



Certified Public Accountants, A.C.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MEDINA COUNTY  
Single Audit  
For the Year Ended June 30, 2018**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417



# OHIO AUDITOR OF STATE KEITH FABER



Board of Commissioners  
Medina Metropolitan Housing Authority  
850 Walter Road  
Medina, Ohio 44256

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

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

February 11, 2019

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**MEDINA METROPOLITAN HOUSING AUTHORITY  
MEDINA COUNTY  
FOR THE YEAR ENDED JUNE 30, 2018**

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313 Second St.  
Marietta, Oh 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

## INDEPENDENT AUDITOR'S REPORT

December 31, 2018

Medina Metropolitan Housing Authority  
Medina County  
850 Walter Road  
Medina, Ohio 44256

To the Board of Commissioners:

### ***Report on the Financial Statements***

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

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

Management is responsible for 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 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 opinion.

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### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Medina Metropolitan Housing Authority, Medina County as of June 30, 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 2 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*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and other post-employment benefit liabilities and pension and other post-employment benefit liabilities 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 supplemental financial data schedules presented on pages 48 through 54, the PHA's Statement of Certification of Actual Modernization Costs on page 55 are 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 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 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 December 31, 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 and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED 30, 2018  
UNAUDITED**

Medina 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, 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’s activities, resulting changes, and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 10).

**Financial Highlights**

- The Authority’s Net Position decreased by \$72,021 during the fiscal year 2018. Net Position was \$6,066,194 and \$6,138,215 for 2018 and 2017 respectively.
- Revenues increased by \$397,032 during fiscal year 2018, and were \$6,813,008 and \$6,415,976 for 2018 and 2017 respectively.
- The total expenses of the Authority’s programs increased by \$278,643. Total expenses were \$6,885,029 and \$6,606,386 for 2018 and 2017 respectively.

**Overview of the Financial Statements**

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated, except for land, over their useful lives. See notes to the financial statements for a summary of the Authority’s significant accounting policies and practices.

**USING THIS REPORT**

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A),” “Basic Financial Statements,” and “Other Required Supplementary Information”. 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 are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal “Net Position,” formerly known as equity. Assets and liabilities are presented in order of

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liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current.”

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

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

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

*Unrestricted Net Position:* This component of Net Position consists of unrestricted assets 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 (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

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

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

### **THE AUTHORITY’S PROGRAMS**

Rental Assistance Demonstration Program is a voluntary program of the Department of Housing and Urban Development (HUD). RAD seeks to preserve public housing by providing Public Housing Agencies with access to more stable funding to make needed improvements to properties. RAD allows PHAs to manage a property using one of two types of HUD funding contracts that are tied to a specific building:

- Section 8 project-based voucher (PBV); or
- Section 8 project-based rental assistance (PBRA)

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On July 1, 2016, Medina Metropolitan Housing Authority converted its public housing units to RAD and selected the PBRA model. Under this model, Medina Metropolitan Housing Authority is the property owner of the building know as North View Manor and HUD removed the declaration of trust.

Management entered into a contract agreement with HUD to subsidize the rent for tenants residing at the units. The contract agreement equals to the operating subsidies and capital improvement funding previously received under the public housing program.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property for use by eligible families. The Authority subsidizes the families' rent through a monthly Housing Assistance Payment (HAP) 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 contracts that set the families' rent at 30% of household income.

Shelter Plus Care Program – The Shelter Plus Care program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Business Activities – This represents non-HUD resources developed from a variety of activities. These include:

Leases – The Authority leases residential property from two different entities: the Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC). The housing units are then sublet to eligible households consistent with the Authority's mission. The fee income and operating expenses for those services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Position.

Service Contracts – The Authority provides property management services for three properties owned by the Medina County ADAMH Board. The properties provide housing to persons with severe mental illness. The Authority also administers a program for the ADAMH Board that provides affordable housing services for persons with low to moderate income that have been diagnosed with severe mental illness.

The Authority provided management services to a 70-unit residential apartment complex owned by Menwa Apartments, L.P. in Wadsworth, Ohio. The Authority also provided management services to a 54-unit residential apartment complex owned by Southwick Manor Apartments, LLC in Brunswick, Ohio.

In addition the Authority has an agreement with Battered Women's Shelter to provide maintenance services.

The fee income and operating expenses for those services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Position.

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Grants

The Authority administers one state grant and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis. The fee income and operating expenses for services are noted in the Statement of Revenue, Expenses, and Changes in Fund Net Position.

Interest Income

The Authority manages its surplus cash in compliance with HUD and State guidelines. The Authority generates interest income from the investment of surplus cash. Interest income is also derived from allowable forms of investment, including loans to affiliated organizations, which furthers the development of housing. The loans are secured by notes and mortgages.

Other Rental Units

*Wadsworth Villas* - The Authority constructed a new five unit, non-subsidized housing development in fiscal year 2011 named Wadsworth Villas. These units are designated for persons with sensory and/or mobility impairments. The units were constructed using Authority funds (lent to the development) and a loan from the Ohio Housing Finance Agency.

**New GASB 75 Reporting**

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Authority’s proportionate share of each plan’s collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees’ past service

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2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from \$6,849,267 to \$6,138,215.

**AUTHORITY-WIDE STATEMENTS**

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

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	<u>2018</u>	<u>2017</u> <u>Restated</u>
Current and Other Noncurrent Assets	\$ 6,271,743	\$ 5,965,706
Capital Assets	2,848,414	2,780,260
Deferred Outflows	<u>267,636</u>	<u>517,297</u>
 Total Assets & Deferred Outflows of Resources	 <u>\$ 9,387,793</u>	 <u>\$ 9,263,263</u>
 Current Liabilities	 \$ 368,053	 \$ 297,329
Long-Term Liabilities	2,644,324	2,794,485
Deferred Inflows	<u>309,222</u>	<u>33,234</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>3,321,599</u>	 <u>3,125,048</u>
 Net Positions:		
Net Investment in Capital Assets	2,195,154	2,343,666
Restricted Net Positions	1,030,449	889,930
Unrestricted Net Positions	<u>2,840,591</u>	<u>2,904,619</u>
 Total Net Positions	 <u>6,066,194</u>	 <u>6,138,215</u>
 Total Liabilities, Deferred Inflows and Net Positions	 <u>\$ 9,387,793</u>	 <u>\$ 9,263,263</u>

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

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

Total assets increased \$124,530 from 2017 to 2018. The increase in assets was due mainly to results of current year activities.

Total liabilities increased by \$196,551 due to debt assumed for acquisition of Birch Hill Drive property.

Capital assets net of accumulated depreciation increased by \$68,154. The change is due to current year acquisitions less depreciation expense for the fiscal year.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	<b>Unrestricted Net Position</b>	<b>Net Investment in Capital Assets</b>	<b>Restricted Net Position</b>
Beginning Net Positions - Restated	\$ 2,904,619	\$ 2,343,666	\$ 889,930
Results from Operation	(212,540)	0	140,519
Adjustment:			
Current Year Depreciation Expense	236,186	(236,186)	0
Current Year Capital Expenditures	(300,338)	300,338	0
Adjustment to Reconcile with Depreciation Schedule	(4,002)	4,002	0
Net Change in Debt Balance	216,666	(216,666)	0
Ending Net Positions	<u>\$ 2,840,591</u>	<u>\$ 2,195,154</u>	<u>\$ 1,030,449</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Net Position provides a clearer change in financial well-being.

The following table reflects the condensed Statement of Revenues, Expenses and Changes in Net Position compared to prior year.

	<b><u>2018</u></b>	<b><u>2017</u></b>
<b><u>Revenues</u></b>		
Tenant Revenues	\$ 1,888,506	\$ 1,883,666
Operating Subsidies Grants	4,295,459	3,908,595
Investment Income	99,437	105,534
Gain on sale of capital assets	10,500	-
Other Revenue	519,106	518,181
<b>Total Revenues</b>	<b><u>6,813,008</u></b>	<b><u>6,415,976</u></b>
<b><u>Expenses</u></b>		
Administrative	1,620,443	1,481,957
Tenant Services	1,181	2,301
Utilities	279,672	261,592
Maintenance	680,023	616,407
General Expenses	587,158	865,061
Housing Assistance Payments	3,421,886	3,168,316
Interest expense	58,480	7,895
Depreciation	236,186	202,857
<b>Total Expenses</b>	<b><u>6,885,029</u></b>	<b><u>6,606,386</u></b>
<b>Net Increases (Decreases)</b>	<b><u>\$ (72,021)</u></b>	<b><u>\$ (190,410)</u></b>



**MEDINA METROPOLITAN HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Position**

Total revenue increased by \$397,032 in comparison with last year. The increase was mainly due to rental subsidies received from HUD.

Total expenses increased \$278,643. The increase in expenses is mainly due to increase in housing assistance payments for the year and the effect of GASB 68 and 75.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of year-end, the Authority had \$2,848,414 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions and depreciation) of \$68,154 from the end of last year.

	<u>2018</u>	<u>2017</u>
Land	\$ 297,081	\$ 268,851
Building & Improvements	5,326,834	4,941,074
Equipment	1,222,101	1,177,194
Construction in Progress	25,668	228,642
Accumulated Depreciation	<u>(4,023,270)</u>	<u>(3,835,501)</u>
 Total	 <u>\$ 2,848,414</u>	 <u>\$ 2,780,260</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the Table above.

Beginning Balance	\$ 2,780,260
Current year purchases	300,338
Less Depreciation Expense	(236,186)
Adjustment to Reconcile with Depreciation Schedule	<u>4,002</u>
 Ending Balance	 <u>\$ 2,848,414</u>

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Current year purchases are summarized as follows:

- Purchase and Rehab of property located in Birch Hill Dr.	\$	90,989
- Land Improvements		5,565
- Purchase of various equipment		89,322
- Construction in Progress		14,037
- Various Leasehold Improvement		100,425
 Total Current Additions	 \$	 <u><u>300,338</u></u>

**Debt Outstanding**

The following is a summary of the change in outstanding debt:

	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 674,958	\$ 690,032
Current year debt issued	231,739	-
Current year debt retired	(15,073)	(15,074)
Ending Balance	\$ 891,624	\$ 674,958

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program
- Inflationary pressure on utility rates, supplies and other costs
- Decreased rates of return on investments which affect investment income

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Skip Sipos, Executive Director of the Medina Metropolitan Housing Authority. Specific requests may be submitted to Mr. Sipos' attention at 850 Walter Road; Medina, Ohio 44256-1515 or [skip@mmha.org](mailto:skip@mmha.org). His telephone number is 330-725-7531.

**MEDINA METROPOLITAN HOUSING AUTHORITY**

**Statement of Net Position**

**Proprietary Funds**

**June 30, 2018**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$	549,845
Restricted cash and cash equivalents		1,159,481
Receivables, net		141,437
Prepaid expenses and other assets		100,498
<b>Total current assets</b>		<b><u>1,951,261</u></b>

**Noncurrent assets**

Capital assets:		
Land		297,081
Building and equipment		6,548,935
Construction in Progress		25,668
Less accumulated depreciation		<u>(4,023,270)</u>
Capital assets, net		2,848,414
Other noncurrent assets		4,320,482
<b>Total noncurrent assets</b>		<b><u>7,168,896</u></b>
<b>Total Assets</b>		<b><u>9,120,157</u></b>

**Deferred Outflows of Resources:**

Pension		211,057
OPEB		56,579
<b>Total assets and deferred outflows</b>		<b><u>\$ 267,636</u></b>

**LIABILITIES**

**Current liabilities**

Accounts payable	\$	11,930
Accrued liabilities		168,055
Intergovernmental payables		698
Tenant security deposits		129,032
Unearned revenue		4,183
Current Portion of Long-term Debt		31,626
Other current liabilities		22,529
<b>Total current liabilities</b>		<b><u>\$ 368,053</u></b>

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

**MEDINA METROPOLITAN HOUSING AUTHORITY**

**Statement of Net Position (Continued)**

**Proprietary Funds**

**June 30, 2018**

<b>Noncurrent liabilities</b>	
Loan Liability - noncurrent	\$ 859,998
Net Pension Liability	\$ 1,015,490
Net OPEB Liability	768,836
<b><i>Total noncurrent liabilities</i></b>	<b><u>2,644,324</u></b>
Deferred Inflows	
Pension	251,949
OPEB	57,273
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 309,222</u></b>
<b><i>Net Position</i></b>	
Net Investment in Capital Assets	\$ 2,195,154
Restricted Net Position	1,030,449
Unrestricted Net Position	2,840,591
<b>Total Net Position</b>	<b><u>\$6,066,194</u></b>

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

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

***OPERATING REVENUES***

Tenant Revenue	\$ 1,888,506
Government operating grants	4,295,459
Other revenue	519,106
<b>Total operating revenues</b>	<b><u>6,703,071</u></b>

***OPERATING EXPENSES***

Administrative	1,620,443
Tenant services	1,181
Utilities	279,672
Maintenance	680,023
General	587,158
Housing assistance payment	3,421,886
Depreciation	236,186
<b>Total operating expenses</b>	<b><u>6,826,549</u></b>
<b>Operating income (loss)</b>	<b><u>(123,478)</u></b>

***NON-OPERATING REVENUES (EXPENSES)***

Interest and investment revenue	99,437
Gain on sale of capital assets	10,500
Interest Expense	(58,480)
<b>Total nonoperating revenues (expenses)</b>	<b><u>51,457</u></b>

Change in Net Position	(72,021)
Beginning Net Position - Restated (See Note 2)	6,138,215
<b>Total Net Position - ending</b>	<b><u>\$ 6,066,194</u></b>

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

**Medina Metropolitan Housing Authority**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating grants received	\$4,262,379
Tenant revenue received	1,878,284
Other revenue received	480,737
General and administrative expenses paid	(2,929,989)
Housing assistance payments	(3,421,886)

Net cash provided (used) by operating activities	269,525
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and investment revenue	99,437
Increase of Notes receivable from BHDC	(26,904)

Net cash provided (used) by investing activities	72,533
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**CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES**

Proceeds from sale of assets	10,500
Proceeds from Debt Issued	231,739
Principal Debt Retired	(15,073)
Payment of interest expense	(58,480)
Property and equipment purchased	(300,338)

Net cash provided (used) by capital and related activities	(131,652)
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Net increase (decrease) in cash	210,406
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Cash and cash equivalents - Beginning of year	1,498,920
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Cash and cash equivalents - End of year	\$1,709,326
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The notes to the financial statements are an integral part of these statements.

**Medina Metropolitan Housing Authority**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	(\$123,478)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	236,186
(Increases) Decreases in:	
- Accounts Receivables	(50,085)
- Prepaid Assets	(18,642)
- Deferred Outflows	249,661
Increases (Decreases) in:	
- Accounts Payable	(10,556)
- Intergovernmental Payable	(570)
- Accrued Liabilities Payable	63,026
- Unearned Revenue	(4,652)
- Tenant Security Deposits	3,667
- Other current liabilities	(746)
- Deferred Inflows	275,988
- Pension and OPEB liability	(350,274)
	(350,274)
Net cash provided by operating activities	\$269,525

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

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Medina Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, created under Section 3735.27 of the Ohio Revised Code. The Authority contracts with the United States Department of Housing and Urban Development (HUD) and other outside entities to provide safe and sanitary housing for people in low to moderate income brackets.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, in that the statements include all organizations, activities, functions and component units for which the Authority (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either the Authority's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the Authority. There were no potential component units that met the criteria imposed by GASB Statement No. 61 to be included in the Authority's reporting entity.

***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 is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

**C. State and Local Grants**

The Authority administers a state grant and other local grants, the purpose of which is to provide emergency assistance for households experiencing a housing crisis.

**D. Business Activity**

The Business Activity Program was set-up to separate the HUD funded programs with non-HUD activities. This program is used to account for the financial activities for the various properties and programs managed by the Authority that are separate from annual contribution contracts with HUD.



**MEDINA METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**E. Rental Assistance Demonstration Program**

The Authority volunteer converted the Low Rent Public Housing Program known as Northview Manor to a Section 8 (PBRA) platform with a long-term contract with HUD to provide a project based rental assistance. Residents continue to pay 30% of their income toward the rent, HUD subsidies the remaining balance of the contract rent.

**Fund Accounting/Financial Reporting Entity**

The Authority's basic financial statements consist of a statement of Net Position, statement of revenue, expenses and changes in Net Position, and a statement of cash flows. It uses the proprietary fund to report on its financial position and the results of its operations for its 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.

**Measurement Focus/Basis of Accounting**

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

**Budgets and Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. The Board of Commissioners adopts the budget through passage of a budget resolution.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

**Unearned Revenues**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal period.

**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 statement of Net Position date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees, if both of the following conditions are met:

- 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee.
- 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

**MEDINA METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Cash and Cash Equivalents**

Cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

**Restricted Cash and Investments**

Restricted cash and investments represent money required by the lease agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development

Corporation to be kept in separate restricted bank accounts that can only be used for specific purposes:

Reserves for Replacements - Money set aside each month to cover the cost for property repairs and replacements.

Operating Reserve - The Operating Reserve is primarily for the purpose of covering any deficiencies the other various reserve accounts suffer. If no deficiencies exist, the balance in the operating reserve fund may be used for any purpose with the agreement of both parties to the lease.

Taxes and Insurance Fund - Funds set aside to cover the cost of taxes and insurance.

**Property and Equipment**

Property and equipment is stated at cost. Renewals and betterments are capitalized. 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 \$2,500 or more per unit. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Buildings and building improvements	40 years
Furniture, equipment and machinery	5 years
Leasehold improvements	20 years

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable includes amounts due from tenants, amounts identified for fraud recovery, accrued interest on certificates of deposits, and other revenue sources. Management considers all accounts receivable (excluding tenant accounts receivable) to be collected in full. At June 30, 2018, allowance for doubtful accounts in tenant accounts receivable was \$52,770 and for fraud receivable was \$47,930.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Actual results could vary from those estimates.

**Net Position**

Net Position represents the difference between all other elements of the Statement of Net Position. Net Position – net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position are recorded as restricted when there are limitations imposed on their use by internal or external restrictions. The amount reported as restricted Net Position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts required by the leased agreements with Brunswick Housing Development Corporation and Wadsworth Housing Development Corporation that can only be used for specific purposes. When an expense is incurred for purposes which both restricted and unrestricted Net Position is available, the Authority first applies restricted Net Position.

**Income Taxes**

No provision for income taxes is recorded as the Authority is a political subdivision of that state of Ohio and is exempt from all income taxes.

**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.

**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 and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 7 and 8.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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 and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position.

**Pensions/Other Postemployment Benefits (OPEB)**

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

**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

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

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

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

Net Position – June 30, 2017	\$6,849,267
Adjustments:	
- Net OPEB Liability	(715,104)
- Deferred Outflows – Payments Subsequent to measurement date	<u>4,052</u>
Restated Net Position – June 30, 2017	<u>\$6,138,215</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3 – 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 treasury, in commercial accounts payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits identified as not required for use within the current two-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.

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 June 30, 2018, the carrying balance was \$1,709,326 and the bank balance was \$1,756,529. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2018, \$1,506,529 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository 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 102% 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.

**MEDINA METROPOLITAN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4 – RELATED PARTY TRANSACTIONS**

**Brunswick Housing Development Corporation  
Wadsworth Housing Development Corporation**

The Wadsworth Housing Development Corporation (WHDC) and the Brunswick Housing Development Corporation (BHDC) are both non-profit corporations under the internal revenue service ruling 501(c) (3). Both entities operate autonomously and each is governed by its own separate Board of Directors (independent of the MMHA). WHDC owns Wadsworth Tower, a federally-assisted, elderly housing complex located in Wadsworth, Ohio. The BHDC owns Southwick Place, Jefferson Place, New Manhattan Place, and Home Place. Southwick Place, Jefferson Place, and New Manhattan Place are all affordable housing complexes located in Medina County, Ohio. Home Place is a group of scattered-site rental single family units located in Medina County.

Medina Metropolitan Housing Authority has entered into a lease agreement with both non-profit corporations to manage the operation of the apartment complexes for which in return the Authority receives all revenues associated with the operation of the projects and is responsible for all expenses related thereto. The non-profit corporations retain ownership to the properties and are responsible for the debt associated with the buildings. The repayment of the debt is made by Medina Metropolitan Housing Authority from the rental revenue collected during the fiscal year. The current year activities of these apartment complexes have been reported in the financial statements of Medina Metropolitan Housing Authority as Business Activities.

Medina Metropolitan Housing Authority has several loans outstanding with Brunswick Housing Development Corporation. The details of these loans are listed in footnote 6, below.

**NOTE 5 – INSURANCE COVERAGE**

As of June 30, 2018, the Authority had general liability insurance limits of \$2,000,000 (each occurrence) with no annual aggregate; director and officer liability coverage of \$2,000,000 per loss and in the aggregate; vehicle liability coverage of \$2,000,000; and real and personal property coverage of \$250,000,000 per occurrence. Insurance settlements have not exceeded available coverage limits during each of the years ended June 30, 2018, 2017, and 2016.

**NOTE 6 – NOTES RECEIVABLE – RELATED ENTITIES**

Notes receivable – related entities consists of the following as of June 30, 2018:

Mortgage note receivable from Brunswick Housing Development Corporation with interest at 2% per annum, to be received by the Authority as the income and cash flow of BHDC permits, with the entire remaining outstanding balance payable to the Authority; secured by an open end Mortgage on Southwick Place property. Interest accrued on this note is \$420,000 which is included in the balance outstanding. \$2,420,000

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

Mortgage note receivable Brunswick Housing Development Corporation for \$564,730 with interest at 2% per annum; interest only monthly payments in the amount of \$941.22 is due with a balloon payment for the principle on February 2020; secured by New Manhattan Place property.	564,730
Mortgage note receivable Brunswick Housing Development Corporation with interest at 4% per annum; payable in monthly installment of \$1,118.12 through February 2024 secured by Jefferson Place Apartments.	335,437
Mortgage note receivable Southwick Manor Apartments, Inc with interest at 2% per annum on the unpaid balance. In fiscal year 2014, the Authority entered into an open-end mortgage of \$400,000 with Southwick Manor Apartments, LLC for the Southwick Manor property. Interest accrued on this note as of June 30, 2018 is \$8,000 which is included in the balance outstanding.	408,000
Mortgage note receivable Brunswick Housing Development Corporation with interest at 2% per annum; payable in monthly installments of \$233 through February 2024; secured by the Home Place scattered-site rental single family properties.	140,000
Mortgage note receivable from Brunswick Housing Development Corporation with interest at 4% per annum; payable in interest only payments of \$1,167 per month beginning on January 1, 2010 and ending on December 1, 2019. The principal portion of \$350,000 is due on December 1, 2019. This note is secured by Home Place scattered-site rental single family properties.	350,000
On January 27, 2016, Medina MHA entered into a promissory note with Menwa Apartments LP for \$100,000 with interest at 2.5% per annum. Principle and interest is due and payable on December 2060. The note is secured by a mortgage on Menwa Apartments, a 70-unit multi-family dwelling. Interest accrued on the note as of June 30, 2018 is \$2,135.	102,315
Total Note Receivable	\$4,320,482

**NOTE 7 – 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.



**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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 *accounts 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.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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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):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
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
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	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 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 for the traditional plan as follows:

<b>2018 Statutory Maximum Contribution Rates:</b>	State <u>and Local</u>
Employer	14.0%
Employee	10.0%
<b>2018 Actual Contribution Rates:</b>	
Employer: July 1, 2017 to December 31, 2017	
Pension	13.0%
Post-employment Health Care Benefits	<u>1.0%</u>
Total Employer	<u>14.0%</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

Employer: January 1, 2018 to June 30, 2018	
Pension	14.0%
Post-employment Health Care Benefits	<u>0.0%</u>
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for the traditional plan was \$123,232 for 2018. The full amount was contributed during the fiscal year.

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

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

	<b><u>Traditional</u></b>
Proportion Share of Net Pension Liability	\$1,015,490
Proportion of Net Pension Liability	.006473%
Change in Proportionate Share	.000222%
Pension Expense	\$151,475

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

	<b><u>Traditional</u></b>
<b>Deferred Outflows of Resources</b>	
Difference between expected and actual experience	\$1,037
Change in Assumption	121,357
Change in Proportionate Share	23,247
Authority contributions subsequent to the measurement date	<u>65,416</u>
Total Deferred Outflows of Resources	<u>\$211,057</u>
<b>Deferred Inflows of Resources</b>	
Difference between expected and actual experience	\$20,012
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	218,012
Change in Proportion Share	<u>13,925</u>
Total Deferred Inflows of Resources	<u>\$251,949</u>

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\$65,416 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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 June 30:	<b>Traditional</b>
2019	\$90,026
2020	(10,748)
2021	(96,001)
2022	(89,585)
Total	<u>(\$106,308)</u>

***Actuarial Assumptions – PERS***

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

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

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

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality table. For males, Employees Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015.

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For females, Employees Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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 plan 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 adjusting 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.

<b>Asset Class</b>	<b>Target Allocation for 2017</b>	<b>Weighted Average Long-Term Expected Real Rate of Return</b>
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%
<b>TOTAL</b>	<b>100.00%</b>	<b>5.66%</b>

**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.

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*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:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	\$1,803,248	\$1,015,490	\$358,734

**NOTE 8 – DEFINED BENEFIT OPEB PLAN**

**Net OPEB Liability**

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

**Plan Description – OPERS**

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

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

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

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Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Authority’s contractually required contribution was \$4,447 for the fiscal year 2018.

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

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

	<b>OPERS Health Care Plan</b>
Proportion Share of Net OPEB Liability	\$768,836
Proportion of Net OPEB Liability	.007080%
OPEB Expense	\$6,461



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

	<b>OPERS</b> <b>Health Care Plan</b>
<b>Deferred Outflows of Resources</b>	
Difference between expected and actual experience	\$599
Change in Assumption	55,980
Total Deferred Outflows of Resources	<u>\$56,579</u>
<b>Deferred Inflows of Resources</b>	
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	\$57,273
Total Deferred Inflows of Resources	<u>\$57,273</u>

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

	<b>OPERS</b> <b>Health</b> <b>Care Plan</b>
Fiscal Year Ending June 30:	
2019	\$12,732
2020	12,732
2021	(11,840)
2022	(14,318)
Thereafter	-
Total	<u>(\$694)</u>

**Actuarial Assumptions - OPERS**

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

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

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

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Weighted Average Long-Term Expected Real Rate of Return</b>
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%
<b>TOTAL</b>	<b>100.00%</b>	<b>4.98%</b>

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

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

	<b>1% Decrease (2.85%)</b>	<b>Current Discount Rate (3.85%)</b>	<b>1% Increase (4.85%)</b>
Authority's proportionate share of the net OPEB liability	\$1,021,432	\$768,836	\$564,488

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

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

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
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	<b>1%</b>		<b>1%</b>
	<b>Decrease</b>	<b>Current Trend</b>	<b>1% Increase</b>
	<b>(6.50%)</b>	<b>Rate (7.50%)</b>	<b>(8.50%)</b>
Authority's proportionate share of the net OPEB liability	\$735,612	\$768,836	\$803,155

**NOTE 9 - CAPITAL ASSETS**

The following is a summary of the capital assets activities during the fiscal year:

	<b>Balance</b>		<b>Adjust /</b>	<b>Balance</b>
	<b>06/30/17</b>	<b>Increases</b>	<b>Decreases</b>	<b>06/30/18</b>
<b>Capital Assets Not Depreciated:</b>				
Land & Improvements	\$268,851	\$28,230	\$0	\$297,081
Construction in Process	228,642	14,037	(217,011)	25,668
<b>Total Capital Assets Not Depreciated</b>	<b>497,493</b>	<b>42,267</b>	<b>(217,011)</b>	<b>322,749</b>
<b>Capital Assets Depreciated:</b>				
Building	4,128,584	279,770	0	4,408,354
Furniture, Mach & Equip	1,177,194	89,322	(44,415)	1,222,101
Leasehold Improvement	812,490	105,990	0	918,480
<b>Total Assets Depreciated</b>	<b>6,118,268</b>	<b>475,082</b>	<b>(44,415)</b>	<b>6,548,935</b>
<b>Accumulated Depreciation:</b>				
Building	(2,565,428)	(89,109)	0	(2,654,537)
Furniture, Mach & Equip	(1,023,179)	(27,097)	0	(1,050,276)
Leasehold Improvement	(246,894)	(119,980)	48,417	(318,457)
<b>Total Accumulated Depreciation</b>	<b>(3,835,501)</b>	<b>(236,186)</b>	<b>48,417</b>	<b>(4,023,270)</b>
<b>Total Assets Depreciated, Net</b>	<b>2,282,767</b>	<b>238,896</b>	<b>4,002</b>	<b>2,525,665</b>
<b>Total Capital Assets, Net</b>	<b>\$2,780,260</b>	<b>\$281,163</b>	<b>(\$213,009)</b>	<b>\$2,848,414</b>

**NOTE 10 – COMPENSATED ABSENCES**

Employees earn 2-5 weeks of annual vacation leave per calendar year, based on years of service. Annual leave may be taken after 1 year of employment. As of June 30, 2018, the liability for compensated absences totaled \$75,973 and has been included in the accompanying State of Net Position. The Authority considers all compensated absences payable as due within one year.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
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**NOTE 11 – LONG-TERM DEBT**

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended June 30, 2018:

	<b>Restated Balance 06/30/17</b>	<b>Additions</b>	<b>Deletion</b>	<b>Balance 06/30/18</b>	<b>Due Within One Year</b>
Promissory Note – WHDC	\$238,364	\$0	\$0	\$238,364	\$0
Promissory Note – MCBDD	71,428	0	9,740	61,688	9,740
Promissory Note – MCBDD	62,666	0	5,333	57,333	5,333
Promissory Note – MCBDD	0	231,739	0	231,739	16,553
Promissory Note – OHFA	302,500	0	0	302,500	0
<b>Total Promissory Notes</b>	<b>674,958</b>	<b>231,739</b>	<b>15,073</b>	<b>891,624</b>	<b>31,626</b>
 Compensated Leave Liability	 71,345	 4,628	 0	 75,973	 75,973
 Net Pension Liability	 1,419,496	 0	 404,006	 1,015,490	 0
 Net OPEB Liability (Restated)	 715,104	 53,732	 0	 768,836	 0
 <b>Total Long Term Liabilities</b>	 <b>\$2,880,903</b>	 <b>\$290,099</b>	 <b>\$419,079</b>	 <b>\$2,751,923</b>	 <b>\$107,599</b>

On December 8, 2009, the Authority entered into a no interest promissory note with the Medina County Board of Developmental Disabilities (MCBODD) in the amount of \$146,102 to purchase the property located in Chippewa Lake, Ohio (known as Honey Shade). The note is forgiven over 180 month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2018 is \$61,688.

On May 13, 2014, the Authority entered into a no interest promissory note with the Medina County Board of Development and Disability (MCBODD) in the amount of \$80,000 to purchase the Coal Ridge property in Wadsworth. The note is forgiven over 180 month period. The note shall become due on the sale or transfer of the property securing the note and upon other specific events as detailed in the agreement. The outstanding balance as of June 30, 2018 is \$57,333.

On July 31, 2017, The Authority entered into a no interest promissory note with the Medina County Board of Development and Disability (MCBODD) in the amount of \$31,092. On July 3, 2017, the Authority entered into a no interest promissory note with the Ohio Board of Development and Disability in the amount of \$217,200. Both of these loans were used for the purchase of the Birch Hill property in Medina.

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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The note is forgiven over 180 month period. The note shall become due on the sale or transfer of the property securing the note and upon the specific events as detailed in the agreement. The outstanding balance as of June 30, 2018 is \$231,739.

Below is the amortization of the promissory note schedule:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2019	\$31,626	\$0
2020	31,626	0
2021	31,626	0
2022	31,626	0
2023	31,626	0
2024-After	192,630	0
	<hr/>	
Total	\$350,760	\$0
	<hr/> <hr/>	

The Authority issued a no interest promissory note in the amount of \$238,364 dated October 31, 2008 to Wadsworth Housing Development Corporation (WHDC). The funds are due in a balloon payment on October 31, 2038. There is no repayment schedule. Therefore, no amortization schedule is presented.

On July 9, 2010, the Authority entered into a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of \$302,500 to build housing units located in Wadsworth, Ohio for mobility and sensory impaired persons (known as Wadsworth Villas). The note accrues interest at a rate of two percent per annum. The note shall become due upon specific events as detailed in the agreement, of which, as of June 30, 2018, none of these events have occurred or are anticipated to occur. Therefore, no amortization schedules are provided.

**NOTE 12 - CONTINGENT LIABILITIES**

**A. Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at June 30, 2018.

**B. Litigation**

The Authority is unaware of any outstanding lawsuits or other contingencies.

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**NOTE 13 - SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through December 31, 2018, the date on which the financial statements were available to be issued.

Medina Metropolitan Housing Authority  
 Required Supplementary Information  
 Schedule of Medina Metropolitan Housing Authority  
 Proportionate Share of the Net Pension Liability  
 For the Last Ten Fiscal Years

<b>Traditional Plan</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Authority's Proportion of the Net Pension Liability	0.006473%	0.006251%	0.005936%	0.005978%
Authority's Proportionate Share of the Net Pension Liability	\$1,015,490	\$1,419,496	\$1,028,190	\$721,014
Authority's Covered Payroll	\$968,899	\$875,477	\$738,806	\$732,870
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	104.81%	162.14%	139.17%	98.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%

(1) Information prior to 2014 is not available



Medina Metropolitan Housing Authority  
 Required Supplementary Information  
 Schedule of Medina Metropolitan Housing Authority  
 Proportionate Share of the Net OPEB Liability  
 For the Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>
Authority's Proportion of the Net OPEB Liability	0.007080%	0.007080%
Authority's Proportionate Share of the Net OPEB Liability	\$768,836	\$715,104
Authority's Covered Payroll	\$968,899	\$875,477
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	79.35%	81.68%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	68.52%

(1) Information prior to 2016 is not available.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually Required Contribution										
Pension	\$ 123,232	\$ 117,904	\$ 110,413	\$ 104,799	\$ 109,180	\$ 80,424	\$ 85,687	\$ 79,299	\$ 69,540	\$ 59,124
OPEB	4,447	17,503	18,393	17,416	13,125	17,499	34,905	41,504	41,724	47,681
Total Contributions in Relation to the Contractually Required Contribution	(127,679)	(135,407)	(128,806)	(122,215)	(122,305)	(97,923)	(120,592)	(120,803)	(111,264)	(106,805)
Authority's Covered Payroll	968,899	982,534	920,109	873,325	873,440	699,948	856,870	862,884	794,743	762,890
Contributions as a Percentage of Covered Payroll										
Pension	12.72%	12.00%	12.00%	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%
OPEB	0.46%	1.78%	2.00%	1.99%	1.50%	2.50%	4.07%	4.81%	5.25%	6.25%

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2018**

NOTE 1: **PRESENTATION**

***OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)***  
***Net Pension Liability***

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

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

***Net OPEB Liability***

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

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

Medina Metropolitan Housing Authority  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2018

<b>FEDERAL GRANTOR / GRANTOR PROGRAM TITLES</b>	<b>CFDA NUMBER</b>	<b>EXPENDITURES</b>
<b>U.S. Department of Housing and Urban Development Direct Programs:</b>		
Shelter Plus Care	14.238	\$346,349
Section 8 Housing Assistance Payment Program – Special Allocation	14.195	221,547
Housing Choice Voucher	14.871	<u>3,576,028</u>
<b>Total Expenditure of Federal Awards</b>		<u>\$4,143,924</u>

**MEDINA METROPOLITAN HOUSING AUTHORITY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE B – SUBRECIPIENTS**

The Authority provided no federal awards to subrecipients during the year ended June 30, 2018.

**NOTE C – 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 June 30, 2018.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended June 30, 2018.

MEDINA METROPOLITAN HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,808	\$0	\$0	\$446,172	\$101,865	\$549,845	\$0	\$549,845
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$217,863	\$0	\$0	\$746,321	\$66,265	\$1,030,449	\$0	\$1,030,449
114 Cash - Tenant Security Deposits	\$24,426	\$0	\$0	\$104,606	\$0	\$129,032	\$0	\$129,032
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$244,097	\$0	\$0	\$1,297,099	\$168,130	\$1,709,326	\$0	\$1,709,326
122 Accounts Receivable - HUD Other Projects	\$0	\$3,017	\$0	\$0	\$0	\$3,017	\$0	\$3,017
124 Accounts Receivable - Other Government	\$0	\$0	\$6,657	\$35,069	\$0	\$41,726	\$0	\$41,726
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$62,517	\$0	\$62,517	\$0	\$62,517
126 Accounts Receivable - Tenants	\$5,597	\$0	\$0	\$81,350	\$0	\$86,947	\$0	\$86,947
126.1 Allowance for Doubtful Accounts - Tenants	(\$3,682)	\$0	\$0	(\$49,088)	\$0	-\$52,770	\$0	-\$52,770
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$47,930	\$47,930	\$0	\$47,930
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	(\$47,930)	-\$47,930	\$0	-\$47,930
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,915	\$3,017	\$6,657	\$129,848	\$0	\$141,437	\$0	\$141,437
142 Prepaid Expenses and Other Assets	\$4,925	\$0	\$0	\$89,447	\$6,126	\$100,498	\$0	\$100,498
144 Inter Program Due From	\$0	\$0	\$0	\$97,877	\$0	\$97,877	(\$97,877)	\$0
150 Total Current Assets	\$250,937	\$3,017	\$6,657	\$1,614,271	\$174,256	\$2,049,138	-\$97,877	\$1,951,261
161 Land	\$151,675	\$0	\$0	\$145,406	\$0	\$297,081	\$0	\$297,081
162 Buildings	\$2,603,765	\$0	\$0	\$1,804,589	\$0	\$4,408,354	\$0	\$4,408,354
163 Furniture, Equipment & Machinery - Dwellings	\$418,174	\$0	\$0	\$16,880	\$0	\$435,054	\$0	\$435,054
164 Furniture, Equipment & Machinery - Administration	\$322,980	\$0	\$0	\$428,452	\$35,615	\$787,047	\$0	\$787,047
165 Leasehold Improvements	\$138,066	\$0	\$0	\$780,414	\$0	\$918,480	\$0	\$918,480

MEDINA METROPOLITAN HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
166 Accumulated Depreciation	(\$2,793,294)	\$0	\$0	(\$1,194,361)	(\$35,615)	-\$4,023,270	\$0	-\$4,023,270
167 Construction in Progress	\$0	\$0	\$0	\$25,668	\$0	\$25,668	\$0	\$25,668
160 Total Capital Assets, Net of Accumulated Depreciation	\$841,366	\$0	\$0	\$2,007,048	\$0	\$2,848,414	\$0	\$2,848,414
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$4,320,482	\$0	\$4,320,482	\$0	\$4,320,482
180 Total Non-Current Assets	\$841,366	\$0	\$0	\$6,327,530	\$0	\$7,168,896	\$0	\$7,168,896
200 Deferred Outflow of Resources	\$54,471	\$0	\$0	\$153,986	\$59,179	\$267,636	\$0	\$267,636
290 Total Assets and Deferred Outflow of Resources	\$1,146,774	\$3,017	\$6,657	\$8,095,787	\$233,435	\$9,485,670	-\$97,877	\$9,387,793
312 Accounts Payable <= 90 Days	\$1,772	\$0	\$399	\$8,948	\$811	\$11,930	\$0	\$11,930
321 Accrued Wage/Payroll Taxes Payable	\$3,643	\$0	\$0	\$26,123	\$4,773	\$34,539	\$0	\$34,539
322 Accrued Compensated Absences - Current Portion	\$9,053	\$0	\$0	\$55,412	\$11,508	\$75,973	\$0	\$75,973
325 Accrued Interest Payable	\$0	\$0	\$0	\$50,789	\$0	\$50,789	\$0	\$50,789
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$698	\$0	\$698	\$0	\$698
341 Tenant Security Deposits	\$24,426	\$0	\$0	\$104,606	\$0	\$129,032	\$0	\$129,032
342 Unearned Revenue	\$654	\$0	\$0	\$3,529	\$0	\$4,183	\$0	\$4,183
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$31,626	\$0	\$31,626	\$0	\$31,626
345 Other Current Liabilities	\$0	\$0	\$6,258	\$16,271	\$0	\$22,529	\$0	\$22,529
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$6,754	\$0	\$6,754	\$0	\$6,754
347 Inter Program - Due To	\$94,860	\$3,017	\$0	\$0	\$0	\$97,877	(\$97,877)	\$0
310 Total Current Liabilities	\$134,408	\$3,017	\$6,657	\$304,756	\$17,092	\$465,930	(\$97,877)	\$368,053
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$621,634	\$0	\$621,634	\$0	\$621,634

MEDINA METROPOLITAN HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
355 Loan Liability - Non Current	\$0	\$0	\$0	\$238,364	\$0	\$238,364	\$0	\$238,364
357 Accrued Pension and OPEB Liabilities	\$319,278	\$0	\$0	\$1,134,007	\$331,041	\$1,784,326	\$0	\$1,784,326
350 Total Non-Current Liabilities	\$319,278	\$0	\$0	\$1,994,005	\$331,041	\$2,644,324	\$0	\$2,644,324
300 Total Liabilities	\$453,686	\$3,017	\$6,657	\$2,298,761	\$348,133	\$3,110,254	(\$97,877)	\$3,012,377
400 Deferred Inflow of Resources	\$50,669	\$0	\$0	\$207,933	\$50,620	\$309,222	\$0	\$309,222
508.4 Net Investment in Capital Assets	\$841,366	\$0	\$0	\$1,353,788	\$0	\$2,195,154	\$0	\$2,195,154
511.4 Restricted Net Position	\$217,863	\$0	\$0	\$746,321	\$66,265	\$1,030,449	\$0	\$1,030,449
512.4 Unrestricted Net Position	(\$416,810)	\$0	\$0	\$3,488,984	(\$231,583)	\$2,840,591	\$0	\$2,840,591
513 Total Equity - Net Assets / Position	\$642,419	\$0	\$0	\$5,589,093	-\$165,318	\$6,066,194	\$0	\$6,066,194
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,146,774	\$3,017	\$6,657	\$8,095,787	\$233,435	\$9,485,670	-\$97,877	\$9,387,793
70300 Net Tenant Rental Revenue	\$274,254	\$0	\$0	\$1,614,252	\$0	\$1,888,506	\$0	\$1,888,506
70500 Total Tenant Revenue	\$274,254	\$0	\$0	\$1,614,252	\$0	\$1,888,506	\$0	\$1,888,506
70600 HUD PHA Operating Grants	\$0	\$346,349	\$0	\$0	\$3,576,028	\$3,922,377	\$0	\$3,922,377
70700 Total Fee Revenue	\$0	\$346,349	\$0	\$0	\$3,576,028	\$3,922,377	\$0	\$3,922,377
70800 Other Government Grants	\$221,547	\$0	\$61,010	\$90,525	\$0	\$373,082	\$0	\$373,082



MEDINA METROPOLITAN HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
71100 Investment Income - Unrestricted	\$404	\$0	\$0	\$11,776	\$415	\$12,595	\$0	\$12,595
71200 Mortgage Interest Income	\$0	\$0	\$0	\$86,842	\$0	\$86,842	\$0	\$86,842
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$12,688	\$12,688	\$0	\$12,688
71500 Other Revenue	\$6,656	\$0	\$0	\$483,518	\$16,244	\$506,418	\$0	\$506,418
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$10,500	\$0	\$10,500	\$0	\$10,500
70000 Total Revenue	\$502,861	\$346,349	\$61,010	\$2,297,413	\$3,605,375	\$6,813,008	\$0	\$6,813,008
91100 Administrative Salaries	\$81,114	\$0	\$0	\$508,155	\$154,733	\$744,002	\$0	\$744,002
91200 Auditing Fees	\$2,041	\$0	\$0	\$16,342	\$2,042	\$20,425	\$0	\$20,425
91400 Advertising and Marketing	\$0	\$0	\$0	\$3,043	\$1,660	\$4,703	\$0	\$4,703
91500 Employee Benefit contributions - Administrative	\$44,121	\$0	\$0	\$295,746	\$91,874	\$431,741	\$0	\$431,741
91600 Office Expenses	\$804	\$0	\$0	\$34,989	\$17,943	\$53,736	\$0	\$53,736
91700 Legal Expense	\$2,533	\$0	\$0	\$35,638	\$1,927	\$40,098	\$0	\$40,098
91800 Travel	\$937	\$0	\$0	\$10,141	\$0	\$11,078	\$0	\$11,078
91900 Other	\$51,179	\$22,214	\$30	\$171,694	\$69,543	\$314,660	\$0	\$314,660
91000 Total Operating - Administrative	\$182,729	\$22,214	\$30	\$1,075,748	\$339,722	\$1,620,443	\$0	\$1,620,443

MEDINA METROPOLITAN HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
92400 Tenant Services - Other	\$1,181	\$0	\$0	\$0	\$0	\$1,181	\$0	\$1,181
92500 Total Tenant Services	\$1,181	\$0	\$0	\$0	\$0	\$1,181	\$0	\$1,181
93100 Water	\$7,962	\$0	\$0	\$55,240	\$0	\$63,202	\$0	\$63,202
93200 Electricity	\$50,568	\$0	\$0	\$83,661	\$0	\$134,229	\$0	\$134,229
93300 Gas	\$15,154	\$0	\$0	\$22,192	\$0	\$37,346	\$0	\$37,346
93600 Sewer	\$9,743	\$0	\$0	\$12,119	\$0	\$21,862	\$0	\$21,862
93800 Other Utilities Expense	\$0	\$0	\$0	\$23,033	\$0	\$23,033	\$0	\$23,033
93000 Total Utilities	\$83,427	\$0	\$0	\$196,245	\$0	\$279,672	\$0	\$279,672
94100 Ordinary Maintenance and Operations - Labor	\$75,608	\$0	\$0	\$155,110	\$30,800	\$261,518	\$0	\$261,518
94200 Ordinary Maintenance and Operations - Materials and Other	\$21,609	\$0	\$0	\$63,478	\$2,873	\$87,960	\$0	\$87,960
94300 Ordinary Maintenance and Operations Contracts	\$52,543	\$0	\$0	\$163,137	\$40	\$215,720	\$0	\$215,720
94500 Employee Benefit Contributions - Ordinary Maintenance	\$41,243	\$0	\$0	\$54,048	\$19,534	\$114,825	\$0	\$114,825
94000 Total Maintenance	\$191,003	\$0	\$0	\$435,773	\$53,247	\$680,023	\$0	\$680,023
96110 Property Insurance	\$6,202	\$0	\$0	\$33,203	\$469	\$39,874	\$0	\$39,874

MEDINA METROPOLITAN HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96120 Liability Insurance	\$4,113	\$0	\$0	\$17,141	\$700	\$21,954	\$0	\$21,954
96130 Workmen's Compensation	\$885	\$0	\$0	\$3,265	\$6,634	\$10,784	\$0	\$10,784
96100 Total insurance Premiums	\$11,200	\$0	\$0	\$53,609	\$7,803	\$72,612	\$0	\$72,612
96200 Other General Expenses	\$0	\$0	\$60,980	\$436,558	\$0	\$497,538	\$0	\$497,538
96210 Compensated Absences	\$540	\$0	\$0	\$2,735	\$1,354	\$4,629	\$0	\$4,629
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$2,543	\$0	\$2,543	\$0	\$2,543
96400 Bad debt - Tenant Rents	\$1,214	\$0	\$0	\$8,622	\$0	\$9,836	\$0	\$9,836
96000 Total Other General Expenses	\$1,754	\$0	\$60,980	\$450,458	\$1,354	\$514,546	\$0	\$514,546
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$58,480	\$0	\$58,480	\$0	\$58,480
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$58,480	\$0	\$58,480	\$0	\$58,480
96900 Total Operating Expenses	\$471,294	\$22,214	\$61,010	\$2,270,313	\$402,126	\$3,226,957	\$0	\$3,226,957
97000 Excess of Operating Revenue over Operating Expenses	\$31,567	\$324,135	\$0	\$27,100	\$3,203,249	\$3,586,051	\$0	\$3,586,051

MEDINA METROPOLITAN HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.238 Shelter Plus Care	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
97300 Housing Assistance Payments	\$0	\$324,135	\$0	\$0	\$3,082,369	\$3,406,504	\$0	\$3,406,504
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$15,382	\$15,382	\$0	\$15,382
97400 Depreciation Expense	\$93,787	\$0	\$0	\$142,399	\$0	\$236,186	\$0	\$236,186
90000 Total Expenses	\$565,081	\$346,349	\$61,010	\$2,412,712	\$3,499,877	\$6,885,029	\$0	\$6,885,029
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$62,220)	\$0	\$0	(\$115,299)	\$105,498	(\$72,021)	\$0	(\$72,021)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$31,626	\$0	\$31,626	\$0	\$31,626
11030 Beginning Equity	\$819,473	\$0	\$0	\$6,186,634	(\$156,840)	\$6,849,267	\$0	\$6,849,267
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$114,834)	\$0	\$0	(\$482,242)	(\$113,976)	(\$711,052)	\$0	(\$711,052)
11170 Administrative Fee Equity	\$0	\$0	\$0	\$0	(\$231,583)	(\$231,583)	\$0	(\$231,583)
11180 Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$66,265	\$66,265	\$0	\$66,265
11190 Unit Months Available	1,008	0	0	2,616	7,614	11,238	0	11,238
11210 Number of Unit Months Leased	986	0	0	2,581	7,510	11,077	0	11,077

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

Capital Fund Program Number (OH12P027501-16)

1. The Program Costs are as follows:

Funds Approved	\$ 66,379
Funds Expended	<u>66,379</u>
Excess (Deficiency) of Funds Approved	<u><u>\$ -</u></u>

2. All Costs have been paid and there are no outstanding obligations.
3. The Final Financial Status Report was signed and filed on October 26, 2017.
4. The Final Costs on the Certification agrees with the Authority's records.



Certified Public Accountants, A.C.

313 Second St.  
Marietta, Oh 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

December 31, 2018

Medina Metropolitan Housing Authority  
Medina County  
850 Walter Road  
Medina, Ohio 44256

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 **Medina Metropolitan Housing Authority**, Medina County, (the Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 31, 2018, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

***Internal Control Over Financial Reporting***

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

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

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

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***Compliance and Other Matters***

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

***Purpose of this Report***

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



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



Certified Public Accountants, A.C.

313 Second St.  
Marietta, Oh 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

**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**

December 31, 2018

Medina Metropolitan Housing Authority  
Medina County  
850 Walter Road  
Medina, Ohio 44256

To the Board of Commissioners:

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

We have audited **Medina Metropolitan Housing Authority's**, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended June 30, 2018. The *Summary of Auditor's 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 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.

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***Auditor's Responsibility (Continued)***

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 June 30, 2018.

***Report on Internal Control Over Compliance***

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

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

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

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



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

**MEDINA METROPOLITAN HOUSING AUTHORITY  
MEDINA COUNTY  
FOR THE YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF AUDIT FINDINGS  
2 CFR § 200.515**

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

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

# OHIO AUDITOR OF STATE KEITH FABER



**MEDINA COUNTY METROPOLITAN HOUSING AUTHORITY**

**MEDINA 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  
FEBRUARY 26, 2019**