WARREN METROPOLITAN HOUSING AUTHORITY
WARREN COUNTY, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

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

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Commissioners
Warren Metropolitan Housing Authority
990 East Ridge Drive
Lebanon, Ohio 45036-1678

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2019

This page intentionally left blank.

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

TABLE OF CONTENTS

This page intentionally left blank.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Warren Metropolitan Housing Authority
Lebanon, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Warren Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, during 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

June 14, 2019

As management of the Warren Metropolitan Housing Authority ("the Authority") we offer this narrative and analysis of the financial activities of the Authority for the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's assets and deferred outflow of resources exceeded its liabilities and deferred inflows of resources as of December 31, 2018 by $8,586,680 (net position).

- The Authority's cash balance at December 31, 2018 was $1,977,099, representing a decrease of $158,754 from the prior year.

- The Authority had revenues of $6,504,535 in HUD operating grants for the year ended December 31, 2018.

- The Authority's total revenues were $7,551,446 as of December 31, 2018, representing a decrease of $329,378. Total expenses were $8,291,536, representing a decrease of $349,482.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements are included within this report:

- Statement of Net Position - reports the Authority's current financial resources (short term expendable resources) with capital assets and long-term debt obligations.

- Statement of Revenues, Expenses and Changes in Net Position - reports the Authority's operating and non-operating revenues, by major sources, along with operating and non-operating expenses and capital contributions.

- Statement of Cash Flows - reports net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

THE AUTHORITY'S PROGRAMS

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30 percent of household income.

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

Mainstream Voucher Program – The Mainstream Voucher Program assists non-elderly persons with disabilities. Aside from serving a special population, Mainstream vouchers are administered using the same rules as the Housing Choice Voucher Program.

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of the Authority's units.

Continuum of Care Program (CoC) – "The Hearth Act" amended the McKinney Vento Homeless Act and consolidated the Authority's Supportive Housing and Shelter Plus Care programs under the Continuum of Care Program. The CoC is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

State Program – Region 14 - The State Program is a pass-through program administered by the Authority for the State of Ohio. The annual funding represents the Ohio's Homeless Crisis Response Program that provides homelessness prevention and rapid re-housing assistance to individuals, families, and individuals who are below 30 percent median income and imminently at risk of homelessness in Butler, Warren, and Clermont Counties (Region 14). The key partners in providing this pass-through assistance are Access Counseling, Butler-WMHA, Clermont Community Services, Family Resource Center, Greater Cincinnati, and Interfaith Hospitality Network.

AUTHORITY-WIDE STATEMENTS

Statement of Net Position

The following table compares the condensed Statement of Net Position for the current and previous year.

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

	2018	2017 Restated
Assets and Deferred Outflows of Resources		
Current and Other Assets	$ 1,972,956	$ 2,149,815
Current and Other Assets - Restricted	181,945	175,611
Capital Assets - Net	8,192,014	8,539,225
Other Non-Current Assets	40,035	13,438
Deferred Outflows of Resources	251,719	497,669
Total Assets and Deferred Outflows of Resources	$ 10,638,669	$ 11,375,758
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities and Deferred Inflows of Resources		
Current Liabilities	$ 312,535	$ 186,480
Non-Current Liabilities	1,428,525	1,809,335
Deferred Inflows of Resources	310,929	53,173
Total Liabilities and Deferred Inflows of Resources	2,051,989	2,048,988
Net Position		
Net Investment in Capital Assets	8,192,014	8,539,225
Restricted	15,050	128,553
Unrestricted	379,616	658,992
Total Net Position	8,586,680	9,326,770
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 10,638,669	$ 11,375,758

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Total cash of the Authority decreased by $158,754, due mainly to the Authority spending PHA-held restricted HAP funds.

Current assets (not including cash) of the Authority showed a decrease of $11,771 from 2017 to 2018. The main reason for the decrease in current assets is Accounts Receivables from HUD decreased from fiscal year 2017.

Current liabilities increased by $126,055 due to the HUD deferred revenue on the Continuum of Care Program.

Statement of Revenues, Expenses, and Changes in Net Position

The following schedule compares the revenues and expenses for the current and previous fiscal year.

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

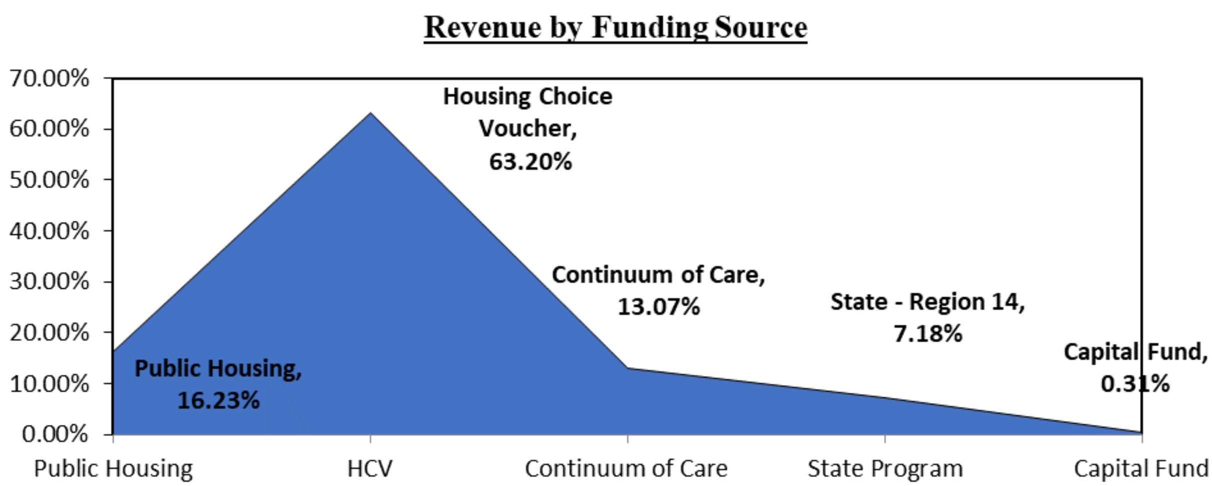
	2018	2017	Net Change
Revenues			
Total Tenant Revenues	$ 445,105	$ 397,072	$ 48,033
Operating Subsidies and Grants - HUD	6,504,535	6,787,905	(283,370)
Capital Grants - HUD	0	6,638	(6,638)
Other Government Grants 0- State	542,284	608,716	(66,432)
Interest on Investments	2,252	3,584	(1,332)
Gain on Sale of Capital Assets	0	17,691	(17,691)
Other Revenues	57,270	59,197	(1,927)
Total Revenues	7,551,446	7,880,803	(329,357)
Expenses			
Administrative	991,675	988,306	3,369
Tenant Services	630,547	700,149	(69,602)
Utilities	87,892	90,691	(2,799)
Maintenance	485,339	529,292	(43,953)
General Expenses	315,312	390,506	(75,194)
Housing Assistance Payments	5,148,624	5,291,558	(142,934)
Depreciation	632,147	650,516	(18,369)
Total Expenses	8,291,536	8,641,018	(349,482)
Net Increase (Decrease)	$ (740,090)	$ (760,215)	$ 20,125

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

The major factor reducing the overall revenue was a decrease in HUD Operating Grants by $283,370 which is mainly related to the Housing Choice Voucher Program. Tenant revenues increased slightly. Other governmental grants decreased by $66,432.

The overall decrease in expenses can be attributed to the decline in spending on housing assistance payments due to lower leasing rates in the Housing Choice Voucher Program. There was a decrease in spending in Tenant Services due to the reduction in funding for the State – Region 14 Program.

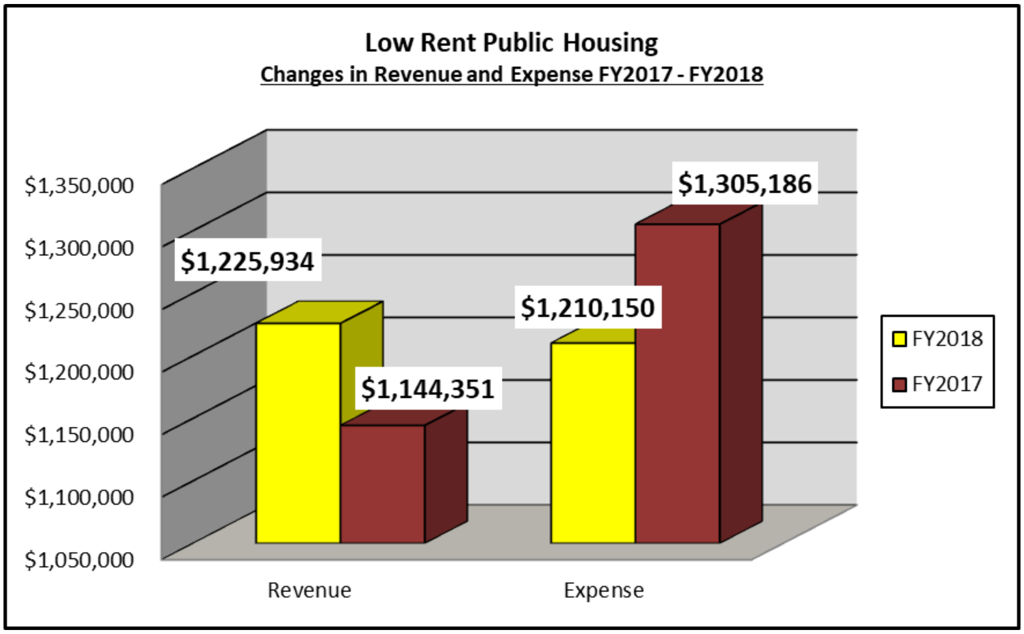
The table below shows percentage of total revenue by funding sources.



FINANCIAL OVERVIEW BY PROGRAM

Low Rent Public Housing

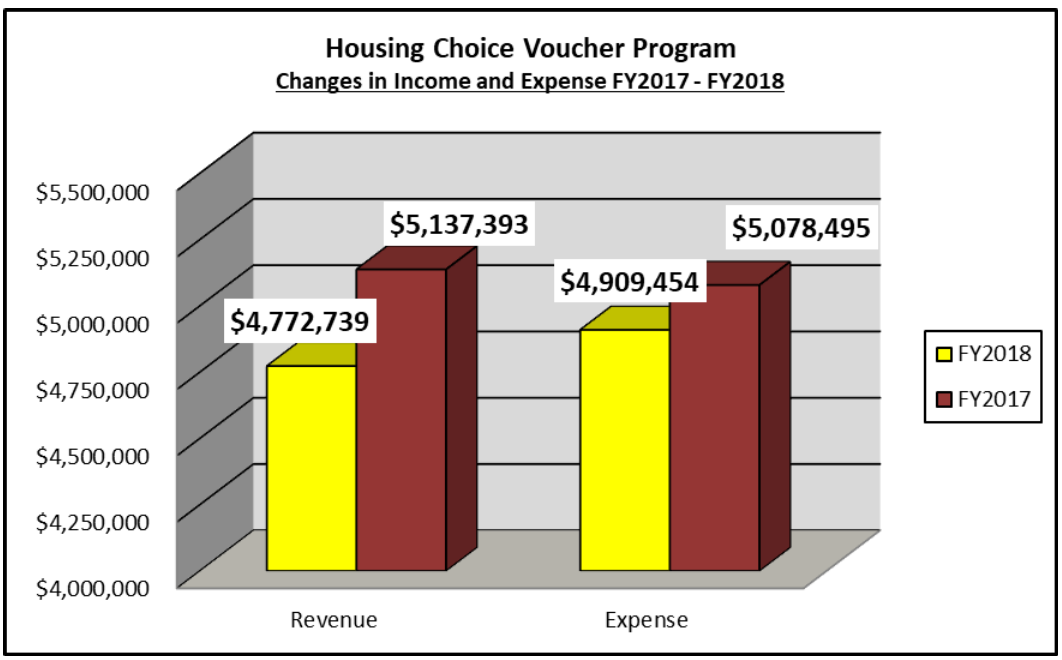
The table on the next page shows how the revenue and expenses have changed between the fiscal year ended 2017 and 2018 for the Low Rent Public Housing Program. Total revenue for fiscal year ended 2018 increased from fiscal year ended 2017 revenue by 7 percent, which is due to the proration of Operating Subsidy in 2018 and increased tenant revenues. The decrease in fiscal year ended 2018 total operating expenses from fiscal year ended 2017 operating expenses of 7 percentage is attributable to a decline in spending on maintenance and protective services.



Note: The above table does not include depreciation.

Housing Choice Voucher Programs:

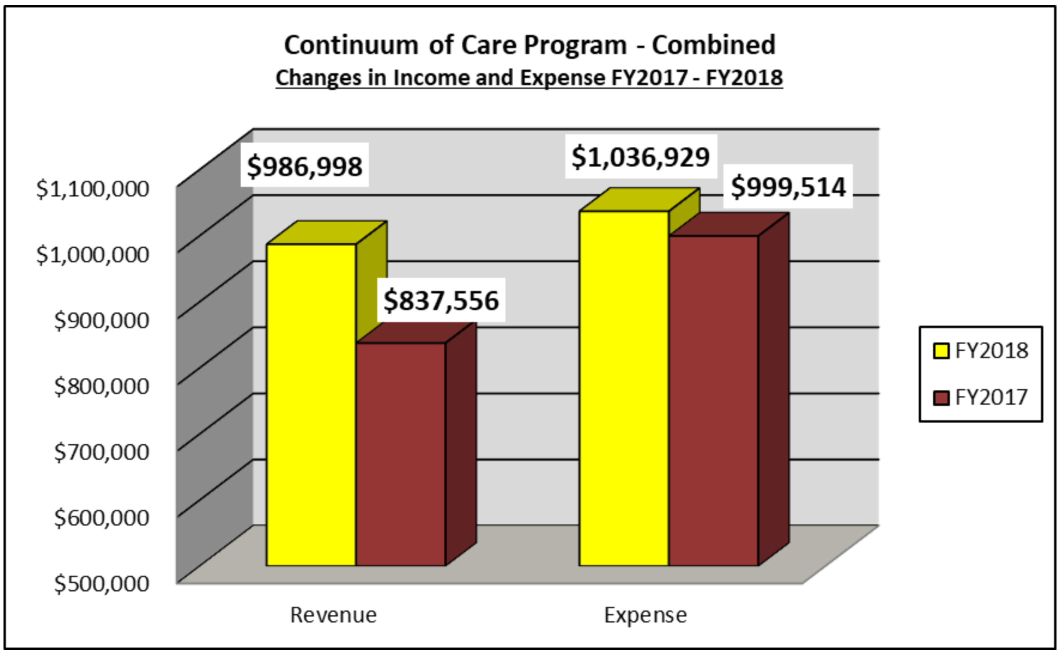
The following chart illustrates the Housing Choice Voucher Program changes in revenue and expenses for the years 2017 to 2018. Revenue and expenses decreased in fiscal year ended 2018 for the HCV Program due to a reduction in housing assistance payments due to lower leasing rates.



Note: The above table does not include depreciation.

Continuum of Care Program:

The following chart illustrates the Continuum of Care Program (previously reported separately as the Supportive Housing and Shelter Plus Care Programs) changes in income and expenses for the fiscal years ended 2017 and 2018. The total revenue for fiscal year ended 2018 increased from fiscal year ended 2017 revenue by 18 percent, which is due to rise in operating subsidies available. The increase in fiscal year ended 2018 total operating expenses from fiscal year ended 2017 operating expenses is mainly attributed to the rise in per unit costs for housing assistance payments.



Note: The above table does not include depreciation.

Capital Assets

The following table summarizes the changes in capital assets between December 31, 2017 and 2018:

Table 3 - Condensed Statement of Changes in Capital Assets

	2018	2017	Net Change
Land	$ 1,638,445	$ 1,638,445	$ 0
Building	19,239,819	18,987,732	252,087
Equipment	1,660,529	1,766,659	(106,130)
Leasehold Improvements	10,731	10,731	0
Accumulated Depreciation	(14,357,510)	(13,864,342)	(493,168)
Net Capital Assets	$ 8,192,014	$ 8,539,225	$ (347,211)

Debt

The Authority had no debt as of December 31, 2018.

Economic Factors

Significant economic factors affecting the Authority are as follows:

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

Financial Contact

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. The individual to be contacted regarding this report is Jacqueline Adkins, Executive Director of the Warren Metropolitan Housing Authority. Specific requests may be submitted to the Warren Metropolitan Housing Authority at 990 East Ridge Drive, Lebanon, Ohio 45036-1678.

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

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets	
Current Assets	
Cash and Cash Equivalents - Unrestricted	$ 1,795,154
Cash and Cash Equivalents - Restricted	181,945
Receivable, Net	139,793
Prepaid Expenses	38,009
Total Current Assets	2,154,901
Non-Current Assets	
Capital Assets:	
Capital Assets, Not Depreciated	1,638,445
Capital Assets Being Depreciation, Net of Accumulated Depreciation	6,553,569
Total Capital Assets	8,192,014
Pension Assets	40,035
Total Non-Current Assets	8,232,049
Defered Outflows of Resources	
Pension	207,847
OPEB	43,872
Total Defered Outflows of Resources	251,719
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 10,638,669
LIABILITIES, DEFERRED INFLOWS AND RESOURCES, AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	$ 50,709
Other Current Liabilities	13,753
Accrued Liabilities	46,258
Intergoernmental Payables	31,137
Tenant Security Deposits	26,354
Unearned Revenue	144,324
Total Current Liabilities	312,535
Non-Current Liabilities	
Compensated Absences, Net of Current Portion	45,709
Other Non-Current Liabilities	6,945
Net Pension Liability	779,697
Net OPEB Liability	596,174
Total Non-Current Liabilities	1,428,525
Total Liabilities	1,741,060
Deferred Inflow of Resources	
Pension	257,729
OPEB	53,200
Total Defered Outflows of Resources	310,929
Net Position	
Net Investment in Captial Assets	8,192,014
Restricted	15,050
Unrestricted	379,616
Total Net Position	8,586,680
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 10,638,669

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

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

Operating Revenue	
Tenant Revenues	$ 445,105
Government Operating Grants and Subsidies	7,046,819
Other Revenues	50,249
Total Operating Revenue	7,542,173
Operating Expenses	
Administrative	991,675
Tenant Services	630,547
Utilities	87,892
Maintenance	485,339
General	301,556
Housing Assistance Payments	5,148,624
Depreciation	632,147
Total Operating Expenses	8,277,780
Operating Income (Loss)	(735,607)
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	2,252
Insurance Proceeds	7,021
Casuaslty Losses	(13,756)
Total Non-Operating Revenues (Expenses	(4,483)
Change in Net Postion	(740,090)
Total Net Position at Beginning of Year - Restated	9,326,770
Total Net Position at End of Year	$ 8,586,680

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

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

Cash Flows from Operating Activities		
Operating Grants Received	$	7,204,890
Tenant Revenue Received		438,075
Other Revenue Received		50,249
Operating Expenses		(2,413,925)
Housing Assistance Payments		(5,148,624)
Net Cash Provided (Used) by Operating Activities		130,665
Cash Flows from Investing Activities		
Interest Income		2,252
Net Cash Provided (Used) by Investing Actvities		2,252
Cash Flows from Capital and Related Activities		
Net Insurance Proceeds/(Casualty Loss)		(6,735)
Property and Equipment Purchased		(284,936)
Net Cash Provided (Used) by Capital and Related Activities		(291,671)
Net Increase (Decrease) in Cash		(158,754)
Cash and Cash Equivalents at Beginning of Year		2,135,853
Cash and Cash Equivalents at End of Year	$	1,977,099
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Net Operating Income	$	(735,607)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
Depreciation		632,147
(Increase) Decrease in:		
Accounts Receivable		14,046
Prepaid Expenses		(2,275)
Deferred Outflows of Resources and Pension Assets		219,353
Increase (Decrease) in:		
Accounts Payable		735
Intergovernmental Payable		5,130
Accrued Compensated Absences		3,621
Accrued Expenses Payable		(17,167)
Unearned Revenue		137,086
Tenant Security Deposits		(91)
Other Non-Current Liabilities		2,281
Net Pension Liability		(415,895)
Net OPEB Liability		29,545
Deferred Inflows of Resources		257,756
Net Cash Provided by Operating Activities	$	130,665

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

NOTE 1: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Warren Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

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

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement No. 61, *the Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34;* in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

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

Basis of Presentation

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

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

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

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

Fund Accounting

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

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

Proprietary Fund Types

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

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

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

Description of Programs

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

A. Public Housing Program

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

B. Capital Fund Program

The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities, including modernization and development housing.

C. 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.

D. Mainstream Voucher Program

The Mainstream Voucher Program assist non-elderly persons with disabilities. Aside form serving a special population, Mainstream vouchers are administered using the same rules as the Housing Choice Voucher Program.

E. Continuum of Care Program

"The Hearth Act" amended the McKinney Vento Homeless Act and consolidated the Authority's Supportive Housing and Shelter Plus Care programs under the Continuum of Care (CoC) program. The Continuum of Care (CoC) Program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

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

Description of Programs (Continued)

F. State Program – Region 14

The State Program is a pass-through program administered by the Authority for the State of Ohio. The annual funding represents the Ohio's Homeless Crisis Response Program that provides homelessness prevention and rapid re-housing assistance to individuals, families, and individuals who are below 30 percent median income and imminently at risk of homelessness in Butler, Warren, and Clermont Counties (Region 14). The key partners in providing this pass-through assistance are Access Counseling, Clermont Community Services, Family Resource Center, Greater Cincinnati, and Interfaith Hospitality Network.

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

Investments
The provisions of the HUD regulations restrict investments. Investments are valued at market value. Interest income earned in the fiscal year ending December 31, 2018 totaled $2,252.

Prepaid expenses

Payments made to vendors for services that will benefit periods beyond the year end, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

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

Buildings	40 year
Buildings Improvements	15 years
Furniture, equipment and machinery	3-7 years

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

Compensated Absences

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

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

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

Unearned Revenue

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets – net of related debt 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 assets are recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue.

Operating expenses are those expenses that are generated from the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, bad debt and housing assistance payments.

Capital Grant

This represents grants provided by HUD that the Authority spends on capital assets.

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

Budgetary Accounting
The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

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

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position reports 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) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

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**

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

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLE** (Continued)

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 December 31, 2017:

Net Position at December 31, 2017	$ 9,885,627
Adjustments	
Net OPEB Liability	(566,629)
Deferred Ouflow - Payments Subsequent to Measurement Date	7,772
Restated Net Position at December 31, 2017	$ 9,326,770

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

NOTE 3: **DEPOSITS AND INVESTMENTS**

Deposits
State statutes classify monies held by the Authority into three categories:

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

B. Inactive deposits are public deposits that the Authority has identified as not required for use within the 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 the depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the 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.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)
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 yearend December 31, 2018, the carrying amount of the Authority's deposits totaled $1,977,099, and its bank balance was $2,004,730. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2018 $1,754,730 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 105 percent of the carrying value of the deposits.

NOTE 4: **RESTRICTED CASH**

The restricted cash balance of $181,945 on the financial statements represents the following:

Cash on hand for Housing Assistance Payments	$	23,816
Cash on hand for Deferred Revenue		124,830
FSS Escrow Cash Accounts		6,945
Tenant Security Deposits		26,354
Total Restricted Cash	$	181,945

NOTE 5: **CAPITAL ASSETS**

The following is a summary of changes:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/18
Capital Assets Not Being Depreciated				
Land	$ 1,638,445	$ 0	$ 0	$ 1,638,445
Total Capital Assets Not Being Depreciated	1,638,445	0	0	1,638,445
Capital Assets Being Depreciated				
Buildings	18,987,732	252,087	0	19,239,819
Furniture, Machinery, and Equipment:				
Dwelling	1,134,444	32,849	(1,113)	1,166,180
Administrative	632,215	0	(137,866)	494,349
Leasehold Improvements	10,731	0	0	10,731
Toatl Capital Assets Being Depreciated	20,765,122	284,936	(138,979)	20,911,079
Accumulated Deprecation				
Buildings	(12,954,749)	(546,730)	0	(13,501,479)
Furniture, Machinery, and Equipment	(905,025)	(84,702)	138,979	(850,748)
Leasehold Improvements	(4,568)	(715)	0	(5,283)
Total Accumulated Deprecation	(13,864,342)	(632,147)	138,979	(14,357,510)
Toal Capital Assets Being Depreciated, Net	6,900,780	(347,211)	0	6,553,569
Total Capital Assets, Net	$ 8,539,225	$ (347,211)	$ 0	$ 8,192,014

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

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

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

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

Net Pension Liability (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Authority's contractually required contribution for pension was $108,414 for fiscal year ending December 31, 2018.

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

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.005265%	0.02414%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.004970%	0.02941%	
Change in Proportionate Share	-0.000295%	0.00527%	
Proportionate Share of the Net Pension			
Proportionate Share of the Net Pension Liability/(Asset)	$ 779,697	$ (40,035)	$ 739,662
Pension Expense	$ 147,398	$ 5,130	$ 152,528

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

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

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 797	$ 0	$ 797
Changes of assumptions	93,179	3,498	96,677
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,821	138	1,959
Authority contributions subsequent to the measurement date	91,333	17,081	108,414
Total Deferred Outflows of Resources	$ 187,130	$ 20,717	$ 207,847
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 167,389	$ 6,317	$ 173,706
Differences between expected and actual experience	15,364	11,925	27,289
Changes in proportion and differences between Authority contributions and proportionate share of contributions	46,266	10,468	56,734
Total Deferred Inflows of Resources	$ 229,019	$ 28,710	$ 257,729

$108,414 reported as deferred outflows of resources related to pension resulting from the Authority’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending December 31:			
2019	$ 40,802	$ (3,342)	$ 37,460
2020	(31,532)	(3,513)	(35,045)
2021	(73,708)	(4,931)	(78,639)
2022	(68,784)	(4,779)	(73,563)
2023	0	(2,562)	(2,562)
Thereafter	0	(5,947)	(5,947)
Total	$ (133,222)	$ (25,074)	$ (158,296)

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

Actuarial Assumptions - OPERS

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

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Traditional Pension Plan	$ 1,384,543	$ 779,697	$ 275,437
Combined Plan	$ (21,763)	$ (40,035)	$ (52,642)

NOTE 7: **POST-EMPLOYMENT BENEFITS**

Net OPEB Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and decreased to 0.0 percent for 2018. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts was 4.0 percent for 2017. The Authority's contractually required contribution was $0 for fiscal year ending December 31, 2018.

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

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

	OPERS
Proportion of the Net OPEB Liability: Prior Measurement Date	0.005610%
Proportion of the Net OPEB Liability: Current Measurement Date	0.005490%
Change in Proportionate Share	-0.000120%
Proportionate Share of the Net OPEB Liability	$ 596,174
OPEB Expense	$ 46,645

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

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

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

	OPERS
Deferred Outflows of Resources	
Differences between expected andactual experience	$ 464
Changes of assumptions	43,408
Total Deferred Outflows of Resources	$ 43,872
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 44,411
Changes in proportion and differences between Authority contributions and proportionate share of contributions	8,789
Total Deferred Inflows of Resources	$ 53,200

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

	OPERS
Year Ending December 31:	
2019	$ 5,671
2020	5,671
2021	(9,568)
2022	(11,102)
Total	$ (9,328)

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.

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

	1% Decrease (2.85%)	Single Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	$ 792,042	$ 596,174	$ 437,718

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

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 570,411	$ 596,174	$ 622,786

NOTE 8: **RISK MANAGEMENT**

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

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

NOTE 9: **CONTINGENCIES**

Grants
Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grants 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 December 31, 2018.

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

NOTE 10: **PAYMENT IN LIEU OF TAXES**

The Authority has cooperation agreements with certain municipalities under which it makes payment in lieu of real estate taxes for various public services. Expense recognized for payment in lieu of taxes for the year ended December 31, 2018 totaled $31,137.

NOTE 11: **SUMMARY OF CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018	Due Within One Year
FSS Escrows	$ 4,664	$ 4,860	$ (2,579)	$ 6,945	$ 0
Compensated Absences	47,167	47,148	(43,527)	50,788	5,079
Net Pension Liability	1,195,592	35,595	(451,490)	779,697	0
Net OPEB Liability	566,629	38,187	(8,642)	596,174	0
Total	$ 1,814,052	$ 125,790	$ (506,238)	$1,433,604	$ 5,079

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

Traditional Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.004970%	0.005265%	0.005662%	0.005366%	0.005366%
Authority's Proportionate Share of the Net Pension Liability	$ 779,697	$ 1,195,592	$ 980,730	$ 647,200	$ 632,581
Authority's Covered Payroll	$ 628,277	$ 598,917	$ 707,233	$ 653,675	$ 603,985
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	124.10%	199.63%	138.67%	99.01%	104.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.029409%	0.024144%	0.011220%	0.011910%	0.011910%
Authority's Proportionate Share of the Net Pension (Asset)	$ (40,035)	$ (13,438)	$ (5,459)	$ (4,586)	$ (1,249)
Authority's Covered Payroll	$ 86,754	$ 82,700	$ 40,842	$ 41,625	$ 38,777
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	46.15%	16.25%	13.37%	11.02%	3.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%	116.55%	116.90%	114.83%	104.33%

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

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

See accompanying notes to the required supplementary information

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

	2018	2017	2016	2015	2014	2013
Contractually Required Contributions						
Traditional Plan	$ 91,333	$ 81,676	$ 71,870	$ 84,868	$ 78,441	$ 78,518
Combined Plan	17,081	11,278	9,924	4,901	4,995	5,041
Total Required Contributions	$ 108,414	$ 92,954	$ 81,794	$ 89,769	$ 83,436	$ 83,559
Contributions in Relation to the Contractually Required Contribution	(108,414)	(92,954)	(81,794)	(89,769)	(83,436)	(83,559)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll						
Traditional Plan	$ 652,379	$ 628,277	$ 598,917	$ 707,233	$ 653,675	$ 603,985
Combined Plan	$ 122,007	$ 86,754	$ 82,700	$ 40,842	$ 41,625	$ 38,777
Pension Contributions as a Percentage of Covered Payroll						
Traditional Plan	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

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

See accompanying notes to the required supplementary information

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

	2018	2017
Authority's Proportion of the Net OPEB Liability	0.005490%	0.005610%
Authority's Proportionate Share of the Net OPEB Liability	$ 596,174	$ 566,629
Authority's Covered Payroll	$ 715,031	$ 681,617
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	83.38%	83.13%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

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

	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 0	$ 7,150	$ 13,632	$ 14,962	$ 13,906	$ 6,428
Contributions in Relation to the Contractually Required Contribution	0	(7,150)	(13,632)	(14,962)	(13,906)	(6,428)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 774,386	$ 715,031	$ 681,617 0	$ 748,075	$ 695,300	$ 642,762
Contributions as a Percentage of Covered Payroll	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

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

See accompanying notes to the required supplementary information

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.

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

	Project Total	2 State/Local	14.879 Mainstream Vouchers	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	644,968	-	-	140,539	16,551	993,096	1,795,154	-	1,795,154
113 Cash - Other Restricted	5,776	-	-	-	24,985	-	30,761	-	30,761
114 Cash - Tenant Security Deposits	26,354	-	-	-	-	-	26,354	-	26,354
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	124,830	-	-	124,830	-	124,830
100 Total Cash	677,098	-	-	265,369	41,536	993,096	1,977,099	-	1,977,099
122 Accounts Receivable - HUD Other Projects	-	-	-	19,438	9,833	-	29,271	-	29,271
124 Accounts Receivable - Other Government	-	72,474	-	-	-	-	72,474	-	72,474
125 Accounts Receivable - Miscellaneous	-	4,830	-	-	-	-	4,830	-	4,830
126 Accounts Receivable - Tenants	3,898	-	-	-	-	-	3,898	-	3,898
126.1 Allowance for Doubtful Accounts -Tenants	-944	-	-	-	-	-	-944	-	-944
127 Notes, Loans, & Mortgages Receivable - Current	30,264	-	-	-	-	-	30,264	-	30,264
120 Total Receivables, Net of Allowances for Doubtful Accounts	33,218	77,304	-	19,438	9,833	-	139,793	-	139,793
142 Prepaid Expenses and Other Assets	19,845	-	-	2,944	6,242	8,978	38,009	-	38,009
144 Inter Program Due From	-	-	9,226	-	-	58,692	67,918	-67,918	-
150 Total Current Assets	730,161	77,304	9,226	287,751	57,611	1,060,766	2,222,819	-67,918	2,154,901
161 Land	1,638,444	-	-	-	-	-	1,638,444	-	1,638,444
162 Buildings	18,847,051	-	-	-	-	392,768	19,239,819	-	19,239,819
163 Furniture, Equipment & Machinery - Dwellings	1,166,181	-	-	-	-	-	1,166,181	-	1,166,181
164 Furniture, Equipment & Machinery - Administration	252,086	-	-	78,108	99,432	64,723	494,349	-	494,349
165 Leasehold Improvements	-	-	-	2,352	8,379	-	10,731	-	10,731
166 Accumulated Depreciation	-14,008,067	-	-	-64,222	-58,214	-227,007	-14,357,510	-	-14,357,510
160 Total Capital Assets, Net of Accumulated Depreciation	7,895,695	-	-	16,238	49,597	230,484	8,192,014	-	8,192,014
174 Other Assets	15,213	-	-	6,406	9,608	8,808	40,035	-	40,035
180 Total Non-Current Assets	7,910,908	-	-	22,644	59,205	239,292	8,232,049	-	8,232,049
200 Deferred Outflow of Resources	95,654	-	-	40,276	60,413	55,376	251,719	-	251,719
290 Total Assets and Deferred Outflow of Resources	8,736,723	77,304	9,226	350,671	177,229	1,355,434	10,706,587	-67,918	10,638,669
312 Accounts Payable <= 90 Days	15,430	29,661	-	1,654	2,238	1,726	50,709	-	50,709
321 Accrued Wage/Payroll Taxes Payable	9,602	1,559	-	1,559	4,562	19,842	37,124	-	37,124
322 Accrued Compensated Absences - Current Portion	2,631	184	-	191	807	1,266	5,079	-	5,079
333 Accounts Payable - Other Government	31,137	-	-	-	-	-	31,137	-	31,137
341 Tenant Security Deposits	26,354	-	-	-	-	-	26,354	-	26,354
342 Unearned Revenue	9,518	-	9,226	124,830	-	750	144,324	-	144,324
345 Other Current Liabilities	-	-	-	4,987	8,766	-	13,753	-	13,753
346 Accrued Liabilities - Other	3,268	-	-	231	350	206	4,055	-	4,055
347 Inter Program - Due To	-	44,241	-	14,451	-	9,226	67,918	-67,918	-
310 Total Current Liabilities	97,940	75,645	9,226	147,903	16,723	33,016	380,453	-67,918	312,535

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

	Project Total	2 State/Local	14.879 Mainstream Vouchers	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
353 Non-current Liabilities - Other	5,776	-	-	-	1,169	-	6,945	-	6,945
354 Accrued Compensated Absences - Non Current	23,677	1,659	-	1,717	7,262	11,394	45,709	-	45,709
357 Accrued Pension and OPEB Liabilities	522,830	-	-	220,140	330,210	302,691	1,375,871	-	1,375,871
350 Total Non-Current Liabilities	552,283	1,659	-	221,857	338,641	314,085	1,428,525	-	1,428,525
300 Total Liabilities	650,223	77,304	9,226	369,760	355,364	347,101	1,808,978	-67,918	1,741,060
400 Deferred Inflow of Resources	118,156	-	-	49,750	74,623	68,400	310,929	-	310,929
508.4 Net Investment in Capital Assets	7,895,695	-	-	16,238	49,597	230,484	8,192,014	-	8,192,014
511.4 Restricted Net Position	-	-	-	-	15,050	-	15,050	-	15,050
512.4 Unrestricted Net Position	72,649	-	-	-85,077	-317,405	709,449	379,616	-	379,616
513 Total Equity - Net Assets / Position	7,968,344	-	-	-68,839	-252,758	939,933	8,586,680	-	8,586,680
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	8,736,723	77,304	9,226	350,671	177,229	1,355,434	10,706,587	-67,918	10,638,669

WARREN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Project Total	2 State/Local	14.879 Mainstream Vouchers	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	388,597	-	-	43,504	-	-	432,101	-	432,101
70400 Tenant Revenue - Other	13,004	-	-	-	-	-	13,004	-	13,004
70500 Total Tenant Revenue	401,601	-	-	43,504	-	-	445,105	-	445,105
70600 HUD PHA Operating Grants	836,670	-	-	943,153	4,724,712	-	6,504,535	-	6,504,535
70710 Management Fee	-	-	-	-	-	277,409	277,409	-277,409	-
70720 Asset Management Fee	-	-	-	-	-	24,960	24,960	-24,960	-
70730 Book Keeping Fee	-	-	-	-	-	69,329	69,329	-69,329	-
70700 Total Fee Revenue	-	-	-	-	-	371,698	371,698	-371,698	-
70800 Other Government Grants	-	542,284	-	-	-	-	542,284	-	542,284
71100 Investment Income - Unrestricted	1,593	-	-	141	214	304	2,252	-	2,252
71400 Fraud Recovery	-	-	-	200	45,234	-	45,434	-	45,434
71500 Other Revenue	9,257	-	-	-	2,579	-	11,836	-	11,836
70000 Total Revenue	1,249,121	542,284	-	986,998	4,772,739	372,002	7,923,144	-371,698	7,551,446
91100 Administrative Salaries	106,051	27,578	-	41,337	154,595	144,087	473,648	-	473,648
91200 Auditing Fees	2,679	252	-	1,784	7,264	765	12,744	-	12,744
91300 Management Fee	158,467	-	-	26,612	92,330	-	277,409	-277,409	-
91310 Book-keeping Fee	18,547	-	-	-	50,782	-	69,329	-69,329	-
91400 Advertising and Marketing	1,630	-	-	-	856	84	2,570	-	2,570
91500 Employee Benefit contributions - Administrative	81,741	4,947	-	37,270	141,390	100,250	365,598	-	365,598
91600 Office Expenses	33,932	3,502	-	20,496	42,328	16,839	117,097	-	117,097
91700 Legal Expense	2,135	460	-	-	-	300	2,895	-	2,895
91800 Travel	-	40	-	-	-	10	50	-	50
91900 Other	1,812	-	-	75	325	14,861	17,073	-	17,073
91000 Total Operating - Administrative	406,994	36,779	-	127,574	489,870	277,196	1,338,413	-346,738	991,675
92000 Asset Management Fee	24,960	-	-	-	-	-	24,960	-24,960	-
92100 Tenant Services - Salaries	10,939	11,707	-	57,937	-	-	80,583	-	80,583
92200 Relocation Costs	874	-	-	-	-	-	874	-	874
92300 Employee Benefit Contributions - Tenant Services	8,215	4,122	-	47,846	-	-	60,183	-	60,183
92400 Tenant Services - Other	739	486,343	-	1,825	-	-	488,907	-	488,907
92500 Total Tenant Services	20,767	502,172	-	107,608	-	-	630,547	-	630,547
93100 Water	38,343	-	-	1,512	2,945	1,158	43,958	-	43,958
93200 Electricity	34,119	-	-	-	2,203	1,888	38,210	-	38,210
93300 Gas	4,768	-	-	255	510	191	5,724	-	5,724
93000 Total Utilities	77,230	-	-	1,767	5,658	3,237	87,892	-	87,892
94100 Ordinary Maintenance and Operations - Labor	187,382	-	-	-	-	-	187,382	-	187,382
94200 Ordinary Maintenance and Operations - Materials and Other	85,178	438	-	1,508	3,193	-	90,317	-	90,317
94300 Ordinary Maintenance and Operations Contracts	63,405	-	-	118	137	118	63,778	-	63,778

WARREN METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Project Total	2 State/Local	14.879 Mainstream Vouchers	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
94500 Employee Benefit Contributions - Ordinary Maintenance	143,862	-	-	-	-	-	143,862	-	143,862
94000 Total Maintenance	479,827	438	-	1,626	3,330	118	485,339	-	485,339
95200 Protective Services - Other Contract Costs	5,043	-	-	-	-	-	5,043	-	5,043
95000 Total Protective Services	5,043	-	-	-	-	-	5,043	-	5,043
96110 Property Insurance	84,865	-	-	-	4,991	9,983	99,839	-	99,839
96120 Liability Insurance	5,311	-	-	-	2,047	6,675	14,033	-	14,033
96130 Workmen's Compensation	1,771	207	-	467	923	710	4,078	-	4,078
96140 All Other Insurance	4,172	-	-	3,449	784	135	8,540	-	8,540
96100 Total insurance Premiums	96,119	207	-	3,916	8,745	17,503	126,490	-	126,490
96200 Other General Expenses	4,115	-	-	-	1,089	-	5,204	-	5,204
96210 Compensated Absences	33,122	2,688	-	6,482	19,417	10,725	72,434	-	72,434
96300 Payments in Lieu of Taxes	31,137	-	-	-	-	-	31,137	-	31,137
96400 Bad debt - Tenant Rents	40,571	-	-	20,677	-	-	61,248	-	61,248
96000 Total Other General Expenses	108,945	2,688	-	27,159	20,506	10,725	170,023	-	170,023
96900 Total Operating Expenses	1,219,885	542,284	-	269,650	528,109	308,779	2,868,707	-371,698	2,497,009
97000 Excess of Operating Revenue over Operating Expenses	29,236	-	-	717,348	4,244,630	63,223	5,054,437	-	5,054,437
97200 Casualty Losses - Non-capitalized	13,756	-	-	-	-	-	13,756	-	13,756
97300 Housing Assistance Payments	-	-	-	767,279	4,381,345	-	5,148,624	-	5,148,624
97400 Depreciation Expense	608,392	-	-	5,747	3,738	14,270	632,147	-	632,147
90000 Total Expenses	1,842,033	542,284	-	1,042,676	4,913,192	323,049	8,663,234	-371,698	8,291,536
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-592,912	-	-	-55,678	-140,453	48,953	-740,090	-	-740,090
11030 Beginning Equity	8,773,622	-	-	76,256	21,821	1,013,928	9,885,627	-	9,885,627
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-212,366	-	-	-89,417	-134,126	-122,948	-558,857	-	-558,857
11170 Administrative Fee Equity	-	-	-	-	-267,808	-	-267,808	-	-267,808
11180 Housing Assistance Payments Equity	-	-	-	-	15,050	-	15,050	-	15,050
11190 Unit Months Available	2,484	-	-	1,008	9,233	-	12,725	-	12,725
11210 Number of Unit Months Leased	2,461	-	-	973	9,233	-	12,667	-	12,667

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

FEDERAL GRANTOR/ *Pass-Through Grantor/* Program/Title	**Federal CFDA Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Continuum of Care	14.267	$ 943,153
Public and Indian Housing	14.850	813,179
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	4,724,712
Total Housing Voucher Cluster		4,724,712
Public Housing Capital Fund	14.872	23,491
Total Direct Programs		6,504,535
Total U.S. Department of Housing and Urban Development		6,504,535
Total Expenditures of Federal Awards		$ 6,504,535

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

NOTE 1: **BASIS OF PRESENTATION**

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

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

Expenditures reported on the Schedule are reported on the GAAP basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: **INDIRECT COST RATE**

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

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

To the Members of the Board
Warren Metropolitan Housing Authority
Lebanon, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Warren Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 14, 2019, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

June 14, 2019

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

To the Members of the Board
Warren Metropolitan Housing Authority
Lebanon, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Warren Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Warren Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

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

June 14, 2019

WARREN METROPOLITAN HOUSING AUTHORITY
WARREN COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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

The audit report for the fiscal year ending December 31, 2017, contained no audit findings or management letter recommendations.

OHIO AUDITOR OF STATE
KEITH FABER

WARREN COUNTY METROPOLITAN HOUSING AUTHORITY

WARREN 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
JULY 9, 2019

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370
www.ohioauditor.gov