PERRY METROPOLITAN HOUSING AUTHORITY

PERRY COUNTY

SINGLE AUDIT

JANUARY 1, 2018 – DECEMBER 31 2018

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

PERRY METROPOLITAN HOUSING AUTHORITY
PERRY COUNTY

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WILSON, SHANNON & SNOW
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INDEPENDENT AUDITOR'S REPORT

Perry Metropolitan Housing Authority
Perry County
26 Brown Circle Drive
Crooksville, Ohio 43731

To the Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

10 West Locust Street | Newark, Ohio 43055 | Phone: 740-345-6611 | Fax: 740-345-5635 | wssinc.net

Opinion

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

Emphasis of Matter

As discussed in Note 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* and restated mortgage receivable. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The Financial Data Schedules and Statement and Certification of Modernization Costs as required by the Department of Housing and Urban Development present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report June 12, 2019, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
June 12, 2019

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The Perry Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by $284,092 (or 13.18%) during 2018 and were $1,871,522 and $2,155,614 for 2018 and 2017 as restated, respectively.
- Revenues decreased by $52,489 (or 2.89%) during 2018, and were $1,761,001 and $1,813,490 for 2018 and 2017, respectively.
- The total expenses of all Authority programs decreased by $14,679 (or .71%). Total expenses were $2,045,093 and $2,059,772 for 2018 and 2017, respectively.

USING THIS ANNUAL REPORT

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

MD&A ~Management's Discussion and Analysis ~
Basic Financial Statement ~Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to Financial Statements ~
Required Supplementary Information ~Pension and OPEB Schedules ~
Other Supplementary Information ~Financial Data Schedules ~ ~Schedule of Expenditures of Federal Awards ~ ~Statement and Certification of Actual Modernization Cost ~

The primary focus of the Authority's financial statements is on the Authority as a whole (single enterprise fund). This format will allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources, equal "Net Position". Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, for the entire Authority. Net Position is reported in three broad categories:

> **Investment in Capital Assets**: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have any debt related to capital assets.
>
> **Restricted Net Position**: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
>
> **Unrestricted Net Position**: Consists of Net Position that do not meet the definition of "Investment in Capital Assets", or" Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as tenant revenues, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as investment income and interest expense. The focus of the Statement of Revenues, Expenses and Changes in fund Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

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

The Authority consists of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

FUND FINANCIAL STATEMENTS

The Authority administers several programs that are consolidated into a single proprietary type-enterprise fund. The enterprise fund consists of the following 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% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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% of household income.

Business Activities - Represents non-HUD resources developed from Supported Living Program (Perry County DD) activity.

New GASB 75 Reporting

The net pension liability (NPL) is the largest single liability reported by the Authority at December 31, 2018 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” For 2018, the Authority adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net pension and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach.

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This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

2. Minus plan assets available to pay these benefits.

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

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

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

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

As a result of implementing GASB 75, the Authority is reporting net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, as outlined in Note 2.

AUTHORITY-WIDE STATEMENTS

STATEMENT OF NET POSITION

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

	2018	2017 Restated
Current and other assets	$ 412,967	$ 507,878
Capital assets, net	2,219,448	2,415,514
Deferred outflows of resources	126,176	209,862
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,758,591	3,133,254
Current liabilities	143,772	196,835
Non-current liabilities	634,468	777,578
Deferred inflows of resources	108,829	3,227
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	887,069	977,640
Net Position:		
Investment in capital assets	2,219,448	2,415,514
Restricted	21,811	-
Unrestricted	(369,737)	(259,900)
TOTAL NET POSITION	$ 1,871,522	$ 2,155,614

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

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

During 2018, current and other assets decreased by $94,911 (or 18.69%), and current liabilities decreased by $53,063 (or 26.96%). The decrease in current assets resulted from current year activities. Current liabilities decreased mainly due to changes in outstanding invoices not paid by the end of the year.

Capital assets also changed, decreasing from $2,415,514 to $2,219,448. The $196,066 (or 8.12%) decrease is primarily, due to a combination of net acquisitions, less current year depreciation and disposals.

Change in Net Position

Details on the change in net position can be found below:

	Unrestricted	Restricted	Investment in Capital Assets
Beginning Balance – December 31, 2017 (Restated)	$ (259,900)	$ -	$ 2,415,514
Results of Operation	(305,903)	21,811	-
Adjustments:			
Current Year Depreciation Expense (1)	215,418	-	(215,418)
Capital Expenditures (2)	(27,840)	-	27,840
Loss on Disposal of Capital Assets (3)	8,486	-	(8,486)
Rounding Adjustment	2	-	(2)
Ending Balance – December 31, 2018	$ (369,737)	$ 21,811	$ 2,219,448

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

(2) Capital expenditures represent an outflow of unrestricted net position, but are not treated as an expense against Results of Operations, and therefore must be deducted.

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

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	2018	2017
Revenues		
Tenant Revenues	$ 330,108	$ 335,458
Government Operating Grants	1,403,568	1,337,053
Capital Grants	-	122,677
Investment Income	1,078	2,038
Other Revenues	26,247	16,264
Total Revenue	1,761,001	1,813,490
Expenses		
Administrative	442,806	386,142
Tenant Services	10,296	3,273
Utilities	178,019	165,338
Maintenance	248,716	284,792
General and Interest Expense	99,259	98,213
Housing Assistance Payments	842,093	831,625
Loss on Disposal of Capital Assets	8,486	75,775
Depreciation	215,418	214,614
Total Expenses	2,045,093	2,059,772
Change in Net Position	(284,092)	(246,282)
Net Position – Beginning (Restated)	2,155,614	N/A
Net Position – Ending	$ 1,871,522	$ 2,155,614

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available.

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Total revenue decreased by $52,489 due mainly by decrease in HUD capital grant funding for the year. Total Expenses decreased in 2018 by $14,679. The decrease was due mainly by increase in administrative, utilities and housing assistance expenses.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the Authority had $2,219,448 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, disposals, and depreciation) of $196,066 (or 8.12%) from the end of last year:

CAPITAL ASSETS AT YEAR END

	2018	2017
Land	$ 241,579	$ 250,209
Buildings	7,394,839	7,505,590
Equipment	459,908	486,057
Leasehold improvements	1,852,064	1,727,274
Accumulated depreciation	(7,728,942)	(7,553,616)
TOTAL	$ 2,219,448	$ 2,415,514

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 5 of the notes to the basic financial statements.

Changes in Capital Assets

Beginning Balance - December 31, 2017	$ 2,415,514
Current year additions	27,840
Current year disposal, net	(8,486)
Current year depreciation expense	(215,418)
Rounding	(2)
Ending Balance - December 31, 2018	$ 2,219,448

Current year addition represent the replacement of a server and replacement of two riding mowers.

DEBT OUTSTANDING

At year end the Authority had $0 outstanding debt. The following summarizes the activities for the year, which are presented in detail in Note 6 of the notes to the basic financial statements:

Condensed Statement of Changes in Debt Outstanding

Beginning Balance - December 31, 2017	$	60,193
Current Year Debt Issued		-
Current Year Principal Retired		(60,193)
Ending Balance - December 31, 2018	$	-

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding levels of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.
- Market rates for rental housing.
- Local rental market rates and housing supply and demand, which affects the Authority's ability to maintain leasing rates.

IN CONCLUSION

Perry Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on consistent and sound financial condition of the Authority.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Christina Curtis, Executive Director of the Perry Metropolitan Housing Authority at (740) 982-5991.

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

ASSETS	
Current assets	
Cash and cash equivalents	$ 174,890
Cash and cash equivalents - restricted	53,511
Investments	126,347
Receivables, net	10,566
Inventories, net	11,900
Prepaid items	35,753
TOTAL CURRENT ASSETS	412,967
Noncurrent assets	
Capital assets:	
Land	241,579
Building and equipment	9,706,811
Less: accumulated depreciation	(7,728,942)
Total capital assets, net	2,219,448
TOTAL NONCURRENT ASSETS	2,219,448
TOTAL ASSETS	2,632,415
DEFERRED OUTFLOWS OF RESOURCES	
Pension	107,956
OPEB	18,220
TOTAL DEFERRED OUTFLOWS OF RESOURCES	126,176
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,758,591
LIABILITIES	
Current liabilities	
Accounts payable	24,760
Accrued wages and payroll taxes	21,837
Accrued compensated absences payable	43,946
Intergovernmental payables	15,125
Tenant security deposits	28,396
Unearned revenue	9,708
TOTAL CURRENT LIABILITIES	143,772
Noncurrent liabilities	
Noncurrent liabilities - other	3,304
Net pension liability	383,573
Net OPEB liability	247,591
TOTAL NONCURRENT LIABILITIES	634,468
TOTAL LIABILITIES	778,240
DEFERRED INFLOWS OF RESOURCES	
Pension	90,385
OPEB	18,444
TOTAL DEFERRED INFLOWS OF RESOURCES	108,829
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	887,069
NET POSITION	
Investment in capital assets	2,219,448
Restricted net position	21,811
Unrestricted net position	(369,737)
TOTAL NET POSITION	$ 1,871,522

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

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

OPERATING REVENUES	
Tenant revenues	$ 330,108
Government operating grants	1,403,568
Other revenues	26,247
TOTAL OPERATING REVENUES	1,759,923
OPERATING EXPENSES	
Administrative	442,806
Tenant services	10,296
Utilities	178,019
Maintenance	248,716
General and insurance	97,958
Housing assistance payments	842,093
Depreciation	215,418
TOTAL OPERATING EXPENSES	2,035,306
OPERATING LOSS	(275,383)
NON-OPERATING REVENUES	
Investment income	1,078
Interest expense	(1,301)
Loss on disposal of capital assets	(8,486)
TOTAL NON-OPERATING REVENUES	(8,709)
CHANGES IN NET POSITION	(284,092)
TOTAL NET POSITION - BEGINNING (RESTATED)	2,155,614
TOTAL NET POSITION - ENDING	$ 1,871,522

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

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$ 1,403,568
Tenant revenue received	326,723
Other revenue received	26,247
General and administrative expenses paid	(915,683)
Housing assistance payments	(842,093)
NET CASH USED BY OPERATING ACTIVITIES	(1,238)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,078
Note receivable proceeds	7,496
Proceeds from investments	14,186
NET CASH PROVIDED BY INVESTING ACTIVITIES	22,760
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest expense paid on mortgage	(1,301)
Property and equipment purchased	(27,840)
Principal payment on debt	(7,411)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(36,552)
CHANGE IN CASH AND CASH EQUIVALENTS	(15,030)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	243,431
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 228,401
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (275,383)
Adjustment to reconcile operating loss to net cash used by operating activities:	
Depreciation	215,418
(Increases) decreases in:	
Accounts receivables, net of allowance	2,169
Inventory, net of allowance	4,337
Prepaid items and other assets	(1,087)
Deferred outflows of resources	83,686
Increases (decreases) in:	
Accounts payable	5,532
Accrued wages and payroll taxes	2,680
Intergovernmental payables	(1,789)
Tenant security deposits	(344)
Unearned Revenue	(3,808)
Accrued compensated absences	2,128
Other non-current liabilities	794
Net pension liability	(158,476)
Net OPEB liability	17,303
Deferred inflows of resources	105,602
NET CASH USED BY OPERATING ACTIVITIES	$ (1,238)

Non-cash financing activities:

During 2018, $52,780 of the loans outstanding were refinanced by the tenants thereby relieving the Authority of the loan liability and reducing the corresponding mortgage loan receivable by the same amount.

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

1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY

Summary of Significant Accounting Policies

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

Reporting Entity

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

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity (as amended by GASB Statement No. 61), 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 a 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 governing 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. The 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.

Basis of Presentation

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

The Authority uses a single enterprise fund to maintain its financial records during the year. 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 change in net position, financial position and cash flows. An enterprise fund may be used for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Fund Accounting

The Authority uses the enterprise fund to report on its financial position and 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. The enterprise fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise Fund

The Authority uses the proprietary fund to report on its financial position and the results of its operations for its housing 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.

The Authority's programs are consolidated into a single enterprise fund as follows:

Projects - Conventional Public Housing and Capital Fund Programs
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 to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvement. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

Housing Choice Voucher Program
Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance.

Business Activities
Business Activities are the miscellaneous activities of the authority that currently include housing activities outside the scope of the conventional and housing choice voucher programs. The Business Activity Program represents MR/DD Supported Living Program activities. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

<u>Accounting and Reporting for Nonexchange Transactions</u>

Non-exchange transactions occur when the Authority receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transactions as follows:

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).

- Imposed non-exchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).

- Government-mandated non-exchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).

- Voluntary non-exchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

The Authority grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions. GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.

- Purpose restrictions specify the purpose for which resources are required to be used, (i.e., capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a non-exchange transaction is recognized. However, authority's that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Receivables – net of allowance

Total receivable as December 31, 2018 is $10,566. This amount is net from the allowance of doubtful accounts of $35,933. Bad debts are provided on the allowance method based on management's evaluation of the probability of collecting the outstanding tenant receivable balances at the end of the year.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, 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.

Property and Equipment

Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The capitalization policy amount is $2,500.

The following are the useful lives used for depreciation purposes:

Buildings	40 years
Building improvements	15 years
Furniture and Equipment	7 years
Vehicles	5 years
Computer Equipment	3 years

Depreciation is recorded on the straight-line method.

Investments

Investments are stated at fair value. The City categories its fair value measurements within the fair value hierarchy established by generally accepted accounting principles accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Negotiable certificates of deposit are stated at cost.

Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is stated at cost. The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used. The allowance for obsolete inventory was $1,640 at December 31, 2018.

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both 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 liability.

	Current Accrued Compensated Absences	Long-Term Accrued Compensated Absences	Total Accrued Compensated Absences
Public Housing	$23,254	$-	$23,254
Housing Choice Voucher	9,198	-	9,198
Central Office	11,494	-	11,494
Total	$43,946	$-	$43,946

The following is a summary of changes in compensated absence liability:

	Beginning Balance 12/31/2017	Earned	Used	Ending Balance 12/31/2018	Due in One Year
Compensated Absences Payable	$41,818	$41,361	($39,233)	$43,946	$43,946

Unearned Revenue

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

Deferred Outflow and 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 9 and 10.

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 9 and 10.

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.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted amounts are available.

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 grant from HUD and other miscellaneous revenue.

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

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

Budgetary Accounting
The Authority annually prepares its program budgets as prescribed by the Department of Housing and Urban Development. These budgets are adopted by the Board of the Authority and submitted to the Federal agencies, as applicable.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets, liabilities, and deferred inflows and outflows of resources 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.

2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

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

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB). These changes were incorporated in the Authority's 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 statement affected the Authority's postemployment benefit plan disclosures, as presented in Note 10 to the financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

A net position restatement is required in order to implement GASB Statement No. 75. In addition, the City has restated beginning net position to account for changes to mortgage loan receivable. Net position at December 31, 2017 has been restated as follows:

Net Position - December 31, 2017	$2,452,344
Adjustments:	
Adjustment for Mortgage Receivable	(73,589)
Net OPEB Liability	(230,288)
Deferred Outflows of Resources	7,147
Restated Net Position - December 31, 2017	$2,155,614

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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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.

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

The carrying amount of the Authority's deposits was $228,401 at December 31, 2018. The corresponding bank balances were $232,610. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," as of December 31, 2018, the entire bank balance of $232,610 was covered by federal depository insurance.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivision of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk - The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's practice to limit its investments to three years or less.

Credit Risk - HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

The Authority had $126,347 in negotiable certificates of deposit at December 31, 2018, which are reported at cost and classified as investments on the statement of net position but are considered deposits for GASB Statement No. 3 purposes. Therefore, the categories above do not apply.

4. RESTRICTED CASH

Restricted cash balance as of December 31, 2018 of $53,511 represents cash on hand for the following:

Tenant Security Deposit	$28,396
FSS Escrow Cash on held	3,304
HUD Advances for Housing Assistance Payments	21,811
Total Restricted Cash	$53,511

5. CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended December 31, 2018, follows:

	Balance 12/31/17	Additions	Adjustments/ Disposals	Reclass	Balance 12/31/18
Capital Assets, Not Depreciated					
Land	$ 250,209	$ -	($ 8,630)	$ -	$ 241,579
Capital Assets, Depreciated					
Buildings and improvements	9,232,862	-	14,041	-	9,246,903
Furniture and equipment	486,057	27,840	(53,989)	-	459,908
Total Capital Assets, Depreciated	9,718,919	27,840	(39,948)	-	9,706,811
Accumulated Depreciation					
Buildings and improvements	(7,189,017)	(194,076)	(12,183)	(30,359)	(7,425,635)
Furniture and equipment	(364,599)	(21,342)	52,275	30,359	(303,307)
Total Accumulated Depreciation	(7,553,616)	(215,418)	40,092	-	(7,728,942)
Total Capital Assets, Depreciated, Net	2,165,303	(187,578)	144	-	1,977,869
Total Capital Assets, Net	$ 2,415,512	($187,578)	($ 8,486)	$ -	$ 2,219,448

6. LOANS PAYABLE

The Authority manages a multiple family housing project funded by the Department of Agriculture under its rural housing service. The following is a summary of activity occurring during 2018:

- Loan payment to North Valley Bank dated May 2002 in the amount of $84,311, due in August 2031, interest rate of 4.99%. Proceeds of the loan were used to purchase a property on Somerset Road. On April 2018, the tenant transferred the loan to their name, thereby releasing the loan liability to the Authority. The balance of the loan as of December 31, 2018 was $0.

- Loan payment to North Valley Bank dated November 2009 in the amount of $24,500, due in November 2019; interest rate 5.00%. Proceeds of the loan were used to purchase a property on State Route 669 NE. During the current year this loan was paid off. Balance as of December 31, 2018 was $0.

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

Description	Balance 12/31/17	Additions	Retired	Balance 12/31/18	Due Within One Year
Loan Payable:					
- Somerset Road	$54,562	$ -	$54,562	$ -	$ -
- State Route 669	5,631	-	5,631	-	-
Total Loan Payables	$60,193	$ -	$60,193	$ -	$ -

7. NON-CURRENT LIABILITIES

The balance of the non-current liabilities at December 31, 2018 consists of the following:

Description	Balance Restated 12/31/17	Additions	Retired	Balance 12/31/18	Due Within One Year
Net Pension Liability	$542,049	$ -	($158,476)	$383,573	$ -
Net OPEB Liability	230,288	17,303	-	247,591	-
Other Liability - FSS	2,510	794	-	3,304	-
TOTAL	$774,847	$18,097	($158,476)	$634,468	$ -

8. MRDD PROJECT AGREEMENT

Perry Metropolitan Housing Authority and Perry County Board MRDD have a project agreement for a supported living program. The agreement outlines that monies received by MRDD for supported living will be forwarded to the Authority to purchase real estate with homes previously constructed and title to the said real estate will be in the name of the Authority. MRDD clients will benefit from these real estate transactions. The real estate monies will revert back to MRDD if the property is not being used by eligible persons. The notes payable and mortgage receivables (land contracts) on these acquisitions are in the name of the MHA. At the end of the year the Authority had $0 of mortgage receivable on the sale of land contract.

Description	Balance Restated 12/31/17	Issued	Retired	Balance 12/31/18	Due Within One Year
Mortgage receivable	$60,276	$-	($60,276)	$-	$-
TOTAL	$60,276	$-	($60,276)	$-	$-

9. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

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

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

Plan Description – Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined 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 www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-PERS.

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 reference above for additional information):

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

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

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

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

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

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

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan employer contributions allocated to health care was 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 was $48,288 for the year ended December 31, 2018. Of this amount $4,875 is report with accrued wages and payroll taxes.

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:

	Traditional Plan
Proportionate Share of Net Pension Liability	$383,573
Percentage for Proportionate Share of Net Pension Liability	0.002445%
Change in Proportion from Prior Measurement Date	0.000058%
Pension Expense	$23,441

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

	Traditional Plan
Deferred Outflows of Resources	
Change in assumption	$45,840
Difference Between Expected and Actual Experience	392
Change in proportionate share	13,436
Authority contributions subsequent to the measurement date	48,288
Total Deferred Outflows of Resources	$107,956
Deferred Inflows of Resources	
Net difference between projected and actual earning on pension plan investments	$82,348
Difference Between Expected and Actual Experience	7,559
Change in proportionate share	478
Total Deferred Inflows of Resources	$90,385

$48,288 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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:

Year Ending December 31:		
	2019	$43,770
	2020	(4,387)
	2021	(36,262)
	2022	(33,838)
	Total	($30,717)

Actuarial Assumptions – PERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability 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 8.25 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

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:

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:

	1% Decrease (6.5%)	**Current Discount rate 7.5%**	**1% Increase (8.5%)**
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	$681,128	$383,573	$135,502

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the Authority's net pension liability is not known.

10. DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

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

The net OPEB liability represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension 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 this estimate annually.

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which 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 (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 OPEB plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each OPEB plan's board must propose corrective action to the State legislature. Any resulting legislative 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 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 *accrued wages and payroll taxes* on accrual basis 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.

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
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan employer contributions allocated to health care was 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 OPEB was $0 for year ending December 31, 2018.

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

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

	Health Care Plan
Proportionate Share of Net OPEB Liability	$247,591
Proportion of the Net OPEB Liability	0.002280%
Change in Proportion from Prior Measurement date	0.000000%
Pension Expense	$24,674

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

	Health Care Plan
Deferred Outflows of Resources	
Assumption Changes	$18,027
Difference between expected and actual experience	193
Total Deferred Outflows of Resources	$18,220
Deferred Inflows of Resources	
Net Difference between projected and actual earning on pension plan investments	$18,444
Total Deferred Inflows of Resources	$18,444

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

	Health Care Plan
Year Ending December 31:	
2019	$4,100
2020	4,100
2021	(3,813)
2022	(4,611)
Total	($224)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The total OPEB liability was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74.

In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post- retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

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

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

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

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

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

Sensitivity of 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	$328,936	$247,591	$181,784

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.

	1% Decrease (6.50%)	Current Trend Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net OPEB liability	$236,892	$247,591	$258,643

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the Authority's net OPEB liability is not known.

11. 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 the year ended December 31, 2018, the Authority maintained 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. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

Also, during 2018, the Authority was insured through the State Housing Authority Risk Pool Association, Inc. (SHARP), a public entity risk pool operating a common risk management and insurance program for its housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through commercial insurance companies.

12. 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 grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2018.

Commitments and Contingencies

The Authority has, under its normal operations, entered into commitments for the purchase of maintenance, cleaning, and other services. Such commitments are monthly and annually.

Litigations

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

13. FAMILY SELF-SUFFICIENCY PROGRAM

The Perry Metropolitan Housing Authority has a Family Self-Sufficiency Program (FSSP). This program is designed to assist families to become self-sufficient through an escrowed savings plan provided by the Authority. Upon completion of the objectives, the family receives their escrow balance.

At December 31, 2018, the Authority held in escrow $3,304 for the Family Self Sufficiency Program. The Authority recognizes the escrow as cash and Other Noncurrent Liabilities on the balance sheet.

14. 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 $16,584 which is in included in general and insurance expense.

15. FINANCIAL DATA SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2018, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenue and expenses and changes in net position, and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by HUD.

16. ECONOMIC DEPENDENCY

Both the Low Rent Public Housing Program and the Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD.

PERRY METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPOTIONATE SHARE OF NET PENSION LIABILITY
LAST FIVE YEARS

Traditional Plan	**2018**	**2017**	**2016**	**2015**	**2014**
Authority's Proportion of the Net Pension Liability	0.002445%	0.002387%	0.002295%	0.002365%	0.002365%
Authority's Proportionate Share of the Net Pension Liability - Traditional Plan	$383,573	$542,049	$397,524	$285,245	$278,803
Authority's Covered-Employee Payroll	$322,804	$312,961	$302,696	$290,129	$276,103
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	118.83%	173.20%	131.33%	98.32%	100.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.
(2) The amounts presented for each year were determined as of the Authority's measurement date which is the prior year-end.

PERRY METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPOTIONATE SHARE OF NET OPEB LIABILITY
LAST TWO YEARS

	2018	**2017**
Authority's Proportion of the Net OPEB Liability	0.002280%	0.002280%
Authority's Proportionate Share of the Net OPEB Liability	$247,591	$230,288
Authority's Covered Payroll	$322,804	$312,961
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.70%	73.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	68.52%

(1) The amounts presented for each year were determined as of the Authority's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available.

PERRY METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
LAST TEN YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution										
Pension	$48,288	$41,965	$37,556	$36,310	$34,821	$35,817	$29,491	$26,784	$25,875	$23,403
OPEB	$0	$3,228	$6,259	$6,067	$5,796	$2,761	$11,796	$14,880	$14,375	$17,552
Contributions in Relation to the Contractually Required Contribution	$48,288	$45,193	$43,815	$42,377	$40,617	$38,578	$41,287	$41,664	$40,250	$40,955
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Authority's Covered-Employee Payroll	$344,911	$322,804	$312,961	$302,696	$290,129	$276,103	$294,909	$297,604	$287,498	$292,534
Contributions as a Percentage of Covered-Employee Payroll										
Pension	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	9.00%	9.00%	8.00%
OPEB	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%	4.00%	5.00%	5.00%	6.00%

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

Ohio Public Employees' Retirement System

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.

PERRY METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$123,641	$45,253	$3,243	$2,753	$174,890	$0	$174,890
112 Cash - Restricted - Modernization and Development	$0	$0	$0	$0	$0	$0	$0
113 Cash - Other Restricted	$0	$25,115	$0	$0	$25,115	$0	$25,115
114 Cash - Tenant Security Deposits	$28,396	$0	$0	$0	$28,396	$0	$28,396
115 Cash - Restricted for Payment of Current Liabilities	$0	$0	$0	$0	$0	$0	$0
100 Total Cash	$152,037	$70,368	$3,243	$2,753	$228,401	$0	$228,401
121 Accounts Receivable - PHA Projects	$0	$0	$0	$0	$0	$0	$0
122 Accounts Receivable - HUD Other Projects	$0	$0	$0	$0	$0	$0	$0
124 Accounts Receivable - Other Government	$0	$0	$0	$0	$0	$0	$0
125 Accounts Receivable - Miscellaneous	$4,525	$0	$0	$0	$4,525	$0	$4,525
126 Accounts Receivable - Tenants	$17,448	$0	$0	$0	$17,448	$0	$17,448
126.1 Allowance for Doubtful Accounts -Tenants	-$11,407	$0	$0	$0	-$11,407	$0	-$11,407
126.2 Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	$0	$0
127 Notes, Loans, & Mortgages Receivable - Current	$0	$0	$0	$0	$0	$0	$0
128 Fraud Recovery	$0	$24,526	$0	$0	$24,526	$0	$24,526
128.1 Allowance for Doubtful Accounts - Fraud	$0	-$24,526	$0	$0	-$24,526	$0	-$24,526
129 Accrued Interest Receivable	$0	$0	$0	$0	$0	$0	$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	$10,566	$0	$0	$0	$10,566	$0	$10,566
131 Investments - Unrestricted	$65,328	$0	$0	$61,019	$126,347	$0	$126,347
132 Investments - Restricted	$0	$0	$0	$0	$0	$0	$0
135 Investments - Restricted for Payment of Current Liability	$0	$0	$0	$0	$0	$0	$0
142 Prepaid Expenses and Other Assets	$22,199	$3,337	$997	$9,220	$35,753	$0	$35,753
143 Inventories	$13,540	$0	$0	$0	$13,540	$0	$13,540
143.1 Allowance for Obsolete Inventories	-$1,640	$0	$0	$0	-$1,640	$0	-$1,640
144 Inter Program Due From	$0	$0	$0	$0	$0	$0	$0
145 Assets Held for Sale	$0	$0	$0	$0	$0	$0	$0

PERRY METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
150 Total Current Assets	$262,030	$73,705	$4,240	$72,992	$412,967	$0	$412,967
161 Land	$233,579	$0	$7,000	$1,000	$241,579	$0	$241,579
162 Buildings	$7,287,478	$29,361	$61,500	$16,500	$7,394,839	$0	$7,394,839
163 Furniture, Equipment & Machinery - Dwellings	$392,139	$0	$0	$26,091	$418,230	$0	$418,230
164 Furniture, Equipment & Machinery - Administration	$25,155	$16,523	$0	$0	$41,678	$0	$41,678
165 Leasehold Improvements	$1,852,064	$0	$0	$0	$1,852,064	$0	$1,852,064
166 Accumulated Depreciation	-$7,600,486	-$39,104	-$50,264	-$39,088	-$7,728,942	$0	-$7,728,942
167 Construction in Progress	$0	$0	$0	$0	$0	$0	$0
168 Infrastructure	$0	$0	$0	$0	$0	$0	$0
160 Total Capital Assets, Net of Accumulated Depreciation	$2,189,929	$6,780	$18,236	$4,503	$2,219,448	$0	$2,219,448
171 Notes, Loans and Mortgages Receivable - Non-Current	$0	$0	$0	$0	$0	$0	$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	$0	$0	$0	$0	$0	$0	$0
173 Grants Receivable - Non Current	$0	$0	$0	$0	$0	$0	$0
174 Other Assets	$0	$0	$0	$0	$0	$0	$0
176 Investments in Joint Ventures	$0	$0	$0	$0	$0	$0	$0
180 Total Non-Current Assets	$2,189,929	$6,780	$18,236	$4,503	$2,219,448	$0	$2,219,448
200 Deferred Outflow of Resources	$63,557	$21,787	$0	$40,832	$126,176	$0	$126,176
290 Total Assets and Deferred Outflow of Resources	$2,515,516	$102,272	$22,476	$118,327	$2,758,591	$0	$2,758,591
311 Bank Overdraft	$0	$0	$0	$0	$0	$0	$0
312 Accounts Payable <= 90 Days	$22,320	$108	$2,278	$54	$24,760	$0	$24,760
313 Accounts Payable >90 Days Past Due	$0	$0	$0	$0	$0	$0	$0
321 Accrued Wage/Payroll Taxes Payable	$5,305	$1,543	$0	$14,989	$21,837	$0	$21,837
322 Accrued Compensated Absences - Current Portion	$23,254	$9,198	$0	$11,494	$43,946	$0	$43,946

PERRY METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
324 Accrued Contingency Liability	$0	$0	$0	$0	$0	$0	$0
325 Accrued Interest Payable	$0	$0	$0	$0	$0	$0	$0
331 Accounts Payable - HUD PHA Programs	$0	$0	$0	$0	$0	$0	$0
332 Account Payable - PHA Projects	$0	$0	$0	$0	$0	$0	$0
333 Accounts Payable - Other Government	$15,125	$0	$0	$0	$15,125	$0	$15,125
341 Tenant Security Deposits	$28,396	$0	$0	$0	$28,396	$0	$28,396
342 Unearned Revenue	$9,708	$0	$0	$0	$9,708	$0	$9,708
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$0	$0	$0	$0	$0	$0	$0
344 Current Portion of Long-term Debt - Operating Borrowings	$0	$0	$0	$0	$0	$0	$0
345 Other Current Liabilities	$0	$0	$0	$0	$0	$0	$0
346 Accrued Liabilities - Other	$0	$0	$0	$0	$0	$0	$0
347 Inter Program - Due To	$0	$0	$0	$0	$0	$0	$0
348 Loan Liability - Current	$0	$0	$0	$0	$0	$0	$0
310 Total Current Liabilities	$104,108	$10,849	$2,278	$26,537	$143,772	$0	$143,772
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$0	$0	$0	$0	$0	$0	$0
352 Long-term Debt, Net of Current - Operating Borrowings	$0	$0	$0	$0	$0	$0	$0
353 Non-current Liabilities - Other	$0	$3,304	$0	$0	$3,304	$0	$3,304
354 Accrued Compensated Absences - Non Current	$0	$0	$0	$0	$0	$0	$0
355 Loan Liability - Non Current	$0	$0	$0	$0	$0	$0	$0
356 FASB 5 Liabilities	$0	$0	$0	$0	$0	$0	$0
357 Accrued Pension and OPEB Liabilities	$351,428	$109,556	$0	$170,180	$631,164	$0	$631,164
350 Total Non-Current Liabilities	$351,428	$112,860	$0	$170,180	$634,468	$0	$634,468
300 Total Liabilities	$455,536	$123,709	$2,278	$196,717	$778,240	$0	$778,240
400 Deferred Inflow of Resources	$67,006	$18,996	$0	$22,827	$108,829	$0	$108,829

PERRY METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
508.4 Net Investment in Capital Assets	$2,189,929	$6,780	$18,236	$4,503	$2,219,448	$0	$2,219,448
511.4 Restricted Net Position	$0	$21,811	$0	$0	$21,811	$0	$21,811
512.4 Unrestricted Net Position	-$196,955	-$69,024	$1,962	-$105,720	-$369,737	$0	-$369,737
513 Total Equity - Net Assets / Position	$1,992,974	-$40,433	$20,198	-$101,217	$1,871,522	$0	$1,871,522
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$2,515,516	$102,272	$22,476	$118,327	$2,758,591	$0	$2,758,591
70300 Net Tenant Rental Revenue	$321,768	$0	$6,800	$0	$328,568	$0	$328,568
70400 Tenant Revenue - Other	$1,540	$0	$0	$0	$1,540	$0	$1,540
70500 Total Tenant Revenue	$323,308	$0	$6,800	$0	$330,108	$0	$330,108
70600 HUD PHA Operating Grants	$423,219	$980,349	$0	$0	$1,403,568	$0	$1,403,568
70610 Capital Grants	$0	$0	$0	$0	$0	$0	$0
70710 Management Fee	$0	$0	$0	$98,894	$98,894	-$98,894	$0
70720 Asset Management Fee	$0	$0	$0	$0	$0	$0	$0
70730 Book Keeping Fee	$0	$0	$0	$20,070	$20,070	-$20,070	$0
70740 Front Line Service Fee	$0	$0	$0	$0	$0	$0	$0
70750 Other Fees	$0	$0	$0	$0	$0	$0	$0
70700 Total Fee Revenue	$0	$0	$0	$118,964	$118,964	-$118,964	$0
70800 Other Government Grants	$0	$0	$0	$0	$0	$0	$0
71100 Investment Income - Unrestricted	$666	$120	$7	$285	$1,078	$0	$1,078
71200 Mortgage Interest Income	$0	$0	$0	$0	$0	$0	$0
71300 Proceeds from Disposition of Assets Held for Sale	$0	$0	$0	$0	$0	$0	$0
71310 Cost of Sale of Assets	$0	$0	$0	$0	$0	$0	$0
71400 Fraud Recovery	$0	$788	$0	$0	$788	$0	$788
71500 Other Revenue	$25,459	$0	$0	$0	$25,459	$0	$25,459

PERRY METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
71600 Gain or Loss on Sale of Capital Assets	-$3,293	$0	-$5,193	$0	-$8,486	$0	-$8,486
72000 Investment Income - Restricted	$0	$0	$0	$0	$0	$0	$0
70000 Total Revenue	$769,359	$981,257	$1,614	$119,249	$1,871,479	-$118,964	$1,752,515
91100 Administrative Salaries	$97,943	$64,363	$0	$82,907	$245,213	$0	$245,213
91200 Auditing Fees	$4,712	$2,818	$0	$1,893	$9,423	$0	$9,423
91300 Management Fee	$79,934	$18,960	$0	$0	$98,894	-$98,894	$0
91310 Book-keeping Fee	$10,590	$9,480	$0	$0	$20,070	-$20,070	$0
91400 Advertising and Marketing	$2,167		$0	$0	$2,167	$0	$2,167
91500 Employee Benefit contributions - Administrative	$34,610	$10,804	$0	$33,651	$79,065	$0	$79,065
91600 Office Expenses	$26,403	$7,352	$0	$6,785	$40,540	$0	$40,540
91700 Legal Expense	$9,614	$358	$0	$0	$9,972	$0	$9,972
91800 Travel	$2,410	$1,640	$0	$0	$4,050	$0	$4,050
91810 Allocated Overhead	$0	$0	$0	$0	$0	$0	$0
91900 Other	$37,812	$13,689	$0	$875	$52,376	$0	$52,376
91000 Total Operating - Administrative	$306,195	$129,464	$0	$126,111	$561,770	-$118,964	$442,806
92000 Asset Management Fee	$0	$0	$0	$0	$0	$0	$0
92100 Tenant Services - Salaries	$0	$0	$0	$0	$0	$0	$0
92200 Relocation Costs	$0	$0	$0	$0	$0	$0	$0
92300 Employee Benefit Contributions - Tenant Services	$0	$0	$0	$0	$0	$0	$0
92400 Tenant Services - Other	$10,296	$0	$0	$0	$10,296	$0	$10,296
92500 Total Tenant Services	$10,296	$0	$0	$0	$10,296	$0	$10,296
93100 Water	$61,416	$356	$1,445	$241	$63,458	$0	$63,458
93200 Electricity	$55,853	$226	$1,731	$169	$57,979	$0	$57,979
93300 Gas	$2,115	$0	$1,414	$0	$3,529	$0	$3,529
93400 Fuel	$0	$0	$0	$0	$0	$0	$0

PERRY METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
93500 Labor	$0	$0	$0	$0	$0	$0	$0
93600 Sewer	$52,671	$229	$0	$153	$53,053	$0	$53,053
93700 Employee Benefit Contributions - Utilities	$0	$0	$0	$0	$0	$0	$0
93800 Other Utilities Expense	$0	$0	$0	$0	$0	$0	$0
93000 Total Utilities	$172,055	$811	$4,590	$563	$178,019	$0	$178,019
94100 Ordinary Maintenance and Operations - Labor	$122,589	$0	$0	$0	$122,589	$0	$122,589
94200 Ordinary Maintenance and Operations - Materials and Other	$39,487	$0	$0	$1,192	$40,679	$0	$40,679
94300 Ordinary Maintenance and Operations Contracts	$47,181	$0	$0	$114	$47,295	$0	$47,295
94500 Employee Benefit Contributions - Ordinary Maintenance	$38,153	$0	$0	$0	$38,153	$0	$38,153
94000 Total Maintenance	$247,410	$0	$0	$1,306	$248,716	$0	$248,716
95100 Protective Services - Labor	$0	$0	$0	$0	$0	$0	$0
95200 Protective Services - Other Contract Costs	$0	$0	$0	$0	$0	$0	$0
95300 Protective Services - Other	$0	$0	$0	$0	$0	$0	$0
95500 Employee Benefit Contributions - Protective Services	$0	$0	$0	$0	$0	$0	$0
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance	$13,825	$0	$3,178	$0	$17,003	$0	$17,003
96120 Liability Insurance	$0	$0	$0	$4,050	$4,050	$0	$4,050
96130 Workmen's Compensation	$331	$0	$0	$574	$905	$0	$905
96140 All Other Insurance	$0	$0	$0	$0	$0	$0	$0
96100 Total insurance Premiums	$14,156	$0	$3,178	$4,624	$21,958	$0	$21,958
96200 Other General Expenses							
96210 Compensated Absences	$24,644	$7,509	$0	$9,208	$41,361	$0	$41,361
96300 Payments in Lieu of Taxes	$15,125	$0	$1,459	$0	$16,584	$0	$16,584
96400 Bad debt - Tenant Rents	$15,378	$2,677	$0	$0	$18,055	$0	$18,055

PERRY METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
96500 Bad debt - Mortgages	$0	$0	$0	$0	$0	$0	$0
96600 Bad debt - Other	$0	$0	$0	$0	$0	$0	$0
96800 Severance Expense	$0	$0	$0	$0	$0	$0	$0
96000 Total Other General Expenses	$55,147	$10,186	$1,459	$9,208	$76,000	$0	$76,000
96710 Interest of Mortgage (or Bonds) Payable	$0	$0	$1,301	$0	$1,301	$0	$1,301
96720 Interest on Notes Payable (Short and Long Term)	$0	$0	$0	$0	$0	$0	$0
96730 Amortization of Bond Issue Costs	$0	$0	$0	$0	$0	$0	$0
96700 Total Interest Expense and Amortization Cost	$0	$0	$1,301	$0	$1,301	$0	$1,301
96900 Total Operating Expenses	$805,259	$140,461	$10,528	$141,812	$1,098,060	-$118,964	$979,096
97000 Excess of Operating Revenue over Operating Expenses	-$35,900	$840,796	-$8,914	-$22,563	$773,419	$0	$773,419
97100 Extraordinary Maintenance	$0	$0	$0	$0	$0	$0	$0
97200 Casualty Losses - Non-capitalized	$0	$0	$0	$0	$0	$0	$0
97300 Housing Assistance Payments	$0	$842,093	$0	$0	$842,093	$0	$842,093
97350 HAP Portability-In	$0	$0	$0	$0	$0	$0	$0
97400 Depreciation Expense	$211,534	$724	$2,236	$924	$215,418	$0	$215,418
97500 Fraud Losses	$0	$0	$0	$0	$0	$0	$0
97600 Capital Outlays - Governmental Funds	$0	$0	$0	$0	$0	$0	$0
97700 Debt Principal Payment - Governmental Funds	$0	$0	$0	$0	$0	$0	$0
97800 Dwelling Units Rent Expense	$0	$0	$0	$0	$0	$0	$0
90000 Total Expenses	$1,016,793	$983,278	$12,764	$142,736	$2,155,571	-$118,964	$2,036,607
10010 Operating Transfer In	$16,200	$0	$0	$0	$16,200	-$16,200	$0
10020 Operating transfer Out	-$16,200	$0	$0	$0	-$16,200	$16,200	$0
10030 Operating Transfers from/to Primary Government	$0	$0	$0	$0	$0	$0	$0

PERRY METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
10040 Operating Transfers from/to Component Unit	$0	$0	$0	$0	$0	$0	$0
10050 Proceeds from Notes, Loans and Bonds	$0	$0	$0	$0	$0	$0	$0
10060 Proceeds from Property Sales	$0	$0	$0	$0	$0	$0	$0
10070 Extraordinary Items, Net Gain/Loss	$0	$0	$0	$0	$0	$0	$0
10080 Special Items (Net Gain/Loss)	$0	$0	$0	$0	$0	$0	$0
10091 Inter Project Excess Cash Transfer In	$0	$0	$0	$0	$0	$0	$0
10092 Inter Project Excess Cash Transfer Out	$0	$0	$0	$0	$0	$0	$0
10093 Transfers between Program and Project - In	$0	$0	$0	$0	$0	$0	$0
10094 Transfers between Project and Program - Out	$0	$0	$0	$0	$0	$0	$0
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$247,434	-$2,021	-$11,150	-$23,487	-$284,092	$0	-$284,092
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$2,378,260	$550	$104,937	-$31,403	$2,452,344	$0	$2,452,344
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$137,852	-$38,962	-$73,589	-$46,327	-$296,730	$0	-$296,730
11170 Administrative Fee Equity	$0	-$62,244	$0	$0	-$62,244	$0	-$62,244
11180 Housing Assistance Payments Equity	$0	$21,811	$0	$0	$21,811	$0	$21,811
11190 Unit Months Available	1,416	2,616	24	0	4,056	0	4,056
11210 Number of Unit Months Leased	1,412	2,527	24	0	3,963	0	3,963
11270 Excess Cash	$58,660	$0	$0	$0	$58,660	$0	$58,660

PERRY METROPOLITAN HOUSING AUTHORITY
PERRY COUNTY

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

Federal Grantor/Pass Through Grantor Program/Cluster Title	Pass-Through Number	Federal CFDA Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	$ 386,052
Housing Choice Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	980,349
Public Housing Capital Fund	N/A	14.872	37,167
Total Expenditures of Federal Awards			$ 1,403,568

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

PERRY METROPOLITAN HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Capital Fund Program Number:	**501-14**	**501-16**
1. The Program Costs are as follows:		
Funds Approved	$133,642	$141,472
Funds Expended	$133,642	$141,472
Excess (Deficiency) of Funds Approved	$ -	$ -
Funds Advanced	$133,642	$141,472
Funds Expended	$133,642	$141,472
Excess (Deficiency) of Funds Approved	$ -	$ -
2. All Costs have been paid and there are no outstanding obligations.	Yes	Yes
3. The Final Financial Status Report was signed and filed on:	1/25/16	4/17/18
4. The Final Costs on the Certification agree with the Authority's records.	Yes	Yes

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Perry Metropolitan Housing Authority
Perry County
26 Brown Circle Drive
Crooksville, Ohio 43731

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards,* the financial statements of the Perry Metropolitan Housing Authority, Perry County, (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 12, 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* and restated mortgage receivable.

Internal Control Over Financial Reporting

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

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

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

10 West Locust Street | Newark, Ohio 43055 | Phone: 740-345-6611 | Fax: 740-345-5635 | wssinc.net

Compliance and Other Matters

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

Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
June 12, 2019

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Perry Metropolitan Housing Authority
Perry County
26 Brown Circle Drive
Crooksville, Ohio 43731

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

10 West Locust Street | Newark, Ohio 43055 | Phone: 740-345-6611 | Fax: 740-345-5635 | wssinc.net

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
June 12, 2019

PERRY METROPOLITAN HOUSING AUTHROITY
PERRY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.