	3,981,851
Total capital assets not being depreciated	10,338,423	3,451,039	1,241,372	(498,544)	12,049,546
Capital assets being depreciated					
Buildings and Improvements	214,710,580	3,331,740	-	13,864	218,056,184
Furniture and Equipment	2,777,658	431,993	8,320	-	3,201,331
Total capital assets, being depreciated	217,488,238	3,763,733	8,320	13,864	221,257,515
Less Accumulated depreciation for:					
Buildings and Improvements	142,189,054	5,636,202	-	-	147,825,256
Furniture and Equipment	2,084,807	189,704	832	-	2,273,679
Total Accumulated Depreciation	144,273,861	5,825,906	832	-	150,098,935
Total capital assets, being depreciated, net	73,214,377	(2,062,173)	7,488	13,864	71,158,580
Net Capital Assets	**$ 83,552,800**	**$ 1,388,866**	**$ 1,248,860**	**$ (484,680)**	**$ 83,208,126**

NOTE 7 – ACCRUED LEAVE

Vacation and sick leave policies are established by agreement between the Authority and the American Federation of State, County and Municipal Employees, AFL-CIO, for members of the bargaining unit, and by personnel policy for management employees not covered by the labor agreement.

For both union and nonunion employees, these agreements provide for two weeks of paid vacation after one year of service, with an additional week for every five years of service thereafter, to a maximum of six weeks per year. Vacation time relating to a maximum of two years of service may be accumulated before it is lost.

For union personnel, the labor agreement provides for sick leave pay to be credited at a rate of eight hours per month, up to a maximum of 249 days. By limiting the use of sick leave during the

NOTE 7 – ACCRUED LEAVE - Continued

fiscal year, an employee may receive an incentive bonus, to a maximum of $500. Nonunion personnel have the same provisions under the personnel policies.

For union personnel, in the event of voluntary termination of employment after 10 consecutive years of service or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 204 days accumulated, with a maximum payout of 102 days). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

For employees not covered under the labor agreement, in the event of voluntary termination of employment after five consecutive years of service, or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 249 days accumulated, with a maximum payout of 124.5 days). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

All employees hired prior to December 1, 2001 became eligible for longevity pay at the end of five years of service, at which time longevity pay begins to accrue from their anniversary date. Union personnel hired on December 1, 2001 and thereafter are not eligible for longevity pay. Union personnel receive longevity pay at their 1995 pay levels at the rate of 2 percent, 4 percent, 6 percent, and 8 percent for five years, 10 years, 15 years, and 20 years, respectively, of service. All nonunion personnel are eligible for longevity pay and receive longevity pay at their current pay levels at the rate of 1 percent, 2 percent, 3 percent, and 4 percent for five years, 10 years, 15 years, and 20 years, respectively, of service.

At December 31, 2018, $950,925 of vested vacation, sick leave, and longevity was accrued by the Authority for both union and nonunion personnel. Of this amount, $113,150 is estimated as due within one year as and is reported as a current liability. Non-vested amounts are not material to the financial statements and have not been accrued. A change of $126,555 in the balance accrued at December 31, 2018 compared to December 31, 2017, represents amounts earned in 2018 was greater than amounts paid out.

Balance as of 1/1/18	Earned	Taken	Balance as of 12/31/18	Due Within 1 Year
$ 824,370	$ 525,071	$ 398,516	$ 950,925	$ 113,150

NOTE 8 – UNEARNED REVENUE

The Authority leased land to the Parqwood Apartments, LP, beginning in the 2014 fiscal year. The lease term is 98 years. Assets held for lease include land of $1,575,000.

Unearned lease payments are shown as unearned revenue on the statement of net position. The following schedule shows related unearned rental revenue as of December 31, 2018.

NOTE 8 – UNEARNED REVENUE - Continued

Entity	Original Lease Amount	Unearned Revenue
Parqwood Apartments, L.P.	$1,575,000	$1,508,036

Of this amount, $16,071 was classified as an unearned revenue under current liabilities as of December 31, 2018. The remaining amount of $1,491,965 has been classified as a noncurrent liability.

Other unearned revenue balances reported as current liabilities consist of tenant prepaid rents in the amount of $34,737 and unearned grant revenue related to the FSS Coordinator Program in the amount of $16,485, prepaid income reported in the blended component units of $31,473, and misc. amount of $22,500.

NOTE 9 – OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities in the amount of $1,829,331 consist of the following items as of December 31, 2018.

Item	Amount
Parqwood Apartments, LP ground lease (noncurrent portion)	$ 1,491,965
FSS Escrow Liability	337,366

NOTE 10 – DEBT

Changes in long-term debt for the year ended December 31, 2018 are as follows:

Program/Component Unit	Balance as of Jan. 1, 2018	Additions	Retirements	Balance as of Dec. 31, 2018	Due Within 1 Year	Maturity	Interest Rate
Westridge Apartments Development Corporation							
Mortgage Payable	$ 4,607,700	$ -	$ 193,500	$ 4,414,200	$ 188,947	March, 2021	Libor Rate plus 2.3%
Mortgage Payable	514,834	-	128,089	386,745	74,333	March, 2023	Libor Rate plus 1.71%
Collingwood Green Phase I							
Capital Fund Financing Program - Revenue Bonds, Series 2012	4,465,000	-	200,000	4,265,000	210,000	Year 2031	5.25%
Collingwood Green Phase II							
Capital Fund Financing Program - Revenue Bonds, Series 2014	4,845,000	-	175,000	4,670,000	185,000	Year 2033	5.00%
Notes Payable, Ohio Housing Finance Agency	350,000		-	350,000	N/A	March, 2060	2.00%
Notes Payable, Ohio Housing Finance Agency	867,716		116,587	751,129	119,233	April, 2024	2.00%
Parqwood Apartments, LP							
Notes Payable, Red Capital	1,664,780	-	19,602	1,645,178	14,894	Year, 2052	4.45%
Notes Payable, Ohio Housing Finance Agency	1,125,000		-	1,125,000	-	Year 2024	0.00%
Notes Payable, Housing Development Assistance Program (HDAP)	1,000,000			1,000,000	N/A	Year 2054	2.00%
Public Housing Program							
Capital Lease Payable	6,830,834	-	210,834	6,620,000	257,420	Year 2036	4.73%
Premium on Capital Lease	143,418	-	7,616	135,802	7,615	Year 2036	N/A
Lucas Housing Services Corporation							
Notes Payable, Local Initiatives Support Corporation (North River Project)	-	115,646	-	115,646	-	Year 2030	5.00%
Notes Payable, Local Initiatives Support Corporation (City Forest Project)	-	216,273	-	216,273	-	Year 2030	5.00%
Collingwood Green Phase III							
Notes Payable, Red Capital (Construction Loan)	-	1,700,000	-	1,700,000	-	N/A	4.98%
Total	**$ 26,414,282**	**$ 2,031,919**	**$ 1,051,228**	**$ 27,394,973**	**$ 1,057,442**		

NOTE 10 – DEBT - Continued

Westridge Apartments Development Corporation

On February 29, 2016, the Westridge Apartments Development Corporation issued a term note payable in the amount of $4,905,000 to refinance the outstanding balance of a note issued during 2006 that funded the acquisition of the apartment complex (outstanding balance at December 31, 2015 of $5,021,254). The note carries a variable interest rate equal to the Libor rate plus 2.3%. The note matures on March 1, 2021 with the option of accelerated retirement by the Corporation.

Future minimum principal and interest payments related to the Westridge Apartments Development Corporation note payable are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2019	$ 188,947	$ 234,041	$ 422,988
FY 2020	198,965	224,023	422,988
FY 2021	4,026,288	213,474	4,239,762
Total	$ 4,414,200	$ 671,538	$ 5,085,738

During 2013, the Authority obtained a loan for $925,545 to fund acquisition and improvements to the Westridge Apartments Development Corporation apartment complex. On March 21, 2016, the Westridge Apartments Development Corporation issued a term note payable in the amount of $717,298 to refinance the outstanding balance on a loan issued during 2013 that funded the acquisition and improvements to the apartment complex. The newly issued note carries a variable interest rate equal to the Libor rate plus 1.71%. The note matures on March 21, 2023, with the option of accelerated retirement by the Corporation.

Future minimum principal and interest payments related to the Westridge Apartments Development Corporation loan payable are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2019	$ 74,333	$ 18,223	$ 92,556
FY 2020	77,835	14,721	92,556
FY 2021	81,503	11,053	92,556
FY 2022	85,343	7,213	92,556
FY 2023	67,731	3,192	70,923
Total	$ 386,745	$ 54,402	$ 441,147

Collingwood Green Phase I, LP

During 2012, the Authority issued $5,475,000 of Capital Fund Housing Revenue Bonds, Series 2012, for the development of the Collingwood Green Senior Complex. The bonds mature on September 1, 2031, bear an interest rate of 5.25 percent and are secured with no more than 33 percent of LMHA's future capital funds, as addressed in Amendment 2012-01 to the Annual Contributions Contract (ACC) with HUD.

NOTE 10 – DEBT-Continued

Future minimum principal and interest payments related to the Collingwood Green Phase I, LP Capital Fund Housing Revenue Bonds, Series 2012, are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2019	210,000	223,913	433,913
FY 2020	225,000	212,888	437,888
FY 2021	235,000	201,075	436,075
FY 2022	250,000	188,738	438,738
FY 2023	260,000	175,613	435,613
FY 2024-2028	1,525,000	657,563	2,182,563
FY 2029-2031	1,560,000	188,198	1,748,198
Total	$ 4,265,000	$ 1,847,985	$ 6,112,985

Collingwood Green Phase II, LP

During 2014, the Authority issued $5,315,000 of Capital Fund Housing Revenue Bonds, Series 2014, for the development of the Collingwood Green II project. The bonds mature on September 1, 2033, and bear an interest rate of 5.00 percent.

Future minimum principal and interest payments related to the Collingwood Green Phase II, LP Capital Fund Housing Revenue Bonds, Series 2014, are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2019	185,000	233,500	418,500
FY 2020	195,000	224,250	419,250
FY 2021	205,000	214,500	419,500
FY 2022	220,000	204,250	424,250
FY 2023	230,000	193,250	423,250
FY 2024-2028	1,375,000	778,750	2,153,750
FY 2029-2033	2,260,000	395,250	2,655,250
Total	$ 4,670,000	$ 2,243,750	$ 6,913,750

The Authority secured a mortgage payable from Ohio Housing Finance Agency (OHFA) in the amount of $1,000,000 for the Collingwood Green II Project. The loan carries an interest rate of 2.00%, with payments being due in annual installments of $134,256, maturing in April of 2024.

Future minimum principal and interest payments related to the Collingwood Green II project loan payable are as follows:

NOTE 10 – DEBT - Continued

Year	Principal Due	Interest Due	Total Payments
FY 2019	$ 119,233	$ 15,023	$ 134,256
FY 2020	121,618	12,638	134,256
FY 2021	124,050	10,206	134,256
FY 2022	126,531	7,725	134,256
FY 2023	129,062	5,194	134,256
FY 2024	130,633	3,970	134,603
Total	$ 751,129	$ 54,754	$ 805,883

During 2016, the Authority secured a mortgage payable from Ohio Housing Finance Agency (OHFA) in the amount of $350,000 for the Collingwood Green II project. The loan carries an interest rate of 2.00% with payments being due in the amount of 50% of net cash flow as defined by the Partnership Agreements beginning in 2016. The entire balance of principal plus accrued interest is due March 1, 2060. A projection of future principal payments has not been presented due to the inability to predict future project cash flows.

Parqwood Apartments LP

Parqwood Apartments, LP, entered into a first mortgage payable to provide financing during construction. The loan has a balance as of December 31, 2018, in the amount of $1,645,178. The loan bears an interest rate of 4.55 percent. Fixed monthly payments in the amount of $7,432 are scheduled until the maturity in 2052.

Future minimum principal and interest payments related to the Parqwood Apartment, LP project loan payable are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2019	$ 14,894	$ 73,210	$ 88,104
FY 2020	15,556	72,548	88,104
FY 2021	16,249	71,855	88,104
FY 2022	16,972	71,132	88,104
FY 2023	17,727	70,377	88,104
FY 2024-2028	101,193	339,327	440,520
FY 2029-2033	125,804	314,716	440,520
FY 2034-2038	156,400	284,120	440,520
FY 2039-2043	194,436	246,084	440,520
FY 2044-2048	241,724	198,796	440,520
FY 2049-2053	744,224	91,904	836,128
Total	$ 1,645,178	$ 1,834,070	$ 3,479,248

During 2014, Parqwood Apartments, LP, issued a RTCAP note payable of $1,500,000 for the development of the Parqwood Apartments project. The interest free loan is payable in four equal installments through August 31, 2024.

NOTE 10 – DEBT - Continued

Future minimum principal and interest payments related to the Parqwood Apartments, LP project loan payable are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2019	-	-	-
FY 2020	375,000	-	375,000
FY 2021	-	-	-
FY 2022	-	-	-
FY 2023	375,000		375,000
FY 2024-2027	375,000	-	375,000
Total	$ 1,125,000	$ -	$ 1,125,000

During 2016, Parqwood Apartments, LP, entered into a Housing Development Assistance Program (HDAP) note payable of $1,000,000. The note bears interest at 2% with payments permitted by cash flows as defined in the Partnership Agreement. The HDAP note payable does not have an amortization schedule, all remaining outstanding principal is due at maturity in 2054.

Public Housing Program

During 2015, the Authority entered into a capital lease agreement with Grant Capital Management for the development of energy efficiencies within public housing units. The total value of the lease is $7,105,000, with payments beginning in year 2017 and ending in year 2036. The annual interest rate applicable to the lease is 4.73%.

Year	Principal Due	Interest Due	Total Payments
FY 2019	257,420	299,572	556,992
FY 2020	259,321	300,950	560,271
FY 2021	270,868	288,684	559,552
FY 2022	283,855	275,872	559,727
FY 2023	293,825	262,446	556,271
FY 2024-2028	1,699,359	1,089,682	2,789,042
FY 2029-2033	2,137,977	647,815	2,785,792
FY 2034-2038	1,417,375	159,000	1,576,375
Total	$ 6,620,000	$ 3,324,021	$ 9,944,021

As noted in the underwriting agreement, an original issue premium in the amount of $276,640 was recorded less a discount of $124,338 for a net premium amount of $152,302. The premium is amortized over a 20 year period. The balance reported as of December 31, 2018, is $135,802.

NOTE 10 – DEBT - Continued

Lucas Housing Services Corporation

During the 2018 fiscal year, the Authority entered into a mortgage with Local Initiatives Support Corporation (LISC) for the acquisition and rehab of the City Forest project. The acquisition cost financed was $216,273. The amount available from the loan is $625,000. The remainder of the loan can be drawn on for future rehab costs. The loan agreement notes that only interest payments will be made for the first two years. After that time frame, interest plus principal payments will be made over the course of the next 10 years. Upon the sale of a rehabbed home, the Authority agrees to pay $25,000 on the loan. The Authority reserves the right to borrow disbursements paid to the lender related to the sale of homes for future homeownership costs related to the project. The following payment schedule is presented with no future draws being disbursed.

Year	Principal Due	Interest Due	Total Payments
FY 2019	-	10,814	10,814
FY 2020	-	10,814	10,814
FY 2021	17,102	10,425	27,527
FY 2022	17,977	9,550	27,527
FY 2023	18,896	8,631	27,527
FY 2024-2028	110,011	27,623	137,634
FY 2029-2033	52,287	2,767	55,054
Total	$ 216,273	$ 80,623	$ 296,896

During the 2018 fiscal year, the Authority entered into a mortgage with Local Initiatives Support Corporation (LISC) for the acquisition and rehab of the North River project. The acquisition cost financed was $115,646. The amount available from the loan is $520,000. The remainder of the loan can be drawn on for future rehab costs. The loan agreement notes that only interest payments will be made for the first two years. After that time frame, interest plus principal payments will be made over the course of the next 8 years. Upon the sale of a rehabbed home, the Authority agrees to pay $25,000 on the loan. The Authority reserves the right to borrow disbursements paid to the lender related to the sale of homes for future homeownership costs related to the project. The following payment schedule is presented with no future draws being disbursed.

Year	Principal Due	Interest Due	Total Payments
FY 2019	-	5,782	5,782
FY 2020	-	5,782	5,782
FY 2021	9,145	5,575	14,720
FY 2022	9,613	5,107	14,720
FY 2023	10,105	4,615	14,720
FY 2024-2028	58,826	14,771	73,597
FY 2029-2033	27,957	1,479	29,436
Total	$ 115,646	$ 43,111	$ 158,757

NOTE 10 – DEBT - Continued

Collingwood Green Phase III, LP
Collingwood Green Phase III, LP, entered into a mortgage payable to provide financing during the construction phase of the project. As part of the closing, the initial draw and loan balance as of December 31, 2018 totaled $1,700,000. Amortization schedules were not available at the time of the preparation of the financial statements.

NOTE 11 – PENSION PLAN

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

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

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

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

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

NOTE 11 – PENSION PLAN – Continued

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 the OPERS' traditional plan with a few employees being members of the combined or member-directed plans; therefore, the following disclosure focuses only on the traditional 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	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirement	**Age and Service Requirement**	**Age and Service Requirement**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

NOTE 11 – PENSION PLAN – Continued

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

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

2018 Statutory Maximum Contribution Rates	
Employer	14.00%
Employee	10.00%
2018 Actual Contribution Rates	
Employer:	
Pension	14.00%
Post-Employment Health Care Benefits	2.00%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $964,804 for 2018. The full amount was contributed during the year.

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

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

Proportionate Share of the Net Pension Liability	$ 7,083,174
Proportion of the Net Pension Liability (Traditional)	0.045711%
Pension Expense	$ 1,552,278

NOTE 11 – PENSION PLAN – Continued

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

Item	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual earnings on pension plan investments	$ 13,562	$ 166,580
Changes of Assumptions	$ 864,793	$ ------
Net difference between expected and actual experience	$ ------	$ 1,553,837
Authority contributions subsequent to the measurement date	$ 964,809	$ ------
Total	$ 1,843,164	$ 1,720,417

The $964,804 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018.

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, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Information	Traditional Plan
Valuation Date	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Wage Inflation	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%
Cost of Living Adjustments	3.0% Simple through 2018, then 2.15% Simple

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for morality improvement back to the observation base of 2006. The base year for males and females was then established to be 2015 and 2010 respectively. Post-retirement

NOTE 11 – PENSION PLAN – Continued

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.

Discount Rate - used to measure the total pension liability was 7.5% for the Traditional Pension Plan, Combined Plan, and Member-Directed Plan. 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

Authority's proportionate share of the net pension liability (asset)	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Traditional Plan	$ 12,577,962	$ 7,083,174	$ 2,502,228

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and

NOTE 11 – PENSION PLAN – Continued

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 investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

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

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

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

NOTE 12 - POST EMPLOYMENT BENEFITS

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

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

Plan Description –

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-

NOTE 12 - POST EMPLOYMENT BENEFITS - Continued

employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy –

The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

NOTE 12 - POST EMPLOYMENT BENEFITS - Continued

Related to OPEB-

The net OPEB liability and total OPEB liability for OPERS were 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 payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Proportionate Share of the OPEB Liability	$ 5,212,447
Proportion of the OPEB Liability	0.04800%
OPEB Expense	$ 444,555

Actuarial Information	**Traditional Plan**
Actuarial Valuation Date	December 31, 2016
Rolled-Forward Measurement Date	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual Entry Age normal
Actuarial Assumptions:	
Single Discount Rate	3.85%
Investment Rate of Return	6.50%
Wage Inflation	3.31%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%
Health Care Cost Trend Rate	7.5% initial, 3.25% ultimate in 2028

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

Item	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual earnings on pension plan investments	$ -------	$ 388,292
Changes of Assumptions	$ 379,521	$ ------
Net difference between expected and actual experience	$ 4,060	$ ------
Total	$ 383,581	$ 388,292

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.

NOTE 12 - POST EMPLOYMENT BENEFITS - Continued

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.

A single discount rate of 3.85% 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% and a municipal bond rate of 3.31%. 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.

The following table presents the Authority's proportionate share of the OPEB liability calculated using the single discount rate of 3.85 percent, and the expected net OPEB liability 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.

Sensitivity of OPEB Liability to Changes in the Discount Rate			
As of December 31, 2017	1% Decrease (2.85%)	Discount Rate (3.85%)	1% Increase (4.85%)
Employers' Net OPEB Liability	$ 6,925,129	$ 5,212,447	$ 3,827,133

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

NOTE 12 - POST EMPLOYMENT BENEFITS - Continued

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

Sensitivity of OPEB Liability to Changes in the Health Care Cost Trend Rate			
As of December 31, 2017	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Employers' Net OPEB Liability	$ 4,987,322	$ 5,212,447	$ 5,445,253

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

Asset Class	**Target Allocation**	**Expected Real Rate of Return**
Fixed Income	34.00%	1.88%
Domestic Equities	21.00%	6.37%
REITs	6.00%	5.91%
International Equities	22.00%	7.88%
Other Investments	17.00%	5.39%
Total	**100.00%**	**4.98%**

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

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

NOTE 13 – OPERATING TRANSFERS

During the 2018 fiscal year the following adjustments were recorded between programs:

From	To	Amount	Purpose
Equity Transfers			
COCC	Business Activity Fund	$1,291,633	To transfer mortgage receivable for the purpose of centralizing non-federal funding of account balances
HOME	LHSC	$ 194,926	To transfer hard cost of rehabbing units
Operating Transfers			
Capital Fund Program	Public Housing Operations	$ 210,034	To transfer funds from BLI Account # 1406 to Operations.
Project-Based Rental Assistance	Parqwood Apartments	$ 501,714	Reporting only to reflect federal award on the FDS

NOTE 14 – PRIOR PERIOD ADJUSTMENT

The total amount of $(5,243,646) was recorded as prior year adjustment to account for the following items:

- An adjustment in the amount of $(274,544) was recorded to bring accounts balances to actual related to the accounting of homes being sold to homebuyers. The adjustment corrected account balances related to the sale of these homes in previous years.

- An adjustment was recorded to bring account receivable balances to actual that were overstated in the previous year. The amount of the adjustment was $(203,896).

- An adjustment in the amount of $(4,765,205) was recorded to meet the reporting requirements noted in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This standard requires for the reporting and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and the associated costs.

NOTE 15 – CONTRIBUTED CAPITAL

The acquisition of the City Forest and North River properties resulted in an acquisition cost that was substantially less than the fair market value of the projects. To bring the value to the estimated fair market value resulted in the recording of contributed capital in the amount of $1,579,756.

NOTE 16 – RESTRICTED NET POSITION

A summary of restricted net position as of December 31, 2018 is as follows:

Restriction/Program	**Amount**
Homeownership Reserve	$ 2,012,122
Required Capital Reserves (CFFP Program)	1,021,475
Required Debt Service Funds (EPC Contract)	259,515
Collingwood Green Phase I, LP – Operating, Replacement, and ACC Reserves	492,313
Collingwood Green Phase II, LP – Operating, and ACC Reserves	476,636
Collingwood Green Phase III, LP – Construction, and Escrow Funds	1,874,598
Parqwood Apartments, LP – Escrow, Replacement, and Operating Reserves	654,296
Total	$ 6,790,955

NOTE 17 – RISK MANAGEMENT

The Authority is exposed to various uncertainties for losses related to intentional and unintentional tort; theft or damage to and destruction of real and personal property, errors and omissions; catastrophes, medical and dental claims by employees; employee illnesses and injuries and pollution claims for which the Authority carries commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year. No negotiated settlements or jury awards have exceeded policy limits in the past.

NOTE 18 – CONTINGENT LIABILITIES

The Authority receives significant financial assistance from federal, state, and local agencies in the form of grants and operating subsidies. HUD provided approximately 82% of the Authority's operating revenue in the current year. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies; therefore, to the extent that the Authority has not complied with rules and regulations governing the grants, if any, refunds of any money received may be required. Management believes there are no significant contingent liabilities relating to compliance with grant rules and regulations.

NOTE 19 – SUBSEQUENT EVENTS

Due to the 2019 Congressional Appropriations, the Authority's operating subsidy provided by HUD for the Low Rent Housing Program is estimated to be 89% for the calendar year 2019.

The estimated amount of funding for the 2018 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at 80% and HAP funding at 99%.

Lucas Metropolitan Housing Authority received HUD's Jobs Plus Grant in the amount of $2.3 Million to assist unemployed residents who live in the Ravine Park Village and Birmingham Terrace development communities. The residents will receive job readiness training, supportive services and barrier removal to jobs.

In April of 2019, the Finance Director resigned from the Authority. The Authority is currently conducting the interview process.

REQUIRED SUPPLEMENTAL INFORMATION

LUCAS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Authority's proportion of the net pension liability	.046%	0.047%	0.05%	0.05%	0.05%	N/A	N/A	N/A	N/A	N/A
Authority's proportionate share of the net pension liability	$7,083,174	$10,744,203	$8,195,381	$8,083,379	$5,754,842	N/A	N/A	N/A	N/A	N/A
Authority's covered employee payroll	$6,891,456	$6,233,947	$6,692,267	$5,837,642	$5,573,475	N/A	N/A	N/A	N/A	N/A
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	102.78%	172.35%	120.79%	138.47%	103.25%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability (Traditional)	84.66%	77.25%	81.08%	86.45%	86.36%	N/A	N/A	N/A	N/A	N/A

* Previous year data was unavailable as 2014 was the first fiscal year that the Authority and the Public Employees Retirement Plan has implemented the reporting requirements of GASB Statement #68.

See accompanying Notes to the Required Supplementary Information.

LUCAS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$964,804	$ 872,753	$ 936,917	$ 700,517	$ 690,417	$ 775,679	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contributions	$964,804	$ 872,753	$ 936,917	$ 700,517	$ 690,417	$ 775,679	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -----	$ -----	$ -----	$ -----	$ -----	$ -----	N/A	N/A	N/A	N/A
Authority's covered-employee payroll	$6,891,456	$6,233,947	$6,692,267	$5,837,642	$5,573,475	$5,966,762	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	14%	14.00%	14.00%	12.00%	12.00%	13.00%	N/A	N/A	N/A	N/A

* Previous year data was unavailable as 2013 was the first fiscal year that the Authority and the Public Employees Retirement Plan has implemented the reporting requirements of GASB Statement #68.

See accompanying Notes to the Required Supplementary Information.

LUCAS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Authority's proportion of the net OPEB liability	.0480%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Authority's proportionate share of the OPEB liability	$5,212,447	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Authority's covered employee payroll	$6,891,456	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Authority's proportionate share of the OPEB liability as a percentage of its covered-employee payroll	75.63%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Previous year data was unavailable as 2018 was the first fiscal year that the Authority and the Public Employees Retirement Plan has implemented the reporting requirements of GASB Statement #75.

See accompanying Notes to the Required Supplementary Information.

LUCAS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS
OPEB LIABILITYOHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$16,921	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contributions	$16,921	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -----	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Authority's covered-employee payroll	$6,891,456	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	.245%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Previous year data was unavailable as 2018 was the first fiscal year that the Authority and the Public Employees Retirement Plan has implemented the reporting requirements of GASB Statement #75.

See accompanying Notes to the Required Supplementary Information

LUCAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018.

NOTE 2- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

SUPPLEMENTAL INFORMATION

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

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
	Balance Sheet							
111	Cash-unrestricted	3,967,552	1,165,711	896,728	704,754	6,734,745	0	6,734,745
112	Cash-restricted-modernization and development	0	0	0	1,040,873	1,040,873	0	1,040,873
113-010	Cash - Restricted - HAP Funds	0	0	0	0	0	0	0
113-020	Cash - Restricted - FSS Escrow Deposits	0	337,366	0	0	337,366	0	337,366
113-030	Cash - Restricted - Other	1,021,474	2,012,122	0	2,456,956	5,490,552	0	5,490,552
113	**Cash-other restricted**	**1,021,474**	**2,349,488**	**0**	**2,456,956**	**5,827,918**	**0**	**5,827,918**
114	Cash-tenant security deposits	267,672	0	0	150,005	417,677	0	417,677
115-010	Cash - Restricted - HAP Funds	0	0	0	0	0	0	0
115-020	Cash - Restricted - FSS Escrow Deposits	0	84,341	0	0	84,341	0	84,341
115-030	Cash - Restricted - Other	0	0	0	0	0	0	0
115	**Cash - Restricted for payment of current liability**	**0**	**84,341**	**0**	**0**	**84,341**	**0**	**84,341**
100	**Total Cash**	**5,256,698**	**3,599,540**	**896,728**	**4,352,588**	**14,105,554**	**0**	**14,105,554**
121	Accounts receivable - PHA projects	0	0	0	0	0	0	0
122-010	Accounts receivable - HUD other projects - Operating Subsidy	10,939	0	0	0	10,939	0	10,939
122-020	Accounts receivable - HUD other projects - Capital fund	201,713	0	0	0	201,713	0	201,713
122-030	Accounts receivable - HUD other projects - Other	0	0	0	0	0	0	0
122	**Accounts receivable - HUD other projects**	**212,652**	**79,857**	**0**	**0**	**292,509**	**0**	**292,509**
124	Account receivable - other government	0	66,662	0	0	66,662	0	66,662
125-010	Account receivable - miscellaneous - Not For Profit	0	0	0	0	0	0	0
125-020	Account receivable - miscellaneous - Partnership	0	0	0	0	0	0	0
125-030	Account receivable - miscellaneous - Joint Venture	0	0	0	0	0	0	0
125-040	Account receivable - miscellaneous - Tax Credit	0	0	0	0	0	0	0
125-050	Account receivable - miscellaneous - Other	9,931	0	7,297	0	17,228	0	17,228
125-060	Other - Comment	0	0	0	0	0	0	0
125	**Account receivable - miscellaneous**	**9,931**	**1,570,277**	**7,297**	**213,391**	**1,800,896**	**(1,404,947)**	**395,949**
126	Accounts receivable - tenants	131,417	0	0	104,575	235,992	0	235,992
126.1	Allowance for doubtful accounts - tenants	(49,174)	0	0	(83,501)	(132,675)	0	(132,675)
126.2	Allowance for doubtful accounts - other	0	0	0	0	0	0	0
127	Notes, Loans, & Mortgages Receivable - Current	0	23,438	0	1,245	24,683	0	24,683
128	Fraud recovery	7,403	125,474	0	0	132,877	0	132,877
128.1	Allowance for doubtful accounts - fraud	0	(59,573)	0	0	(59,573)	0	(59,573)
129	Accrued interest receivable	240,336	168,537	0	0	408,873	(408,518)	355
120	**Total receivables, net of allowance for doubtful accounts**	**552,565**	**1,974,672**	**7,297**	**235,710**	**2,770,244**	**(1,813,465)**	**956,779**
131	Investments - unrestricted	0	497,278	0	0	497,278	0	497,278
132-010	Investments - restricted - HAP Funds	0	0	0	0	0	0	0
132-020	Investments - restricted - FSS Escrow Deposits	0	0	0	0	0	0	0
132-030	Investments - restricted - Other	259,516	0	0	0	259,516	0	259,516
132	**Investments - restricted**	**259,516**	**0**	**0**	**0**	**259,516**	**0**	**259,516**
135-010	Investments - restricted - HAP Funds	0	0	0	0	0	0	0
135-020	Investments - restricted - FSS Escrow Deposits	0	0	0	0	0	0	0
135-030	Investments - restricted - Other	0	0	0	0	0	0	0
135	**Investments - Restricted for payment of current liability**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
142	Prepaid expenses and other assets	2,289	860	320,930	221,865	545,944	0	545,944
143	Inventories	0	0	0	0	0	0	0
143.1	Allowance for obsolete inventories	0	0	0	0	0	0	0
144	Inter program - due from	2,097,528	3,498,589	26,526	124,915	5,747,558	(5,747,558)	0
145	Assets held for sale	0	0	0	0	0	0	0
150	**Total Current Assets**	**8,168,596**	**9,570,939**	**1,251,481**	**4,935,078**	**23,926,094**	**(7,561,023)**	**16,365,071**

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

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
161	Land	6,614,318	11,000	47,320	1,395,057	8,067,695	0	8,067,695
162	Buildings	166,034,958	559,010	4,562,015	46,900,200	218,056,183	0	218,056,183
163	Furniture, equipment and machinery - dwellings	0	0	0	1,177,131	1,177,131	0	1,177,131
164	Furniture, equipment and machinery - administration	563,570	122,456	1,314,491	23,682	2,024,199	0	2,024,199
165	Leasehold improvements	0	0	0	0	0	0	0
166	Accumulated depreciation	(136,030,513)	(339,490)	(5,118,148)	(8,610,782)	(150,098,933)	0	(150,098,933)
167	Construction in progress	393,916	371,168	0	3,216,767	3,981,851	0	3,981,851
168	Infrastructure	0	0	0	0	0	0	0
160	**Total capital assets, net of accumulated depreciation**	**37,576,249**	**724,144**	**805,678**	**44,102,055**	**83,208,126**	**0**	**83,208,126**
171-010	Notes, Loans, & mortgages receivable - Non-current - Not For Profit	0	0	0	0	0	0	0
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	0	0	0	0	0	0	0
171-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	0	0	0	0	0	0	0
171-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	7,563,900	0	0	0	7,563,900	0	7,563,900
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	0	0	0	0	0	0	0
171-060	Other - Comment	0	0	0	0	0	0	0
171	**Notes, Loans, & mortgages receivable – Non-current**	**7,563,900**	**8,197,108**	**0**	**412,316**	**16,173,324**	**(15,244,427)**	**928,897**
172-010	Notes, Loans, & mortgages receivable - Non-current - past due - Not For	0	0	0	0	0	0	0
172-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	0	0	0	0	0	0	0
172-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	0	0	0	0	0	0	0
172-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	0	0	0	0	0	0	0
172-050	Notes, Loans, & mortgages receivable - Non-current - Other	0	0	0	0	0	0	0
172-060	Other - Comment	0	0	0	0	0	0	0
172	**Notes, Loans, & mortgages receivable – Non-current - past due**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
173	Grants receivable – Non-current	0	0	0	0	0	0	0
174-010	Other assets - Not For Profit	0	0	0	0	0	0	0
174-020	Other assets - Partnership	0	0	0	0	0	0	0
174-030	Other assets - Joint Venture	0	0	0	0	0	0	0
174-040	Other assets - Tax Credit	0	0	0	0	0	0	0
174-050	Other assets - Other	0	0	0	0	0	0	0
174-060	Other - Comment	0	0	0	0	0	0	0
174	**Other assets**	**0**	**0**	**0**	**643,052**	**643,052**	**0**	**643,052**
176-010	Investment in Joint venture - Not For Profit	0	0	0	0	0	0	0
176-020	Investment in Joint venture - Partnership	0	0	0	0	0	0	0
176-030	Investment in Joint venture - Joint Venture	0	0	0	0	0	0	0
176-040	Investment in Joint venture - Tax Credit	0	0	0	0	0	0	0
176-050	Investment in Joint venture - Other	0	0	0	0	0	0	0
176-060	Other - Comment	0	0	0	0	0	0	0
176	**Investment in joint venture**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
180	**Total Non-current Assets**	**45,140,149**	**8,921,252**	**805,678**	**45,157,423**	**100,024,502**	**(15,244,427)**	**84,780,075**
190	**Total Assets**	**53,308,745**	**18,492,191**	**2,057,159**	**50,092,501**	**123,950,596**	**(22,805,450)**	**101,145,146**
200	Deferred Outflow of Resources	1,026,042	288,308	912,395	0	2,226,745	0	2,226,745
290	**Total Assets and Deferred Outflow of Resources**	**54,334,787**	**18,780,499**	**2,969,554**	**50,092,501**	**126,177,341**	**(22,805,450)**	**103,371,891**

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

311	Bank overdraft	0	0	0	0	0	0	0
312	Accounts payable <= 90 days	538,835	458,444	679,322	118,864	1,795,465	0	1,795,465
313	Accounts payable > 90 days past due	0	0	0	0	0	0	0
321	Accrued wage/payroll taxes payable	0	0	391,076	665	391,741	0	391,741
322	Accrued compensated absences - current portion	54,111	15,883	43,156	0	113,150	0	113,150
324	Accrued contingency liability	0	0	0	0	0	0	0
325	Accrued interest payable	203,108	25,320	0	425,260	653,688	(408,518)	245,170
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy	0	0	0	0	0	0	0
331-020	Accounts payable - HUD PHA Programs - Capital fund	0	0	0	0	0	0	0
331-030	Accounts payable - HUD PHA Programs - Other	0	0	0	0	0	0	0
331	**Accounts payable - HUD PHA Programs**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
332	Accounts payable - PHA Projects	0	0	0	0	0	0	0
333	Accounts payable - other government	86,595	4,245	0	132,099	222,939	0	222,939
341	Tenant security deposits	267,672	0	0	150,005	417,677	0	417,677
342-010	Unearned revenue - Operating Subsidy	0	0	0	0	0	0	0
342-020	Unearned revenue - Capital fund	0	0	0	0	0	0	0
342-030	Unearned revenue - Other	50,808	0	0	0	50,808	0	50,808
342	**Unearned revenue**	**50,808**	**16,485**	**0**	**53,973**	**121,266**	**0**	**121,266**
343-010	CFFP	395,000	0	0	0	395,000	0	395,000
343-020	Capital Projects/ Mortgage Revenue	265,035	0	0	0	265,035	0	265,035
343	**Current portion of long-term debt - capital projects/mortgage**	**660,035**	**0**	**0**	**397,407**	**1,057,442**	**0**	**1,057,442**
344	Current portion of long-term debt - operating borrowings	0	0	0	0	0	0	0
345	Other current liabilities	54,888	84,341	0	893,522	1,032,751	(893,522)	139,229
346	Accrued liabilities - other	0	0	100,889	2,976	103,865	0	103,865
347	Inter program - due to	114,575	3,223,218	1,643,858	765,907	5,747,558	(5,747,558)	0
348	**Loan liability - current**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
310	**Total Current Liabilities**	**2,030,627**	**3,827,936**	**2,858,301**	**2,940,678**	**11,657,542**	**(7,049,598)**	**4,607,944**
351-010	Long-term debt - CFFP	8,540,000	0	0	0	8,540,000	0	8,540,000
351-020	Long-term - Capital Projects/ Mortgage Revenue	6,490,767	0	0	0	6,490,767	0	6,490,767
351	**Capital Projects/ Mortgage Revenue Bonds**	**15,030,767**	**0**	**0**	**25,201,191**	**40,231,958**	**(13,894,427)**	**26,337,531**
352	Long-term debt, net of current - operating borrowings	0	0	0	0	0	0	0
353	Non-current liabilities - other	1,491,965	1,687,366	0	511,425	3,690,756	(1,861,425)	1,829,331
354	Accrued compensated absences- Non-current	380,027	100,069	357,679	0	837,775	0	837,775
355	**Loan liability – Non-current**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
356	FASB 5 Liabilities	0	0	0	0	0	0	0
357-10	Pension Liability	3,438,739	967,476	2,676,959	0	7,083,174	0	7,083,174
357-20	OPEB Liability	2,187,158	590,028	2,435,261	0	5,212,447	0	5,212,447
357	**Accrued Pension and OPEB Liabilities**	5,625,897	1,557,504	5,112,220	0	12,295,621	0	12,295,621
350	**Total Non-current liabilities**	**22,528,656**	**3,344,939**	**5,469,899**	**25,712,616**	**57,056,110**	**(15,755,852)**	**41,300,258**
300	**Total Liabilities**	**24,559,283**	**7,172,875**	**8,328,200**	**28,653,294**	**68,713,652**	**(22,805,450)**	**45,908,202**
400	**Deferred Inflow of Resources**	960,867	265,251	882,591	0	2,108,709	0	2,108,709
508.4	Net Investment in Capital Assets	21,885,447	724,144	805,678	18,503,457	41,918,726	13,894,427	55,813,153
511.4	Restricted Net Position	1,280,990	2,012,122	0	3,497,843	6,790,955	0	6,790,955
512.4	Unrestricted Net Position	5,648,200	8,606,107	(7,046,915)	(562,093)	6,645,299	(13,894,427)	(7,249,128)
513	**Total Equity - Net Assets / Position**	**28,814,637**	**11,342,373**	**(6,241,237)**	**21,439,207**	**55,354,980**	**0**	**55,354,980**
600	**Total Liabilities, Deferred Inflow, and Equity - Net Assets**	**54,334,787**	**18,780,499**	**2,969,554**	**50,092,501**	**126,177,341**	**(22,805,450)**	**103,371,891**

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

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
	Income Statement							
70300	Net tenant rental revenue	5,012,257	0	0	2,582,596	7,594,853	0	7,594,853
70400	Tenant revenue - other	239,082	0	0	5,390	244,472	0	244,472
70500	Total Tenant Revenue	**5,251,339**	**0**	**0**	**2,587,986**	**7,839,325**	**0**	**7,839,325**
70600-010	Housing assistance payments	0	23,515,309	0	0	23,515,309	0	23,515,309
70600-020	Ongoing administrative fees earned	0	2,570,564	0	0	2,570,564	0	2,570,564
70600-030	Hard to house fee revenue	0	0	0	0	0	0	0
70600-031	FSS Coordinator	0	0	0	0	0	0	0
70600-040	Actual independent public accountant audit costs	0	0	0	0	0	0	0
70600-050	Total preliminary fees earned	0	0	0	0	0	0	0
70600-060	All other fees	0	0	0	0	0	0	0
70600-070	Admin fee calculation description	0	0	0	0	0	0	0
70600	**HUD PHA operating grants**	**12,608,988**	**28,233,902**	**0**	**0**	**40,842,890**	**0**	**40,842,890**
70610	Capital grants	869,327	0	0	0	869,327	0	869,327
70710	Management Fee	0	0	2,318,663	0	2,318,663	(2,318,663)	0
70720	Asset Management Fee	0	0	216,600	0	216,600	(216,600)	0
70730	Book-Keeping Fee	0	0	603,737	0	603,737	(603,737)	0
70740	Front Line Service Fee	0	0	1,657,705	0	1,657,705	(1,657,705)	0
70750-010	Other Fees - from PHA Administered Programs	0	0	0	0	0	0	0
70750-020	Other Fees - from Third / Outside Party	0	0	0	0	0	0	0
70750	**Other Fees**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
70700	**Total Fee Revenue**	**0**	**0**	**4,796,705**	**0**	**4,796,705**	**(4,796,705)**	**0**
70800	Other government grants	0	277,559	0	0	277,559	0	277,559
71100-010	Housing Assistance Payment	0	0	0	0	0	0	0
71100-020	Administrative Fee	0	3,032	0	0	3,032	0	3,032
71100	**Investment income - unrestricted**	**894**	**32,990**	**355**	**1,817**	**36,056**	**0**	**36,056**
71200	Mortgage interest income	59,046	51,618	0	0	110,664	(108,423)	2,241
71300	Proceeds from disposition of assets held for sale	0	0	0	244,490	244,490	0	244,490
71310	Cost of sale of assets	0	0	0	(249,272)	(249,272)	0	(249,272)
71400-010	Housing Assistance Payment	0	75,794	0	0	75,794	0	75,794
71400-020	Administrative Fee	0	75,794	0	0	75,794	0	75,794
71400	**Fraud recovery**	**0**	**154,677**	**0**	**0**	**154,677**	**0**	**154,677**
71500	Other revenue	167,127	44,678	514,196	6,099,659	6,825,660	0	6,825,660
71600	Gain or loss on disposition of capital assets	0	0	0	0	0	0	0
72000-010	Housing Assistance Payment	0	0	0	0	0	0	0
72000-020	Administrative Fee	0	0	0	0	0	0	0
72000	**Investment income - restricted**	**19,607**	**0**	**0**	**0**	**19,607**	**0**	**19,607**
70000	**Total Revenue**	**18,976,328**	**28,795,424**	**5,311,256**	**8,684,680**	**61,767,688**	**(4,905,128)**	**56,862,560**

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

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
91100	Administrative salaries	792,518	760,091	2,077,639	206,906	3,837,154	0	3,837,154
91200	Auditing fees	7,299	1,338	37,061	34,685	80,383	0	80,383
91300-010	Management Fee - from PHA Administered Programs	1,640,075	631,846	0	46,742	2,318,663	(2,318,663)	0
91300-020	Management Fee - from Third Party / Outside Entity	0	0	0	107,625	107,625	0	107,625
91300	**Management Fee**	**1,640,075**	**631,846**	**0**	**154,367**	**2,426,288**	**(2,318,663)**	**107,625**
91310	Book-Keeping Fee	225,369	378,368	0	0	603,737	(603,737)	0
91400	Advertising and Marketing	1,257	4,038	41,159	6,533	52,987	0	52,987
91500	Employee benefit contributions - administrative	454,420	423,603	998,717	23,078	1,899,818	0	1,899,818
91600	Office Expenses	348,435	279,171	951,839	124,544	1,703,989	(40,303)	1,663,686
91700	Legal Expense	27,233	7,890	10,743	18,785	64,651	0	64,651
91800	Travel	3,929	2,392	71,611	0	77,932	0	77,932
91810	Allocated Overhead	0	0	0	0	0	0	0
91900	Other	580,667	19,801	91,489	49,002	740,959	(429,263)	311,696
91000	**Total Operating-Administrative**	**4,081,202**	**2,508,538**	**4,280,258**	**617,900**	**11,487,898**	**(3,391,966)**	**8,095,932**
92000	Asset Management Fee	216,600	0	0	0	216,600	(216,600)	0
92100	Tenant services - salaries	0	549,757	281,812	0	831,569	0	831,569
92200	Relocation Costs	4,131	0	0	0	4,131	0	4,131
92300	Employee benefit contributions - tenant services	0	184,419	113,746	0	298,165	0	298,165
92400	Tenant services - other	540,414	171,678	3,241	0	715,333	(504,694)	210,639
92500	**Total Tenant Services**	**544,545**	**905,854**	**398,799**	**0**	**1,849,198**	**(504,694)**	**1,344,504**
93100	Water	1,305,486	2,165	17,807	121,917	1,447,375	0	1,447,375
93200	Electricity	1,029,223	18,573	34,275	84,486	1,166,557	0	1,166,557
93300	Gas	629,455	6,922	25,951	42,067	704,395	0	704,395
93400	Fuel	0	0	0	9,751	9,751	0	9,751
93500	Labor	0	0	0	0	0	0	0
93600	Sewer	2,006	0	0	44,227	46,233	0	46,233
93700	Employee benefit contributions - utilities	0	0	0	0	0	0	0
93800	Other utilities expense	0	0	0	0	0	0	0
93000	**Total Utilities**	**2,966,170**	**27,660**	**78,033**	**302,448**	**3,374,311**	**0**	**3,374,311**
94100	Ordinary maintenance and operations - labor	1,963,697	0	243,793	172,276	2,379,766	0	2,379,766
94200	Ordinary maintenance and operations - materials and other	695,179	212	160,764	65,737	921,892	0	921,892
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash	162,188	905	3,128	33,621	199,842	0	199,842
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling	506,828	6,659	16,780	5,737	536,004	(530,265)	5,739
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	496,634	0	16,131	18,118	530,883	0	530,883
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance	25,567	0	784	0	26,351	0	26,351
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds	353,916	33,434	1,743	103,718	492,811	0	492,811
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround	663,035	0	542	40,704	704,281	(153,180)	551,101
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	67,416	0	0	0	67,416	0	67,416
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	174,959	0	0	506	175,465	0	175,465
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	364,782	0	0	1,728	366,510	0	366,510
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	25,402	15,078	36,058	16,576	93,114	0	93,114
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance	332,035	5,414	135,705	95,996	569,150	0	569,150
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	269,774	192,699	86,559	246,986	796,018	0	796,018
94300	**Ordinary Maintenance and Operations Contracts**	**3,442,536**	**254,189**	**297,430**	**563,690**	**4,557,845**	**(683,445)**	**3,874,400**
94500	Employee benefit contribution - ordinary maintenance	1,041,422	0	131,848	22,604	1,195,874	0	1,195,874
94000	**Total Maintenance**	**7,142,834**	**254,401**	**833,835**	**824,307**	**9,055,377**	**(683,445)**	**8,371,932**

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

95100	Protective services - labor	0	0	0	0	0	0	0
95200	Protective services - other contract costs	0	0	0	0	0	0	0
95300	Protective services - other	238,655	0	38,736	9,044	286,435	0	286,435
95500	Employee benefit contributions - protective services	0	0	0	0	0	0	0
95000	**Total Protective Services**	**238,655**	**0**	**38,736**	**9,044**	**286,435**	**0**	**286,435**
96110	Property Insurance	219,606	4,480	1,584	111,827	337,497	0	337,497
96120	Liability Insurance	106,289	285	1,278	27,114	134,966	0	134,966
96130	Workmen's Compensation	70,199	18,359	56,464	2,976	147,998	0	147,998
96140	All other Insurance	28,738	1,437	15,311	5,852	51,338	0	51,338
96100	**Total Insurance Premiums**	**424,832**	**24,561**	**74,637**	**147,769**	**671,799**	**0**	**671,799**
96200	Other general expenses	710,795	246,481	307,709	106,216	1,371,201	0	1,371,201
96210	Compensated absences	234,409	72,922	217,740	0	525,071	0	525,071
96300	Payments in lieu of taxes	173,162	7,923	0	294,608	475,693	0	475,693
96400	Bad debt - tenant rents	148,764	0	0	73,554	222,318	0	222,318
96500	Bad debt - mortgages	0	0	0	0	0	0	0
96600	Bad debt - other	0	0	0	0	0	0	0
96800	Severance expense	0	0	0	0	0	0	0
96000	**Total Other General Expenses**	**1,267,130**	**327,326**	**525,449**	**474,378**	**2,594,283**	**0**	**2,594,283**
96710	Interest of Mortgage (or Bonds) Payable	816,809	0	0	379,194	1,196,003	(108,423)	1,087,580
96720	Interest on Notes Payable (Short and Long Term)	0	0	0	0	0	0	0
96730	Amortization of Bond Issue Costs	0	0	0	0	0	0	0
96700	**Total Interest Expense and Amortization Cost**	**816,809**	**0**	**0**	**379,194**	**1,196,003**	**(108,423)**	**1,087,580**
96900	**Total Operating Expenses**	**17,698,777**	**4,048,340**	**6,229,747**	**2,755,040**	**30,731,904**	**(4,905,128)**	**25,826,776**
97000	**Excess Revenue Over Operating Expenses**	**1,277,551**	**24,747,084**	**(918,491)**	**5,929,640**	**31,035,784**	**0**	**31,035,784**
97100	Extraordinary maintenance	15,785	0	28,982	2,800	47,567	0	47,567
97200	Casualty losses- Non-capitalized	47,347	0	29,442	0	76,789	0	76,789
97300-010	Mainstream 1 year	0	0	0	0	0	0	0
97300-020	Home-Ownership	0	328,043	0	0	328,043	0	328,043
97300-025	Litigation	0	0	0	0	0	0	0
97300-030	Hope IV	0	0	0	0	0	0	0
97300-040	Tenant Protection	0	823,248	0	0	823,248	0	823,248
97300-041	Portability-Out	0	285,826	0	0	285,826	0	285,826
97300-045	FSS Escrow Deposits	0	110,318	0	0	110,318	0	110,318
97300-049	Other Special Vouchers	0	2,129,735	0	0	2,129,735	0	2,129,735
97300-050	All Other	0	19,884,833	0	0	19,884,833	0	19,884,833
97300	**Housing assistance payments**	**0**	**24,415,608**	**0**	**0**	**24,415,608**	**0**	**24,415,608**
97350	**HAP Portability-in**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
97400	Depreciation expense	3,950,100	51,854	99,568	1,723,551	5,825,073	0	5,825,073
97500	Fraud losses	0	0	0	0	0	0	0
97800	Dwelling units rent expense	0	0	0	0	0	0	0
90000	**Total Expenses**	**21,712,009**	**28,515,802**	**6,387,739**	**4,481,391**	**61,096,941**	**(4,905,128)**	**56,191,813**

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

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
10010	Operating transfer in	210,034	0	0	501,714	711,748	(711,748)	0
10020	Operating transfer out	(210,034)	(501,714)	0	0	(711,748)	711,748	0
10030-010	Not For Profit	0	0	0	0	0	0	0
10030-020	Partnership	0	0	0	0	0	0	0
10030-030	Joint Venture	0	0	0	0	0	0	0
10030-040	Tax Credit	0	0	0	0	0	0	0
10030-050	Other	0	0	0	0	0	0	0
10030-060	Other - Comment	0	0	0	0	0	0	0
10030	**Operating transfers from / to primary government**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
10040	Operating transfers from / to component unit	0	0	0	0	0	0	0
10070	Extraordinary items, net gain/loss	0	0	0	0	0	0	0
10080	Special items, net gain/loss	0	0	0	0	0	0	0
10091	Inter Project Excess Cash Transfer In	1,600,000	0	0	0	1,600,000	(1,600,000)	0
10092	Inter Project Excess Cash Transfer Out	(1,600,000)	0	0	0	(1,600,000)	1,600,000	0
10093	Transfers between Programs and Projects - in	0	0	0	0	0	0	0
10094	Transfers between Programs and Projects - out	0	0	0	0	0	0	0
10100	**Total other financing sources (uses)**	**0**	**(501,714)**	**0**	**501,714**	**0**	**0**	**0**
10000	**Excess (Deficiency) of Revenue Over (Under) Expenses**	**(2,735,681)**	**(222,092)**	**(1,076,483)**	**4,705,003**	**670,747**	**0**	**670,747**
11020	Required Annual Debt Principal Payments	569,430	0	0	0	569,430	0	569,430
11030	Beginning equity	33,535,895	9,957,736	(1,628,053)	18,062,301	59,927,879	0	59,927,879
11040-010	To record opening OPEB balances per GASB Statement 75	(1,985,577)	(534,561)	(2,245,068)	0	(4,765,206)	0	(4,765,206)
11040-020	To properly state balances related to homeownership program	0	0	0	(274,544)	(274,544)	0	(274,544)
11040-030	To correct recording of unfunded grant revenue in prior year	0	(203,896)	0	0	(203,896)	0	(203,896)
11040-040	To corect transfer of equity in previous year for mortgage receivable	0	1,248,479	0	(1,248,479)	0	0	0
11040-050	Prior period adjustments and correction of errors - Editable	0	0	0	0	0	0	0
11040-060	Prior period adjustments and correction of errors - Editable	0	0	0	0	0	0	0
11040-070	Equity Transfers - Editable	0	1,291,633	(1,291,633)	0	0	0	0
11040-080	Equity Transfers - Editable	0	0	0	1,691,373	1,691,373	0	1,691,373
11040-090	Equity Transfers - Editable	0	(194,926)	0	(1,496,447)	(1,691,373)	0	(1,691,373)
11040-100	Equity Transfers - Editable	0	0	0	0	0	0	0
11040-110	Equity Transfers - Editable	0	0	0	0	0	0	0
11040	**Prior period adjustments, equity transfers, and correction of**	**(1,985,577)**	**1,606,729**	**(3,536,701)**	**(1,328,097)**	**(5,243,646)**	**0**	**(5,243,646)**
11170	**Administrative Fee Equity**	**0**	**(1,412,821)**	**0**	**0**	**(1,412,821)**	**0**	**(1,412,821)**
11180	**Housing Assistance Payments Equity**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
11190-210	Total ACC HCV Units	0	52,056	0	0	52,056	0	52,056
11190-220	Unfunded Units	0	0	0	0	0	0	0
11190-230	Other Adjustments	0	0	0	0	0	0	0
11190	**Unit Months Available**	**31225**	**56,028**	**0**	5,567	92,558	**0**	**92,558**
11210	**Unit Months Leased**	**30540**	**53,624**	**0**	**5,408**	**89,476**	**0**	**89,476**
11270	**Excess Cash**	**3,422,428**	**0**	**0**	**0**	**3,422,428**	**0**	**3,422,428**
11610	Land Purchases	0	0	0	0	0	0	0
11620	Building Purchases	494,327	0	0	0	494,327	0	494,327
11630	Furniture & Equipment-Dwelling Purchases	0	0	0	0	0	0	0
11640	Furniture & Equipment-Administrative Purchases	0	0	0	0	0	0	0
11650	Leasehold Improvements Purchases	0	0	0	0	0	0	0
11660	Infrastructure Purchases	0	0	0	0	0	0	0
13510	CFFP Debt Service Payments	838,752	0	0	0	838,752	0	838,752
13901	Replacement Housing Factor Funds	0	0	0	0	0	0	0

This page intentionally left blank.

LUCAS METROPOLITAN HOUSING AUTHORITY
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs				
Pubilc and Indian Housing	14.850			$ 11,887,322
Housing Voucher Cluster				
Section 8 Housing Choice Voucher Program	14.871			26,085,873
Mainstream vouchers (MS5)	14.879			692,101
Total Housing Voucher Cluster				26,777,974
Section 8 Project-Based Cluster				
Section 8 Housing Assistance Payments Program				
Parqwood Apartments, LP (Component Unit)	14.195			501,714
Lower Income Housing Assistance Program				
Section 8 Moderate Rehabilitation	14.856			263,306
Total Section 8 Project-Based Cluster				765,020
Public Housing Capital Fund	14.872			1,590,993
Resident Opportunity and Supportive Services - Service Coordinators	14.870			422,362
Family Self-Sufficiency Program	14.896			239,364
Total Direct Programs				41,683,035
Passed Through the City of Toledo				
Home Investment Partnerships Program	14.239			29,182
Total U.S. Department of Housing and Urban Development				**41,712,217**
U.S. DEPARTMENT OF HEALTH AND URBAN DEVELOPMENT				
Passed Through the Zepf Center Grant				
Health Profession Opportunity Grant	93.093	90-F 0042-01-00		277,559
Total U.S. Department of Health and Urban Development				**277,559**
Total Expenditures of Federal Awards				**$ 41,989,776**

The accompanying notes are an integral part of this schedule.

LUCAS METROPOLITAN HOUSING AUTHORITY
LUCAS COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lucas Metropolitan Housing Authority, Lucas County, Ohio (the Authority's) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance as the Authority uses a fee service approach as required by the U.S. Department of HUD.

NOTE D - SUBRECIPIENTS

The Authority did not provide funds to subrecipients during the audit period.

NOTE E - HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAM

The Home Investment Partnerships Program funds (CFDA 14.239) were provided to the Authority for a rehabilitation project administered by the Lucas Housing Services Corporation. The grant was provided by the City of Toledo, Department of Neighborhoods as a pass-through award of funds received from HUD. The grant documents do not provide a pass through entity identification number.

NOTE F – PUBLIC HOUSING CAPITAL FUNDS (CFDA NUMBER 14.872)

Expenditures for the Public Housing Capital Fund were from the following grants:

OH12P006501-14	$ 459,530
OH12P006501-15	11,270
OH12P006501-16	210,727
OH12P006501-17	67,714
OH12P006501-18	841,752
Total	$ 1,590,993

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Lucas Metropolitan Housing Authority
Lucas County
435 Nebraska Avenue
Toledo, Ohio 43604

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Lucas Metropolitan Housing Authority, Lucas County, 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 August 20, 2019 wherein we noted the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2018-001 to be a significant deficiency.

Compliance and Other Matters

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

Authority's Response to Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the Authority's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Keith Faber
Auditor of State

Columbus, Ohio

August 20, 2019

OHIO AUDITOR OF STATE
KEITH FABER

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Lucas Metropolitan Housing Authority
Lucas County
435 Nebraska Avenue
Toledo, Ohio 43604

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited Lucas Metropolitan Housing Authority, Lucas County, Ohio's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could directly and materially affect the Lucas Metropolitan Housing Authority's major federal program for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Lucas Metropolitan Housing Authority, Lucas County, Ohio, complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

August 20, 2019

LUCAS METROPOLITAN HOUSING AUTHORITY
LUCAS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Housing Voucher Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 1,259,693 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

FINDING NUMBER 2018-001

Significant Deficiency – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

During 2018, the Authority entered into a mortgage loan with Local Initiatives Support Corporation (LISC) for the acquisition and rehab of the City Forest and North River projects. The Authority incorrectly recorded the capital asset values and loan amounts for this transaction. As a result, the following adjustments were required to be made on the face of the financial statements and notes to the financial statements:

- Increase in depreciable capital assets of $766,675;
- Increase in depreciation expense and accumulated depreciation of $25,556;
- Decrease in total loan liability of $813,081 comprised of current and noncurrent amounts of $56,393 and $756,688, respectively;
- Increase in donated capital contributions of $1,579,756 to account for the acquisition value of the projects;
- Increase in Net Position and Net Investment in Capital Assets of $1,554,200.

These errors were not identified and corrected prior to the Authority preparing its financial statements due to deficiencies in the Authority's internal controls over financial statement monitoring. Failing to provide accurate financial information could lead to the Board making misinformed decisions. The accompanying financial statements, notes to the financial statements, and, where applicable, the Authority's accounting records have been adjusted to reflect these changes.

To help ensure the Authority's financial statements and notes to the financial statements are complete and accurate and to help identify and correct errors and omissions, the Authority should adopt policies and procedures, including a final review of the statements and notes to the financial statements by the Finance Director.

Officials' Response:

See Corrective Action Plan for the Officials' response.

3. FINDINGS FOR FEDERAL AWARDS

None

Lucas Metropolitan Housing Authority
435 Nebraska Avenue, PO Box 477
Toledo, Ohio 43697-0477
419-259-9400 Fax 419-259-9494
TRS: Dial 711
www.lucasmha.org

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	The information was based on figures provided on the closing statement. After further discussions with the lender, it was noted that the loan amounts reported on the closing statements represented a line of credit that could be drawn against for rehab projects to the properties. Upon the notification of the facts and loan balance provided by the lender, the error was reported to the auditor with a correcting adjusting entry. Controls have been put in place that will require finance staff to be included in all acquisition meetings in the future to prevent miscommunication.	Already completed	Authority Finance Department

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

LUCAS METROPOLITAN HOUSING AUTHORITY

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 3, 2019