Certified Public Accountants, A.C.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY

Single Audit
For the Fiscal Year Ended March 31, 2018

313 Second St.	1907 Grand Central Ave.	150 W. Main St., #A	1310 Market St., #300	749 Wheeling Ave., #300
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Dave Yost • Auditor of State

Members of the Board
Tuscarawas Metropolitan Housing Authority
134 Second Street S.W.
New Philadelphia, Ohio 44663

We have reviewed the *Independent Auditor's Report* of the Tuscarawas Metropolitan Housing Authority, Tuscarawas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period April 1, 2017 through March 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

October 23, 2018

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TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FOR THE YEAR ENDED MARCH 31, 2018

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PERRY & Associates
Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR'S REPORT

September 28, 2018

Tuscarawas Metropolitan Housing Authority
Tuscarawas County
134 Second Street
New Philadelphia, Ohio 44663

To the Director and Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the **Tuscarawas Metropolitan Housing Authority**, Tuscarawas County, Ohio (the Authority), as of and for the year ended March 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 did not audit the financial statements of the Tuscarawas Affordable Housing Service Corp. or the Tuscarawas Affordable Housing One, LLC, which represent 63%, 99%, and 6% of the assets, net position, and operating revenues, respectively, of the proprietary funds. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amount included for the Tuscarawas Affordable Housing Service Corp. or the Tuscarawas Affordable Housing One, LLC, is based solely on the report of other auditors. 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.

Auditor's Responsibility (Continued)

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 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 opinions.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Tuscarawas Metropolitan Housing Authority, Tuscarawas County as of March 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.

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 liabilities and pension contributions, as 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 Schedule presented on pages 36 through 38 is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements.

The Schedule of Federal Awards Expenditures 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.

Other Matters (Continued)

Supplementary and Other Information (Continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

The Tuscarawas Metropolitan Housing Authority's (the "Authority") Management's Discussion and Analysis is designed to **a)** assist the reader in focusing on significant financial issues, **b)** provide an overview of the Authority's financial activity, **c)** identify changes in the Authority's financial position (its ability to address the next and subsequent fiscal year challenges), and **d)** identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Authority's financial statements, which begin on page 13.

Financial Highlights

The current year financial highlights were separated to identify changes in the Tuscarawas Metropolitan Housing Authority and its component units separately.

- During fiscal year 2018, the Authority's net position increased by $132,113 and the component units decreased by $20,632.

- The Authority's revenue increased by $142,878 and its component unit's revenue increased by $9,628.

- Total expenses of the Authority decreased by $150,132 and the component unit's expenses increased by $9,629.

Using This Annual Report

This report includes three major sections, the Management's Discussion and Analysis (MD&A), the Basic Financial Statements, and Other Required Supplementary Information.

MD&A
Management's Discussion and Analysis

Basic Financial Statements
Authority-Wide Financial Statements
Notes to the Basic Financial Statements

Other Required Supplementary Information
Financial Data Schedule
Schedule of Expenditures and Federal Awards

The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide).

Authority-Wide Financial Statements

The Authority-wide financial statements on pages 13 through 15 are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority. The financial statements of the Authority include component units which are more fully discussed in the Notes to the Basic Financial Statements.

The statements include a Statement of Net Position, which is similar to a balance sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities equal Net Position, formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "current" (convertible into cash within one year) and "non-current".

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

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

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

- *Unrestricted Net Position* Consists of net position that do not meet the definition of "Net Investment in Capital Assets" or "Restricted Net position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position, which is similar to an Income Statement. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenues and expenses, such as grant revenue, investment income, and interest expense.

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

Finally, a Statement of Cash Flows on page 15 is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Fund Financial Statements

The Authority is accounted for on a single enterprise fund. Enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Some of the programs operated by the Authority are required to be reported separately by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

Business-Type Program

Housing Choice Voucher Program Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of adjusted household income.

Other Programs In addition to the program above, the Authority also operates the following programs:

- Business Activities - represents non-HUD resources primarily from housing management services.

Component Units

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

Authority-Wide Statements

The following is a condensed **Statement of Net Position** compared to prior year-end. Tuscarawas Metropolitan Housing Authority is engaged only in business-type activities.

Primary Government

	2018	2017
Assets		
Current Assets	$ 362,281	$ 262,751
Capital Assets	208,089	225,375
Deferred Outflows of Resources	105,338	115,648
Total Assets and Deferred Outflows of Resources	$ 675,708	$ 603,774
Liabilities		
Current Liabilities	$ 38,963	$ 37,890
Long-Term Liabilities	550,347	684,550
Total Liabilities	589,310	722,440
Deferred Inflows of Resources	80,873	7,922
Net Position		
Net Investment in Capital Assets	9,089	17,275
Restricted	75,795	8,691
Unrestricted	(79,359)	(152,554)
Total Net Position	5,525	(126,588)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 675,708	$ 603,774

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

Component Units

		2018		2017
Assets				
Current Assets	$	107,671	$	97,299
Capital Assets		1,038,572		1,079,622
Total Assets	$	1,146,243	$	1,176,921
Liabilities				
Current Liabilities	$	155,628	$	141,200
Long-Term Liabilities		1,384,476		1,408,950
Total Liabilities		1,540,104		1,550,150
Net Position				
Net Investment in Capital Assets		34,510		52,766
Restricted		72,839		59,043
Unrestricted		(501,210)		(485,038)
Total Net Position		(393,861)		(373,229)
Total Liabilities and Net Position	$	1,146,243	$	1,176,921

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

Major Factors Affecting the Statement of Net Position

Total assets and deferred outflows of the Authority increased by $71,934 and liabilities decreased by $133,130. The increase in assets was mainly due to housing assistance money received from HUD that was not spent. This money was reported as restricted cash. The decrease in total liabilities is mainly due to change in pension liability due to GASB 68.

The assets of the Authority's component units decreased by $30,678 and the liabilities decreased by $10,046. The decrease in assets was due to current year depreciation expense.

Table 2 presents details on the change in Net Position.

Primary Government

		Net Investment in Capital Assets		Restricted Net Position		Unrestricted Net Position
Beginning Balance - March 31, 2017	$	17,275	$	8,691	$	(152,554)
Results of Operation		0		67,104		65,009
Adjustments:						
Current year Depreciation Expense (1)		(17,286)		0		17,286
Current year Debt Activities, Net		9,100		0		(9,100)
Ending Balance - March 31, 2018	$	9,089	$	75,795	$	(79,359)

Component Units

	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position
Beginning Balance - March 31, 2017	$ 52,766	$ 59,043	$ (485,038)
Results of Operation	0	13,796	(34,428)
Adjustments:			
Current year Depreciation Expense (1)	(54,004)	0	54,004
Capital Expenditure	12,954	0	(12,954)
Current year Debt Activities, Net	22,794	0	(22,794)
Ending Balance - March 31, 2018	$ 34,510	$ 72,839	$ (501,210)

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net position.

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes is unrestricted net position provides a clearer change in financial well-being.

The following schedule reflects the condensed Statement of Revenues, Expenses, and Changes in Net Position compared to prior year and compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in only business-type activities.

Primary Government

	2018	**2017**
Revenues		
Operating Subsidies	$ 2,660,794	$ 2,508,197
Investment Income	-	15
Other Revenues	78,175	87,879
Total Revenues	**2,738,969**	**2,596,091**
Expenses		
Administrative	241,623	351,363
Tenant Services	50,000	50,000
Utilities	4,854	5,086
Maintenance	1,684	2,357
General and Interest Expenses	17,739	19,630
Housing Assistance Payments	2,234,711	2,270,698
HAP Portability -In	38,959	37,424
Depreciation	17,286	20,430
Total Expenses	**2,606,856**	**2,756,988**
Net Increases (Decreases)	**$ 132,113**	**$ (160,897)**

Component Units

		2018		2017
Revenues				
Total Tenant Revenues	$	186,062	$	176,438
Investment Income		12		8
Total Revenues		**186,074**		**176,446**
Expenses				
Administrative		38,957		36,711
Utilities		34,458		35,134
Maintenance		44,176		36,021
General and Interest Expenses		35,111		36,808
Depreciation		54,004		52,403
Total Expenses		**206,706**		**197,077**
Net Increases (Decreases)	**$**	**(20,632)**	**$**	**(20,631)**

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

The revenue of the Primary Government increased by $142,878. The increase was due to additional grant funds received from HUD for housing assistance payments.

The component units' revenue increased by $9,628 due to tenant revenues.

Total expenses for the Primary Government decreased by $150,132 for the fiscal year. The main cause for the decrease in expenses is due to housing assistance payments made during the year and to benefit expense due to the net change in pension liability per GASB 68.

The component unit expenses increased for the year by $9,629. The increase is due to maintenance expenses.

Capital Assets

As of March 31, 2018, the Authority had $208,089 invested in capital assets and the component units had $1,038,572 as reflected in the following schedule, which represents a net decrease (additions, disposals, and depreciation) of $17,286 for the Primary Government and $41,050 for the component units in comparison with prior year.

Primary Government

	2018	2017
Land and Land Rights	$ 30,000	$ 30,000
Buildings and Improvements	446,322	446,322
Equipment	66,655	73,363
Accumulated Depreciation	(334,888)	(324,310)
Total	$ 208,089	$ 225,375

Component Units

	2018	2017
Land and Land Rights	$ 100,000	$ 100,000
Buildings	1,500,048	1,500,048
Equipment	156,882	143,928
Accumulated Depreciation	(718,358)	(664,354)
Total	$ 1,038,572	$ 1,079,622

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 23 of the notes.

	Primary Government	Component Units
Beginning Balance - March 31, 2017	$ 225,375	$ 1,079,622
Current year Additions	-	12,954
Current year Depreciation Expense	(17,286)	(54,004)
Ending Balance - March 31, 2018	$ 208,089	$ 1,038,572
Current year additions are summarized as follows:		
- Equipment	$ -	$ 12,954
Total 2018 Additions	$ -	$ 12,954

Debt

The Authority's debt was reduced by $9,100 and the component unit debt decreased by $22,794 during fiscal year 2018. Following is a comparison of the debt outstanding at year end 2018 and year end 2017.

	Primary Government	Component Units
Beginning Balance - March 31, 2017	$ 208,100	$ 1,026,856
Current Year Principal Payments	(9,100)	(22,794)
Ending Balance - March 31, 2018	$ 199,000	$ 1,004,062

Economic Factors

Significant economic factors affecting the Authority are as follows:

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

Financial Contact

The individual to be contacted regarding this report is Martin Howell, Executive Director for the Tuscarawas Metropolitan Housing Authority, at (330) 308-8099. Specific requests may be submitted to the Authority at 134 2nd Street SW, New Philadelphia, Ohio 44663.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY

Statement of Net Position
Proprietary Funds
March 31, 2018

	Primary Government	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,796	$ 9,094
Restricted cash and cash equivalents	190,708	87,599
Receivables, net	153,279	4,371
Prepaid expenses and other assets	11,498	6,607
Total current assets	**362,281**	**107,671**
Noncurrent assets		
Capital assets:		
Land	30,000	100,000
Building and equipment	516,571	1,653,336
Less accumulated depreciation	(338,482)	(714,764)
Capital assets, net	208,089	1,038,572
Total noncurrent assets	***208,089***	***1,038,572***
Deferred Outflows of Resources	***105,338***	**-**
Total assets	**$ 675,708**	**$ 1,146,243**
LIABILITIES		
Current liabilities		
Accounts payable	$ 5,895	$ 4,948
Accrued liabilities	23,568	3,219
Intergovernmental payables	-	15,220
Tenant security deposits	-	14,760
Bonds, notes, and loans payable	9,500	19,586
Other current liabilities	-	97,895
Total current liabilities	***38,963***	***155,628***
Noncurrent liabilities		
Bonds, notes, and loans payable	189,500	984,476
Accrued compensated absences non-current	43,244	-
Net pension liability payable	202,690	-
Noncurrent liabilities - other	114,913	400,000
Total noncurrent liabilities	***550,347***	***1,384,476***
Total liabilities	**589,310**	**1,540,104**
Deferred Inflows of Resources	**80,873**	**-**
NET POSITION		
Net Invested in capital assets	9,089	34,510
Restricted net position	75,795	72,839
Unrestricted net position (deficit)	(79,359)	(501,210)
Total net position	**5,525**	**(393,861)**
Total liabilities, Deferred Inflows and net position	**$ 675,708**	**$ 1,146,243**

See accompanying notes to the basic financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended March 31, 2018

	Primary Government	Component Units
OPERATING REVENUES		
Tenant Revenue	$ -	$ 186,062
Government operating grants	2,660,794	-
Other revenue	78,175	-
Total operating revenues	**2,738,969**	**186,062**
OPERATING EXPENSES		
Administrative	241,623	38,957
Tenant Services	50,000	-
Utilities	4,854	34,458
Maintenance	1,684	44,176
General	8,114	22,506
Housing assistance payment	2,234,711	-
HAP Portability-In	38,959	-
Depreciation	17,286	54,004
Total operating expenses	***2,597,231***	***194,101***
Operating income (loss)	**141,738**	**(8,039)**
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue	-	12
Interest expense	(9,625)	(12,605)
Total nonoperating revenues (expenses)	***(9,625)***	***(12,593)***
Change in net position	132,113	(20,632)
Total net position, Beginning of Year	(126,588)	(373,229)
Net Position, End of Year	**$ 5,525**	**$ (393,861)**

See accompanying notes to the basic financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2018

	Primary Government	***Component Units***
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating grants received	$ 2,622,991	$ -
Tenant revenue received	-	187,078
Other revenue received	78,175	-
General and administrative expenses paid	(386,453)	(133,956)
Housing assistance payments	(2,234,711)	-
Net cash provided (used) by operating activities	80,002	53,122
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Retirement of debt	(9,100)	(22,794)
Interest paid on Debt	(9,625)	(12,605)
Property and equipment purchased, net	-	(9,360)
Net cash provided (used) by capital and related financing activities	(18,725)	(44,759)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	-	12
Net cash provided (used) by investing activities	-	12
Net increase (decrease) in cash	61,277	8,375
Cash and cash equivalents - Beginning of year	136,227	91,912
Cash and cash equivalents - End of year	$ 197,504	$ 100,287
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	$ 141,738	$ (8,039)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation	17,286	54,004
- (Increases) Decreases in Accounts Receivable	(37,803)	1,016
- (Increases) Decreases in Prepaid Assets	(450)	(6,607)
- (Increases) Decreases in Deferred Outflows	10,310	-
- Increases (Decreases) in Accounts Payable	1,207	(1,097)
- Increases (Decreases) in Intergovernmental Payable	-	113
- Increases (Decreases) in Accrued Payable	(534)	92
- Increases (Decreases) in Other Current Liabilities	-	13,282
- Increases (Decreases) in FSS Escrow	11,162	-
- Increases (Decreases) in Tenant Security Deposits	-	358
- Increases (Decreases) in Compensated Absence	(201)	-
- Increases (Decreases) in Deferred Inflows	72,951	-
- Increases (Decreases) in Pension Liability	(135,664)	-
Net cash provided by operating activities	$ 80,002	$ 53,122

See accompanying notes to the basic finanical statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Tuscarawas Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

The accompanying financial statements present the Authority's primary government and the two component units, Tuscarawas Affordable Housing Service Corp. and Tuscarawas Affordable Housing One, LLC, over which the Authority exercises significant influence.

Component Units

The component units are reported in the Authority financial statements as shown below:

Discretely Presented Component Unit	*Brief Description and Relationship*
Tuscarawas Affordable Housing Service Corp.	A not-for-profit (IRS section 501(c) (3)) corporation created for the purpose of providing low and moderate-income housing. Tuscarawas Metropolitan Housing Authority staff operates and manages the units. Four of the five Board Members are the same for both Agencies.

Discretely Presented Component Unit	*Brief Description and Relationship*
Tuscarawas Affordable Housing One, LLC	A limited liability corporation created for the purpose of ownership and management of Clay Village Apartments. Tuscarawas Affordable Housing One, LLC's fiscal year is a December 31 year end. The financial statements reflected in this report are for the fiscal year ending December 31, 2017.

Basis of Presentation

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

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

The Authority's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows. The statements are prepared on the accrual basis of accounting.

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

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

Fund Accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

> Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Description of programs

The following are the various programs which are included in the single enterprise fund:

A. *Housing Choice Voucher Program*

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

B. *Shelter Plus Care Program*

The Shelter Plus Care Program provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program. The agency assists the ADAMHS Board administer this program.

C. *Business Activities*

Represents non-HUD resources primarily from housing management services.

D. *Component Units*

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

E. *Community Home Improvement Program*

Under this program, Tuscarawas Metropolitan Housing Authority assists the City of New Philadelphia, the City of Dover, and Tuscarawas County with the administration of their tenant based rental assistance programs.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). The Primary Government had no interest earned in the fiscal year. The interest income earned by Component Units for the period totaled $12.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $1,000 or more per unit. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	30 year
Buildings Improvements	10 years
Furniture, equipment and machinery	3-7 years

Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use by creditors, grantors, or laws or regulations of other governments.

Operating Revenues and Expenses

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

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

Cash and Cash Equivalents
For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Restricted Cash
Restricted cash balance as of March 31, 2018 for the primary government and December 31, 2017 for the component unit represents cash on hand for the following:

	Primary Government	Component Units
FSS Escrow Funds held for Tenants	$ 114,913	$ 0
Reserve for Taxes and Insurance	0	9,270
Reserve for Replacements	0	63,569
Tenant Security Deposit	0	14,760
Cash on Hand Advances from HUD to be used for Tenants Housing Assistance Payments	75,795	0
Total Restricted Cash	$ 190,708	$ 87,599

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 absence accrual amount.

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 5.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and are explained in Note 5.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, 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 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 pension systems report investments at fair value.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

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

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

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

C. 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 end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the Authority deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end March 31, 2018, the carrying amount of the Authority's deposits totaled $197,504 and its bank balance was $198,582. Based on the criteria described in GASB Statement No. 40, *"Deposit and Investment Risk Disclosure,"* as of March 31, 2018, the full amount was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

<u>Component Unit</u>
The carrying amount of the Component Unit deposits was $96,693 at December 31, 2017. It includes savings accounts and all certificates of deposit with original maturities of three months or less.

NOTE 3: <u>RISK MANAGEMENT</u>

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending March 31, 2018 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 4: CAPITAL ASSETS

The following is a summary of the Authority's changes in capital assets:

Primary Government

	Balance 03/31/17	Adjust	Additions	Deletion	Balance 03/31/18
Capital Assets Not Being Depreciated:					
Land	$ 30,000	-	-	-	$ 30,000
Total Capital Assets Not Being Depreciated	**30,000**	**-**	**-**	**-**	**30,000**
Capital Assets Being Depreciated:					
Buildings	437,765	-	-	-	437,765
Furniture, Machinery and Equip.	73,363	-	-	(6,708)	66,655
Leasehold Improvement	8,557	-	-	-	8,557
Total Capital Assets Depreciated	519,685	-	-	(6,708)	512,977
Accumulated Depreciation:					
Buildings	(243,462)	1	(16,214)	-	(259,675)
Furniture, Machinery and Equip.	(72,291)	(1)	(1,071)	6,708	(66,655)
Leasehold Improvement	(8,557)	-	-	-	(8,557)
Total Accum Depreciation	**(324,310)**	**-**	**(17,286)**	**6,708**	**(334,888)**
Total Capital Assets Being Depreciated, Net	**195,375**	**-**	**(17,286)**	**-**	**178,089**
Total Capital Assets, Net	**$ 225,375**	**$ -**	**$ (17,286)**	**$ -**	**$ 208,089**

NOTE 4: CAPITAL ASSETS (Continued)

Component Units

	Balance 01/01/17	Adjust	Additions	Deletion	Balance 12/31/17
Capital Assets Not Being Depreciated:					
Land	$ 100,000	$ -	$ -	$ -	$ 100,000
Total Capital Assets Not Being Depreciated	**100,000**	**-**	**-**	**-**	**100,000**
Capital Assets Being Depreciated:					
Buildings	1,500,048	-	-	-	1,500,048
Furnit, Machinery and Equip	143,928	-	12,954	(3,594)	153,288
Total Capital Assets Being Depreciated	1,643,976	-	12,954	(3,594)	1,653,336
Accumulated Depreciation	(664,354)	-	(54,004)	3,594	(714,764)
Total Capital Assets Being Depreciated, Net	**979,622**	**-**	**(41,050)**	**-**	**938,572**
Total Capital Assets, Net	**$ 1,079,622**	**$ -**	**$ (41,050)**	**$ -**	**$ 1,038,572**

NOTE 5: DEFINED BENEFIT 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.

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

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

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

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

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

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

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

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

	State and Local
2017-2018 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
2017-2018 Actual Contribution Rates:	
Employer:	
Pension	13.0%
Post-employment Health Care Benefits	1.0%
Total Employer	14.0%
Employee	10.0%

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

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

Proportionate Share of Net Pension Liability	$ 202,690
Proportion of the Net Pension Liability	0.00129%
Pension Expense	$ 43,517

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

DEFERRED OUTFLOWS:	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	($31,851)
Assumption Changes	(24,223)
Difference Between Expected and Actual Experience	(207)
Change in Porportion Share	(20,734)
Contributions After Meassurement Date	(28,323)
	($105,338)
DEFERRED INFLOWS:	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	$75,366
Difference Between Expected and Actual Experience	3,994
Change in Porportion Share	1,513
	$80,873

$28,323 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 March 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending March 31:	
2018	($27,362)
2019	(5,822)
2020	19,162
2021	17,881
2022	0
thereafter	0
Total	$3,858

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement in accordance with requirement of GASB 67:

Future Salary Increases, including inflation	3.25 - 10.75 percent, including wage inflation of 3.25%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple; Post 1/7/2013 retirees: 3 percent simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual entry age

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. 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 within the Defined Benefit portfolio is approved by the Board 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 following table displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return.

Asset Class	Target Allocation for 2017	Long-Term Expected Real Rate of Return
Fixed Income	23.00%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other Investments	18.00%	5.26%
Total	100.00%	5.66%

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability	$359,925	$202,690	$111,810

NOTE 6: POSTEMPLOYMENT BENEFITS

A. Plan Description

The Ohio Public Employees Retirement System of Ohio (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-employer defined pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 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 No. 45. See the Plan Statement in OPERS 2015 CAFR for details.

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

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 1-800-222-7377, or by visiting www.opers.org/investements/cafr.shtml.

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary payroll of active members. For the year ended March 31, 2018, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of earnable salary for state and local employers. Active member contributions do not fund health care.

OPERS maintains that cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and 115 Health Care trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined Plans. Each year, the OPERS Board of Trustees 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 Plan was 1.0 percent for calendar year 2017. As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 remained at 1.0 percent for the Traditional Plan. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The portion of actual Authority contributions for the years ended March 31, 2018, 2017, 2016 and 2015, which were used by OPERS to fund post-employment benefits, were $2,180, $2,680, $3,621 and $3,622 respectively.

NOTE 7: LONG-TERM OBLIGATIONS

Tuscarawas Metropolitan Housing Authority (Primary Government)
In the fiscal year ending March 31, 2003, the Authority issued $300,000 mortgage revenue bond, for a 30 year period, series 2002, for the purpose of paying part of the cost of a construction of an office addition to the administration building. In addition the bonds issued were also used to refinance the existing mortgage loan of $89,974 for the purchase of the administration building. The outstanding principal amount shall bear interest at the rate of 4.625 percent, calculated on a basis of actual number of days and a 365 day year.

The project was fully completed in February 2004 and the loan commenced on November 1, 2003.

The following is a summary of changes in long-term obligations for the year ended March 31, 2018:

DESCRIPTION	Balance 03/31/17	Additions	Deletions	Balance 03/31/18	Due Within One Year
Mortgage Payable	$208,100	$0	$9,100	$199,000	$9,500
Compensated Absences	53,408	21,231	20,274	54,365	11,121
Net Pension Liability	338,354	0	135,664	202,690	0
FSS Escrow	103,751	47,888	36,726	114,913	0
Total Primary Government	$703,613	$69,119	$201,764	$570,968	$20,621

Debt maturities are as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2019	$9,500	$9,117	$18,617
2020	9,900	8,717	18,617
2021	10,400	8,217	18,617
2022	10,900	7,717	18,617
2023	11,300	7,317	18,617
2024-2028	65,200	27,885	93,085
2029-2033	81,800	11,285	93,085
Total	$199,000	$80,255	$279,255

Tuscarawas Affordable Housing One, LLC (Component Unit)
On December 9, 2002, Tuscarawas Affordable Housing One, LLC assumed an outstanding loan balance of $1,163,986 from an original loan of $1,197,000 from Clay Village, Ltd. Partnership for the purchase of Clay Village Apartment building.

The mortgage note is collateralized by the land, building and improvements, equipment and furnishings. The note bears interest at the rate of 9% per annum. Principal and interest are payable in monthly installments of $9,132 reduced to $2,554 (effective 1percent interest rate) by USDA - Rural Development interest subsidy program through 2037. The mortgage liability is limited to the underlying value of the collateral pledged.

Under the loan agreement with USDA - Rural Development, the project is required to make monthly reserve for replacement deposits, and is subject to operating and returns to owner restrictions.

The following is a summary of changes in long-term obligations for the period:

Balance 12/31/16	Additions	Deletions	Balance 12/31/17	Due Within One Year
$ 1,026,856	$ 0	$ (22,794)	$ 1,004,062	$ 19,586

The following is a summary of debt maturity for the next five years as reported on the Tuscarawas Affordable Housing One, LLC audit report:

Year	Amount
2018	$19,586
2019	21,424
2020	23,433
2021	25,631
Thereafter	913,988
Total	$1,004,062

NOTE 8: OTHER NON-CURRENT LIABLITIES (COMPONENT UNITS)

The component units of the Authority were advanced $400,000 by development partners to be used for making improvements to Clay Village Apartments upon acquisition of the property by Tuscarawas Affordable Housing One, LLC (component unit). Repayment of the amount advanced is only necessary in the event the property generates surplus cash. No amounts were repaid on the advance in this audit period.

Required Supplementary Information

Tuscarawas Metropolitan Housing Authority
Required Supplementary Information
Schedule of Authority's Porportionate Share of Net Pension Liability
For the Fiscal Years Available

	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability/(Asset)	0.001292%	0.001490%	0.001458%	0.001474%
Authority's Proportionate Share of the Net Pension Liability (Asset)	$ 202,690	$ 338,354	$ 252,544	$ 175,851
Authority's covered payroll	177,769	134,032	181,044	181,090
Authority's Proportionate share of the Net Pension Liability/(Asset) as a percentage of its covered payroll	114.02%	252.44%	139.49%	97.11%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.54%

Information prior to fiscal year 2014 is not available.
Information as of December 31, 2017.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	$ 23,063	$ 16,084	$ 21,725	$ 21,731	$ 23,085	$ 19,629	$ 19,566	$ 19,095	$ 16,872	$ 13,294
Contributions in Relation to Contractually Required Contribution	(23,063)	(16,084)	(21,725)	(21,731)	(23,085)	(19,629)	(19,566)	(19,095)	(16,872)	(13,294)
Contribution deficit (surplus)	$ -	$ -	$ -						$ -	$ -
Authority's covered payroll	$ 174,321	$ 134,032	$ 181,044	$ 181,090	$ 176,221	$ 192,441	$ 191,824	$ 212,167	$ 203,277	$ 187,239
Contributions as a percentage of covered payroll	13.23%	12.00%	12.00%	12.00%	13.10%	10.20%	10.20%	9.00%	8.30%	7.10%

Supplementary Information

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FINANCIAL DATA SCHEDULE
AS OF MARCH 31, 2018

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	Total
111 Cash - Unrestricted	$0	$6,372	$9,094	$424	$15,890
113 Cash - Other Restricted	$0	$190,708	$72,839	$0	$263,547
114 Cash - Tenant Security Deposits	$0	$0	$14,760	$0	$14,760
100 Total Cash	$0	$197,080	$96,693	$424	$294,197
125 Accounts Receivable - Miscellaneous	$0	$0	$0	$129,450	$129,450
126 Accounts Receivable - Tenants	$0	$0	$4,371	$0	$4,371
128 Fraud Recovery	$0	$45,787	$0	$0	$45,787
128.1 Allowance for Doubtful Accounts - Fraud	$0	($21,958)	$0	$0	($21,958)
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$23,829	$4,371	$129,450	$157,650
142 Prepaid Expenses and Other Assets	$0	$11,498	$6,607	$0	$18,105
150 Total Current Assets	$0	$232,407	$107,671	$129,874	$469,952
161 Land	$0	$0	$100,000	$30,000	$130,000
162 Buildings	$0	$0	$1,500,048	$437,765	$1,937,813
164 Furniture, Equipment & Machinery - Administration	$0	$66,655	$156,882	$0	$223,537
165 Leasehold Improvements	$0	$0	$0	$8,557	$8,557
166 Accumulated Depreciation	$0	($66,655)	($718,358)	($268,233)	($1,053,246)
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$1,038,572	$208,089	$1,246,661
180 Total Non-Current Assets	$0	$0	$1,038,572	$208,089	$1,246,661
200 Deferred Outflow of Resources	$0	$105,338	$0	$0	$105,338
290 Total Assets and Deferred Outflow of Resources	$0	$337,745	$1,146,243	$337,963	$1,821,951
312 Accounts Payable <= 90 Days	$0	$5,895	$4,948	$0	$10,843
321 Accrued Wage/Payroll Taxes Payable	$0	$12,447	$2,231	$0	$14,678
322 Accrued Compensated Absences - Current Portion	$0	$11,121	$0	$0	$11,121
325 Accrued Interest Payable	$0	$0	$988	$0	$988
333 Accounts Payable - Other Government	$0	$0	$15,220	$0	$15,220
341 Tenant Security Deposits	$0	$0	$14,760	$0	$14,760
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$0	$0	$19,586	$9,500	$29,086
345 Other Current Liabilities	$0	$0	$97,895	$0	$97,895
310 Total Current Liabilities	$0	$29,463	$155,628	$9,500	$194,591
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$0	$0	$984,476	$189,500	$1,173,976
353 Non-current Liabilities - Other	$0	$114,913	$400,000	$0	$514,913
354 Accrued Compensated Absences - Non Current	$0	$43,244	$0	$0	$43,244
357 Accrued Pension and OPEB Liabilities	$0	$202,690	$0	$0	$202,690
350 Total Non-Current Liabilities	$0	$360,847	$1,384,476	$189,500	$1,934,823
300 Total Liabilities	$0	$390,310	$1,540,104	$199,000	$2,129,414
400 Deferred Inflow of Resources	$0	$80,873	$0	$0	$80,873
508.4 Net Investment in Capital Assets	$0	$0	$34,510	$9,089	$43,599
511.4 Restricted Net Position	$0	$75,795	$72,839	$0	$148,634
512.4 Unrestricted Net Position	$0	($209,233)	($501,210)	$129,874	($580,569)
513 Total Equity - Net Assets / Position	$0	($133,438)	($393,861)	$138,963	($388,336)
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$0	$337,745	$1,146,243	$337,963	$1,821,951

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FINANCIAL DATA SCHEDULE
AS OF MARCH 31, 2018

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$0	$0	$181,287	$0	$181,287	$0	$181,287
70400 Tenant Revenue - Other	$0	$0	$4,775	$0	$4,775	$0	$4,775
70500 Total Tenant Revenue	$0	$0	$186,062	$0	$186,062	$0	$186,062
70600 HUD PHA Operating Grants	$50,000	$2,610,794	$0	$0	$2,660,794	$0	$2,660,794
71100 Investment Income - Unrestricted	$0	$0	$12	$0	$12	$0	$12
71400 Fraud Recovery	$0	$7,159	$0	$0	$7,159	$0	$7,159
71500 Other Revenue	$0	$50,726	$0	$56,108	$106,834	($35,818)	$71,016
70000 Total Revenue	$50,000	$2,668,679	$186,074	$56,108	$2,960,861	($35,818)	$2,925,043
91100 Administrative Salaries	$0	$135,946	$14,556	$5,240	$155,742	$0	$155,742
91200 Auditing Fees	$0	$8,866	$3,260	$0	$12,126	$0	$12,126
91400 Advertising and Marketing	$0	$101	$0	$0	$101	$0	$101
91500 Employee Benefit contributions - Administrative	$0	$37,647	$0	$0	$37,647	$0	$37,647
91600 Office Expenses	$0	$39,403	$0	$0	$39,403	$0	$39,403
91700 Legal Expense	$0	$0	$1,504	$0	$1,504	$0	$1,504
91800 Travel	$0	$3,685	$0	$0	$3,685	$0	$3,685
91900 Other	$0	$46,486	$19,637	$67	$66,190	($35,818)	$30,372
91000 Total Operating - Administrative	$0	$272,134	$38,957	$5,307	$316,398	($35,818)	$280,580
92100 Tenant Services - Salaries	$34,587	$0	$0	$0	$34,587	$0	$34,587
92300 Employee Benefit Contributions - Tenant Services	$15,413	$0	$0	$0	$15,413	$0	$15,413
92500 Total Tenant Services	$50,000	$0	$0	$0	$50,000	$0	$50,000
93100 Water	$0	$591	$26,748	$0	$27,339	$0	$27,339
93200 Electricity	$0	$3,205	$7,710	$0	$10,915	$0	$10,915
93300 Gas	$0	$1,058	$0	$0	$1,058	$0	$1,058
93000 Total Utilities	$0	$4,854	$34,458	$0	$39,312	$0	$39,312
94100 Ordinary Maintenance and Operations - Labor	$0	$0	$16,057	$0	$16,057	$0	$16,057
94200 Ordinary Maintenance and Operations - Materials and Other	$0	$0	$15,229	$0	$15,229	$0	$15,229
94300 Ordinary Maintenance and Operations Contracts	$0	$1,684	$12,890	$0	$14,574	$0	$14,574
94500 Employee Benefit Contributions - Ordinary Maintenance	$0	$0	$0	$0	$0	$0	$0
94000 Total Maintenance	$0	$1,684	$44,176	$0	$45,860	$0	$45,860
96110 Property Insurance	$0	$0	$7,286	$0	$7,286	$0	$7,286
96120 Liability Insurance	$0	$2,500	$0	$0	$2,500	$0	$2,500
96130 Workmen's Compensation	$0	$435	$0	$0	$435	$0	$435
96100 Total insurance Premiums	$0	$2,935	$7,286	$0	$10,221	$0	$10,221
96210 Compensated Absences	$0	$956	$0	$0	$956	$0	$956
96300 Payments in Lieu of Taxes	$0	$0	$15,220	$0	$15,220	$0	$15,220
96600 Bad debt - Other	$0	$4,223	$0	$0	$4,223	$0	$4,223
96000 Total Other General Expenses	$0	$5,179	$15,220	$0	$20,399	$0	$20,399
96710 Interest of Mortgage (or Bonds) Payable	$0	$0	$12,605	$9,625	$22,230	$0	$22,230
96700 Total Interest Expense and Amortization Cost	$0	$0	$12,605	$9,625	$22,230	$0	$22,230
96900 Total Operating Expenses	$50,000	$286,786	$152,702	$14,932	$504,420	($35,818)	$468,602

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FINANCIAL DATA SCHEDULE
AS OF MARCH 31, 2018

	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	$0	$2,381,893	$33,372	$41,176	$2,456,441	$0	$2,456,441
97300 Housing Assistance Payments	$0	$2,234,711	$0	$0	$2,234,711	$0	$2,234,711
97350 HAP Portability-In	$0	$38,959	$0	$0	$38,959	$0	$38,959
97400 Depreciation Expense	$0	$1,071	$54,004	$16,215	$71,290	$0	$71,290
90000 Total Expenses	$50,000	$2,561,527	$206,706	$31,147	$2,849,380	($35,818)	$2,813,562
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$0	$107,152	($20,632)	$24,961	$111,481	$0	$111,481
11020 Required Annual Debt Principal Payments	$0	$0	$19,586	$9,500	$29,086	$0	$29,086
11030 Beginning Equity	$0	($155,978)	($373,229)	$29,390	($499,817)	$0	($499,817)
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	($84,612)	$0	$84,612	$0	$0	$0
11170 Administrative Fee Equity	$0	($209,233)	$0	$0	($209,233)	$0	($209,233)
11180 Housing Assistance Payments Equity	$0	$75,795	$0	$0	$75,795	$0	$75,795
11190 Unit Months Available	0	6,888	480	0	7,368	0	7,368
11210 Number of Unit Months Leased	0	6,432	470	0	6,902	0	6,902

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2018

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	2018 FEDERAL EXPENDITURES
DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Section 8 Housing Choice Vouchers	14.871	2,610,794
Family Self-Sufficiency	14.896	50,000
TOTAL FEDERAL AWARDS EXPENDITURES		$ 2,660,794

See accompanying notes to this schedule.

Note A – Significant Accounting Policies

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal award activity of **Tuscarawas Metropolitan Housing Authority**, Tuscarawas County, Ohio (the Authority) under programs of the federal government for the year ended March 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 full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C – Subrecipients

The Authority provided no federal awards to subrecipients during the year ended March 31, 2018.

Note D – Disclosure of Other Forms of Assistance

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended March 31, 2018.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended March 31, 2018.

Certified Public Accountants, A.C.

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

September 28, 2018

Tuscarawas Metropolitan Housing Authority
Tuscarawas County
134 Second Street
New Philadelphia, Ohio 44663

To the Director and 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 business-type activities and the aggregate discretely presented component units of the **Tuscarawas Metropolitan Housing Authority,** Tuscarawas County, (the Authority) as of and for the year ended March 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 September 28, 2018. Our report refers to other auditors who audited the financial statements of the Tuscarawas Affordable Housing Corp. and the Tuscarawas Affordable Housing One, LLC, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

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. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated September 28, 2018.

Purpose of this Report

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

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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Certified Public Accountants, A.C.

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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

September 28, 2018

Tuscarawas Metropolitan Housing Authority
Tuscarawas County
134 Second Street
New Philadelphia, Ohio 44663

To the Director and Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the **Tuscarawas Metropolitan Housing Authority's**, Tuscarawas County, (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 Authority's major federal program for the year ended March 31, 2018. The *Summary of Audit Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

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 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, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended March 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 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 compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED MARCH 31, 2018

1. SUMMARY OF AUDIT RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR§200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Section 8 Housing Choice Vouchers, CFDA # 14.871
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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TUSCARAWAS COUNTY METROPOLITAN HOUSING AUTHORITY

TUSCARAWAS 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
NOVEMBER 8, 2018