Perry & Associates
Certified Public Accountants, A.C.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
Single Audit
For the Year Ended December 31, 2018

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Marietta, OH 45750
740 373 0056

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

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

1310 Market St., #300
Wheeling, WV 26003
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OHIO AUDITOR OF STATE
KEITH FABER

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(800) 282-0370

Board of Commissioners
Ashtabula Metropolitan Housing Authority
3526 Lake Avenue
P. O. Box 2350
Ashtabula, Ohio 44004

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

The Auditor of State is currently conducting an investigation related to the Authority. As of the date of this report, the investigation is ongoing. Depending on the outcome, the results of this investigation may be reported at a later date.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 26, 2019

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ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

June 21, 2019

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ashtabula Metropolitan Housing Authority, Ashtabula County as of December 31, 2018, and the changes in its financial position and cash flows thereof 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 10 to the financial statements, during the year ended December 31, 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The supplemental financial data schedule presented on pages 42 through 44 is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 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.

Perry & Associates CPA's A.C.

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

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

Special Conditions and Economic Factors

Management is not aware of any facts, decisions, or conditions that would have a significant effect on the future operation of the Authority.

Contacting The Authority

This financial report is designed to provide a general overview of the authority's finances for all those with an interest.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director of the Ashtabula Metropolitan Housing Authority.

Overview of the Financial Statements

During 2015, the Authority adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions*, which significantly revises accounting for pension costs and liabilities, most notably employers are now required to report a net pension liability or asset, along with deferred outflows and inflows. 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

There is no repayment schedule for the net pension liability. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability 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 pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

The Statement of Net Position
This statement reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

Restricted:
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:
Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted".

Statement of Revenue, Expenses, and Change in Net Position
Reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions.

This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

Statement of Cash Flows
Presents information on the effects changes in assets and liabilities have on cash during the course of the Fiscal Year.

Notes to the Financial Statements
Provide additional information that is essential to a full understanding of the data provided in the Authority-wide financial statements.

Analysis of the Housing Activity
Our overall analysis of the Authority as a whole begins on the following pages. The most important question asked about the Authorities finances is "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of net position, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in them. One can think of the Authority's net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities).

The change in net position analysis will assist the reader with measuring the health or financial position of the Authority. Over time, significant changes in the Authorities net position are an indicator of whether its financial health is improving or deteriorating.

To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authorities capital assets.

To fully understand the financial statements of the Housing Authority, one must start with an understanding of what the Authority actual does.

The following is a brief description of the programs and services that the Authority provides for the residents of Ashtabula County, Ohio:

Analysis of the Housing Activity (Continued)

Housing Authority Programs

Low Income Public Housing (LIPH)

The Housing Authority has 555 units in its Public Housing inventory. The Authority is responsible for the management, maintenance, and utilities costs for all units. The units must be maintained in accordance with HUD established housing quality standards. An annual inspection of each unit must be performed by the Housing Authority to assure that they meet or exceed these standards.

Each Housing Authority Public Housing building, and the units that comprise those buildings, are subject to random third-party inspections as directed by HUD. In addition, the Housing Authority must annually recertify each of the tenants' family composition and their respective household income.

On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has a Project Expense Level (PEL). The PEL reflects estimated allowable operating expenditures and is calculated by HUD in accordance with the results of the Harvard Cost Study which was performed for HUD.

HUD funds the difference between these allowable costs incurred for all units leased units and the actual tenant revenue generated. Tenant rent is based on 30% of their adjusted household income. Actual funding received from HUD is made by the results of this formula calculation, subject to pro-ration in accordance with total funds actually appropriated by Congress. Actual funding is made by HUD, by formula, in accordance with total funds appropriated by Congress.

Section 8 Housing Choice Vouchers (HCV)

HUD has contracted with the Housing Authority to provide support for the Housing Choice Voucher Program. The Authority pays a Housing Assistance Payments to Landlords for Low Income tenants.

The Housing Assistance Payment matches the difference between the total rent that the Landlord can charge, at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay based on 30% of their respective adjusted income.

For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Housing Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program, however, they are responsible for annually inspecting the units to assure that they meet or exceed HUD established Housing quality standards.

Rural Housing and Economic Development Program

This program consists of grants that are meant to meet rural communities' housing and economic development needs. Recent appropriations acts have provided funding for this program, which is used to encourage new and innovative approaches to serving the housing and economic development needs of the nation's rural communities.

Business Activities

This Housing Authority assists the local mental health group in administering a Shelter Plus Care program. This program provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immune deficiency syndrome (AIDS), and related diseases. Rental assistance must be matched by an equal value in cash or in-kind provided by the grantee from federal or private sources to be used for supportive services.

Capital Fund Program

Tenant Revenues generated by the Housing Authority are supplemented by operating subsidy from HUD. These two amounts combined are intended to cover only day to day routine expenses. This leaves the Housing Authority with little funding for modernizing of the structures and/or for the completion of non-routine maintenance.

The purpose of the Capital Fund grants is to give funds to the Housing Authority for improvement of the sites, to complete non-routine maintenance, and to assist with the improvement of the management of the Authority.

This grant program is awarded by HUD, by formula allocation, on an annual basis. The Housing Authority generally has two years to obligate the funds from these capital fund grants, and three to years to fully expend them. As formal contracts are awarded from this program, funds are requisitioned from HUD to pay periodic requests from the contractors.

Work completed under this grant program is temporarily charged to construction in process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and audited, the work items are moved from construction in process and placed into the Capital Assets. Depreciation begins at this point.

Supportive Housing Program

Grants offered through a competitive process for new construction, acquisition, rehabilitation, or leasing of buildings to provide transitional or permanent housing, as well as supportive services to homeless individuals and families; grants to fund a portion of annual operating costs; and grants for technical assistance.

Condensed Comparative Financial Statements

Analysis of Net Position (Statement of Net Position)

Total Net Position for FY 2018 was $8,849,964 and for FY 2017 the amount was $10,705,993. This represents an overall net decrease of $1,856,029, or 17.3%

Cash and Cash Equivalents (Including Investments) decreased to $1,939,131 in FY 2018 from $2,175,639 in FY 2017, or by $236,508, or 10.9%. The downward change in the authority's cash balance is primarily due to an increase in general operating expenses.

Receivables decreased to $85,792 in FY 2018 from $120,498 in FY 2017. This represents a decrease of $34,706, or 28.8%. This change was the result of a decrease in subsidy owed for South Ridge Program and the authority's inter-program receivables.

Analysis of Net Position (Statement of Net Position) (Continued)

Other Current Assets increased to $229,279 in FY 2018 from $144,887 in FY 2017, or by $84,392, or 58.2%. This change was primarily due to an increase in inventory.

Capital Assets decreased to $10,095,348 in FY 2018 from $10,449,205 in FY 2017, or by $353,857, or 3.4%. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities decreased to $323,484 in FY 2018 from $326,596 in FY 2017, or by $3,112, or 1.0%. This change is primarily the result of decrease in accrued payroll and accounts payable.

Non-Current Liabilities increased to $3,059,215 in FY 2018 from $2,916,064 in FY 2017, or by $143,151, or 4.9%. This change was a result of the Net Pension Liability.

The table below illustrates the changes in net position between December 31, 2018 and 2017 for the Authority as a whole:

	2018	2017	Net Change	Percent Variance
Cash & Cash Equivalents	$ 1,939,131	$ 2,175,639	$ (236,508)	-10.9%
Receivables	85,792	120,498	(34,706)	-28.8%
Other Current Assets	229,279	144,887	84,392	58.2%
Capital Assets	10,095,348	10,449,205	(353,857)	-3.4%
Total Assets	**12,349,550**	**12,890,229**	**(540,679)**	**-4.2%**
Deferred Outflows	512,256	1,074,270	(562,014)	-52.3%
Total Assets & Deferred Outflows	**12,861,806**	**13,964,499**	**(1,102,693)**	**-7.9%**
Current Liabilities	323,484	326,596	(3,112)	-1.0%
Non Current Liabilities	3,059,215	2,916,064	143,151	4.9%
Total Liabilities	**3,382,699**	**3,242,660**	**140,039**	**4.3%**
Deferred Inflows	629,143	15,846	613,297	3870.4%
Net Assets in Capital Assets	10,062,306	10,414,359	(352,053)	-3.4%
Restricted Net Assets	90,044	123,927	(33,883)	-27.3%
Unrestricted Net Assets	(1,302,386)	167,707	(1,470,093)	-876.6%
Total Net Assets/Equity	**8,849,964**	**10,705,993**	**(1,856,029)**	**-17.3%**
Total Liabilities , Deferred Inflows and Net Assets	**$ 12,861,806**	**$ 13,964,499**	**$ (1,102,693)**	**-7.9%**

Analysis of Entity-Wide Revenues (Statement of Revenues, Expenses, and Changes in Net Position)

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending 2018 were as follows:

Program		Revenues Generated
Low Income Public Housing (LIPH)	$	3,505,813
Section 8 Housing Choice Vouchers (HCV)		2,859,418
Public Housing Capital Fund Program (CFP)		1,009,197
Rural Housing & Economic Development (RH)		373,519
Central Office Cost Center (COCC)		53,807
Shelter plus Care (SPC)		20,446
Supportive Housing for Persons w/disabilities (SH)		269,609
Total Revenue	$	8,091,809

Total revenues for FY 2018 were $8,091,809 as compared to $7,636,228 of total revenues for FY 2017. Comparatively, FY 2018 revenues exceeded FY 2017 revenues by $455,581, or 6.0%. The primary reason for this change was the result of increased funding from HUD capital fund & operating grants.

		2018		2017		Net Change	Percentage Change
Total Tenant Revenue	$	1,313,374	$	1,301,075	$	12,299	0.9%
HUD Operating Grants		5,904,088		5,719,505		184,583	3.2%
HUD Capital Grants		716,617		550,072		166,545	30.3%
Investment Income		5,986		3,118		2,868	92.0%
Other Revenue		151,744		62,458		89,286	143.0%
Total Revenue	**$**	**8,091,809**	**$**	**7,636,228**	**$**	**455,581**	**6.0%**

Analysis of Entity-Wide Expenditures

Total Expenditures for FY 2018 were $8,854,201 as compared to the $9,078,485 of total expenditures for FY 2017. This represents a decrease of $224,284, or 2.5%.

Administrative expenditures for FY 2018 were $1,672,640 as compared to $1,987,581 in FY 2017. This represents a decrease of $314,941, or 15.8%. This change is primarily the result of a reclass in net pension benefits.

Utilities expenditures for FY 2018 were $755,164 as compared to $790,459 in FY 2017. This represents a decrease of $35,295, or 4.5%. The cause for this change is due to decreases in sewer and water costs.

Maintenance expenditures for FY 2018 were $1,895,306 as compared to $1,976,717 in FY 2017. This represents a decrease of $81,411, or 4.1%. The main reason for this change was due to decreases in maintenance materials.

Analysis of Entity-Wide Expenditures (Continued)

General expenditures for FY 2018 were $497,628 as compared to $194,657 for FY 2017. This represents an increase of $302,971, or 155.6%. The main cause for this change was due to reclass in pension expense.

The table below illustrates the change in expenses for the Authority for fiscal year 2018 compared to fiscal year 2017:

	2018	2017	Net Change	Percent Variances
Administrative	$ 1,672,640	$ 1,987,581	$ (314,941)	-15.8%
Tenant Services	5,400	5,188	212	4.1%
Utilities	755,164	790,459	(35,295)	-4.5%
Maintenance	1,895,306	1,976,717	(81,411)	-4.1%
Protective Services	71,751	58,270	13,481	23.1%
General Expense	497,628	194,657	302,971	155.6%
Housing Assistance Payments	2,784,837	2,918,537	(133,700)	-4.6%
Depreciation Expense	1,169,265	1,147,076	22,189	1.9%
Total Expenses	**$ 8,851,991**	**$ 9,078,485**	**$ (226,494)**	**-2.5%**

ANALYSIS OF CAPITAL ASSET ACTIVITY

The table below illustrates the changes in Capital Assets experienced from January 1, 2018 through December 31, 2018.

	2018	2017	Net Change	Percent Variance
Land	$ 1,116,241	$ 1,116,241	$ -	0.0%
Buildings	34,448,959	33,932,699	516,260	1.5%
Furniture, Equip., & Mach. - Dwelling	605,342	548,292	57,050	10.4%
Furniture, Equip., & Mach. - Administrative	1,029,716	1,006,080	23,636	2.3%
Construction in Process	1,052,865	848,076	204,789	24.1%
Total Fixed Assets	**38,253,123**	**37,451,388**	**801,735**	**2.1%**
Accumulated Depreciation	28,157,775	27,002,183	1,155,592	4.3%
Net Fixed Assets	**$ 10,095,348**	**$ 10,449,205**	**$ (353,857)**	**-3.4%**

As previously mentioned, work completed under the capital fund grant program is temporarily charged to Construction in Process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and audited, the work items are moved from Construction in Process and placed into the Capital Assets.

Increases in the various capital asset accounts, in the amount of $801,735, have been offset by the net change to accumulated depreciation, in the amount of $1,155,592. This reflects a net decrease in Capital Assets in the amount of $353,857, or by 3.4%.

Debt

The Authority had one loan payable to the Rural Economic and Community Development Services. The total balance due on the loan at December 31, 2018 was $33,042. Further detailed information is available in Note 9 to the financial statements.

Contacting the Authority

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director of the Ashtabula Metropolitan Housing Authority.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2018

<u>ASSETS</u>		
Current assets:		
Cash and Cash Equivalents - Unrestricted	$	1,805,061
Cash and Cash Equivalents - Restricted		134,070
Accounts Receivable, Net		85,792
Inventory, Net		189,693
Prepaid Expenses		39,586
Total Current Assets		**2,254,202**
Non-Current Assets:		
Non-Depreciable Capital Assets		2,169,106
Depreciable Capital Assets, Net		7,926,242
Total Non-Current Assets		**10,095,348**
Total Assets		**12,349,550**
Deferred Outflows		
Differences between expected and actual experience		2,601
Changes of assumptions		284,042
Changes in proportion and differences between contributions and proportionate share of contributions		28,027
Employer contributions to pension plan subsquent to measurement date		197,586
Total Deferred Outflows of Resources		**512,256**
Total Assets and Deferred Outflows of Resources	**$**	**12,861,806**
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	$	86,881
Accrued Wages and Payroll Taxes		74,318
Accrued Compensated Absences, Current		24,565
Interest Payable		179
Accounts Payable - Other Government		46,833
Tenant Security Deposits		76,032
Unearned Revenues		12,722
Current Portion of Long-Term Debt		1,954
Total Current Liabilities		**323,484**
Non-Current Liabilities:		
Long-Term Debt, Net of Current		31,088
Net Pension and OPEB Liability		2,807,049
Accrued Compensated Absences, Net of Current Portion		221,078
Total Non-Current Liabilties		**3,059,215**
Total Liabilties		**3,382,699**
Deferred Inflows		
Net difference between projected and actual investment earnings on pension plan investments		448,265
Differences between expected and actual experience		33,618
Differences between employer contributions and proportionate share of contributions		147,260
Total Deferred Inflows of Resources		629,143
NET POSITION:		
Net Investment in Capital Assets		10,062,306
Restricted Net Postion		90,044
Unrestricted Net Position		(1,302,386)
Total Net Position		**8,849,964**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$**	**12,861,806**

See accompanying notes to the financial statements.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2018

OPERATING REVENUES:		
Governmental Grants	$	5,904,088
Tenant Revenue		1,313,374
Other Revenue		151,744
Total Operating Revenues		**7,369,206**
OPERATING EXPENSES:		
Administrative		1,672,640
Tenant Services		5,400
Utilities		755,164
Maintenance		1,895,306
Protective Services		71,751
Insurance & General		497,628
Housing Assistance Payments		2,784,837
Depreciation		1,169,265
Total Operating Expenses		**8,851,991**
Operating (Loss)		**(1,482,785)**
NON-OPERATING REVENUES / (EXPENSES):		
Interest and Investment Revenue		5,986
Interest Expense		(2,210)
Total Non-Operating Revenue / (Expense)		**3,776**
Change in Net Position before Capital Grants		(1,479,009)
Capital Grants		716,617
Change in Net Position		**(762,392)**
Total Net Position - Beginning (Restated - See Note 10)		9,612,356
Total Net Position - Ending	**$**	**8,849,964**

See accompanying notes to the financial statements.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows from Operating Activities		
Cash Received from HUD	$	5,933,686
Cash Received from Tenants		1,318,482
Cash Received from Other Sources		151,744
Cash Payment for Housing Assistance		(2,784,837)
Cash Payment for Administrative and Operating Expenses		(4,754,645)
Net Cash Flows Provided/(Used) by Operating Activities		**(135,570)**
Cash Flows from Investing Activities		
Reclassification of Investments		251,018
Cash Received for Interest Income		5,986
Net Cash Flows Provided/(Used) by Investing Activities		**257,004**
Cash Flows from Capital and Related Financing Activities		
Capital Grant Funding Received from HUD		716,617
Property and Equipment Purchased		(819,515)
Payments of Related Debt		(1,804)
Payments for Interest Expense		(2,222)
Net Cash Flows Provided/(Used) by Capital and Related Financing		**(106,924)**
Increase/(Decrease) in Cash and Cash Equivalents		14,510
Cash - Beginning of Period		1,924,621
Cash - End of Period	**$**	**1,939,131**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Net Operating Loss	$	(1,482,785)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation		1,169,265
- Loss on Sale of Assets		4,106
- (Increase) Decrease in Receivables		34,706
- (Increase) Decrease in Inventories		(69,967)
- (Increase) Decrease in Prepaid Expenses and Other Assets		561,960
- (Decrease) Increase in Accounts Payable		(22,237)
- (Decrease) Increase in Accrued Liabilities		14,545
- (Decrease) Increase in Intergovernmental Payables		3,474
- (Decrease) Increase in Tenant Security Deposits		(429)
- (Decrease) Increase in Unearned Revenue		1,330
- (Decrease) Increase in Other Current Liabilities		613,297
- (Decrease) Pension and OPEB Liability		(963,504)
- (Decrease) Increase in Accrued Compensated Absences		669
Net Cash Provided by Operating Activities	**$**	**(135,570)**

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Ashtabula Metropolitan Housing Authority (the Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U.S. Department of Housing and Urban Development (HUD) under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units based on the above considerations.

Basis of Presentation

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

The Authority will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board. The Authority’s basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows.

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

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

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities 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 flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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

Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

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

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets

Capital assets are 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. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Land Improvements	15 years
Equipment	7 years
Autos	5 years
Computers	3 years

Capitalization of Interest

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

Investments

Investments are stated at fair value. Cost based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

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

Compensated Absences

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 6.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 5 and 11.

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 5 and 11.

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

At December 31, 2018, the carrying amount of the Authority's cash deposits was $1,939,131 and its bank balance was $2,149,276. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2018, deposits totaling $302,038 were covered by Federal Depository Insurance and deposits totaling $1,847,238 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, in the Authority's name.

Custodial credit is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that ensure public deposits must maintain collateral in excess of 110 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve System in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority.

Cash on Hand

At December 31, 2018, the Authority had un-deposited cash on hand, including petty cash, of $300.

Investments

The Authority has a formal investment policy. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and records all its investments at fair value. However, at December 31, 2018, the Authority had no investments.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires that operating funds be invested primarily in short-term investments maturing within 2 years from the date of purchase and that its investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

The credit risks of the Authority's investments are in the table below. The Authority has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the controller or qualified trustee.

NOTE 2: **DEPOSITS AND INVESTMENTS (Continued)**

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one insurer. The Authority's deposits in financial institutions represent 100 percent of its deposits.

Cash and investments at year-end were as follows:

Cash and Investment Type	Fair Value	Investment Maturities (in Years) <1
Carrying Amount of Deposits	$ 1,938,831	$ 1,938,831
Petty Cash	300	300
Totals	$ 1,939,131	$ 1,939,131

NOTE 3: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2018 by class is as follows:

	1/1/2018	Transfer	Additions	Deletions	12/31/2018
Capital Assets Not Being Depreciated					
Land	$ 1,116,241	$ -	$ -	$ -	$ 1,116,241
Construction in Progress	848,076	(511,829)	716,618	-	1,052,865
Total Capital Assets Not Being Depreciated	1,964,317	(511,829)	716,618	-	2,169,106
Capital Assets Being Depreciated					
Buildings and Improvements	33,932,699	511,829	4,431	-	34,448,959
Furniture, Equipment, and Machinery - Dwellings	548,292	-	57,050	-	605,342
Furniture, Equipment, and Machinery - Administrative	1,006,080	-	41,415	(17,779)	1,029,716
Subtotal Capital Assets Being Depreciated	35,487,071	511,829	102,896	(17,779)	36,084,017
Accumulated Depreciation					
Buildings and Improvements	(25,491,510)	-	(1,139,062)	-	(26,630,572)
Furniture, Equipment, and Machinery - Dwellings	(530,142)	-	(18,246)	-	(548,388)
Furniture, Equipment, and Machinery - Administrative	(980,531)	-	(11,957)	13,673	(978,815)
Total Accumulated Depreciation	(27,002,183)	-	(1,169,265)	13,673	(28,157,775)
Depreciation Assets, Net	8,484,888	511,829	(1,066,369)	(4,106)	7,926,242
Total Capital Assets, Net	$ 10,449,205	$ -	$ (349,751)	$ (4,106)	$ 10,095,348

NOTE 4: **RESTRICTED NET POSITION**

The Authority's restricted net position is as follows:

Cash Held for South Ridge Village Reserve for Replacement	$	58,038
Unspent Funding Provided by HUD to pay Section 8 Housing Choice Voucher Housing Assistance Payments & Mainstream		32,006
Total Restricted Net Position	$	90,044

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

Net Pension Liability (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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 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 for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

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

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

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

The Authority's contractually required contribution for pension was $197,586 for fiscal year ending December 31, 2018.

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

	OPERS Traditional Plan
Proportion of the Net Pension Liability Prior Measurement Date	0.011725%
Proportion of the Net Pension Liability Current Measurement Date	0.010874%
Change in Proportionate Share	-0.000851%
Proportionate Share of the Net Pension Liability	$ 1,705,920
Pension Expense	$ 357,485

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

	Deferred Outflows	Deferred Inflows
Deferred Outflows of Resources		
Differences between expected and actual experience	$ 1,742	$ 33,618
Changes of assumptions	203,868	-
Net difference between projected and actual earnings on pension plan investments	-	366,240
Changes in proportion and differences between contributions and proportionate share of contributions	28,027	89,466
Authority contributions subsequent to the measurement date	197,586	-
Total Deferred Resources	$ 431,223	$ 489,324

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

$197,586 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Pension Plan
2019	$ 133,025
2020	(76,947)
2021	(161,273)
2022	(150,492)
Total	$ (255,687)

Actuarial Assumptions - OPERS

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

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

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

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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

Actuarial Assumptions – OPERS (Continued)

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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS (Continued)**

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

Authority's proportionate share of the net pension liability	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Traditional Plan	$3,029,279	$1,705,920	$602,637

NOTE 6: **COMPENSATED ABSENCES**

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws.

All permanent employees will earn 10 hours sick leave per month of service. Unused sick leave may be accumulated without limit. At the time of separation, union employees receive payment for thirty (30) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time earned must be used in the year earned without accumulation.

At December 31, 2018, based on the vesting method, $245,643 was accrued by the Authority for unused vacation and sick time. The current portion is $24,565 and the long-term portion is $221,078.

NOTE 7: **INSURANCE**

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the Housing Authority Insurance Group. (HAI Group). HAI Group is a public housing authority-owned organization dedicated to providing reliable insurance solutions and related services to the public and affordable housing community in a manner which exceeds expectations. Deductibles and coverage limits are summarized below:

Type of Coverage	Coverage Deductible	Limits
Property	$ 1,000	$250,000,000 (per occurrence)
Boiler and Machinery	1,000	50,000,000
General Liability	0	6,000,000
Automobile	500/0	ACV/6,000,000
Public Officials	0	6,000,000
Employee Dishonesty	0	500,000

NOTE 8: CONTINGENCIES

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 9: LONG-TERM DEBT

Changes in the Authority's long-term debt during fiscal year 2018 are as follows:

	Balance at 1/1/2018	Additions	Deletions	Balance at 12/31/2018	Due Within One Year
Loan Payable - Rural Economic and Community Development - 8% Interest, $37,926 dated January 1, 2016	$ 34,846	$ -	$ (1,804)	$ 33,042	$ 1,954
Total Loans Payable	34,846	-	(1,804)	33,042	1,954
Compensated Absences	244,974	669	-	245,643	24,565
Net Pension and OPEB Liability	3,770,553	-	(963,504)	2,807,049	-
Total Long-Term Liabilities	$ 4,050,373	$ 669	$ (965,308)	$ 3,085,734	$ 26,519

Long-term debt consists of one term loan payable in the amount of $37,926 at 8 percent, with the Rural Economic and Community Development Services, payable over a period of 15 years. Monthly payments are $335. Interest incurred during 2018 was $2,210. The Rural Economic and Community Development Services interest credit is reduced by rent collections by the Authority in excess of maximum contract rates. The balance due at December 31, 2018, was $33,042, of which $1,954 was the current portion.

The following is a summary of the Authority's future debt service requirements for mortgages payable as of December 31, 2018:

Ended December 31	Principal	Interest	Payments
2019	$ 1,954	$ 2,072	$ 4,026
2020	2,116	1,910	4,026
2021	2,291	1,735	4,026
2022	2,481	1,545	4,026
2023	2,687	1,339	4,026
2024-2028	17,177	2,982	20,159
2029	4,336	-	4,336
Total	$ 33,042	$ 11,583	$ 44,625

NOTE 10: **CHANGE IN ACCOUNTING PRINCIPLE**

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

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

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

Net Position December 31, 2017	$	10,705,993
Adjustments:		
Net OPEB liability		(1,108,007)
Deferred Outflow - Payments Subsequent to Measurement Date		14,370
Restated Net Position December 31, 2017	$	9,612,356

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

NOTE 11: **DEFINED BENEFIT OPEB PLANS**

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

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

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

NOTE 11: **DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

NOTE 11: **DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

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

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

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

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

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

NOTE 11: **DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

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

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

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.010970%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.010140%
Change in Proportionate Share	-0.000830%
Proportionate Share of the Net OPEB Liability	$ 1,101,129
OPEB Expense	$ 66,280

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

	OPERS
Deferred Outflows of Resources	
Differences between expected and	
actual experience	$ 858
Changes of assumptions	80,174
Total Deferred Outflows of Resources	$ 81,032
Deferred Inflows of Resources	
Net difference between projected and	
actual earnings on OPEB plan investments	$ 82,026
Changes in proportion and differences	
between Authority contributions and	
proportionate share of contributions	57,794
Total Deferred Inflows of Resources	$ 139,820

NOTE 11: **DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

	OPERS
Year Ending December 31:	
2019	$ (9,397)
2020	(9,397)
2021	(19,489)
2022	(20,505)
Total	$ (58,788)

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.

NOTE 11: **DEFINED BENEFIT OPEB PLANS (Continued)**

Actuarial Assumptions – OPERS (Continued)

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.

NOTE 11: **DEFINED BENEFIT OPEB PLANS (Continued)**

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	$ 1,462,898	$ 1,101,129	$ 808,462

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	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 1,053,546	$ 1,101,129	$ 1,150,282

NOTE 12: **CONSTRUCTION AND OTHER COMMITMENTS**

The Authority had no material construction commitments at December 31, 2018.

NOTE 13: **ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2018 consisted of the following:

Tenants - (net of allowance of $10,000)	$ 23,248
A/R Other	59,877
Interest	2,667
Total Accounts Receivable	$ 85,792

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Five Fiscal Years (1)

Traditional Plan	**2018**	**2017**	**2016**	**2015**	**2014**
Authority's Proportion of the Net Pension Liability	0.010874%	0.011725%	0.011141%	0.010781%	0.010781%
Authority's Proportionate Share of the Net Pension Liability	$ 1,705,920	$ 2,662,546	$ 1,929,761	$ 1,300,309	$ 1,270,939
Authority's Covered Payroll	$ 1,436,984	$ 1,517,886	$ 1,386,591	$ 1,322,926	$ 1,297,373
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.72%	175.41%	139.17%	98.29%	97.96%
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. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information.

Required Supplementary Information
Schedule of the Authority's Contributions - Pension
Ohio Public Employees Retirement System
Last Ten Fiscal Years

Traditional Plan	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contributions	$ 197,586	$ 186,808	$ 182,147	$ 166,391	$ 158,495	$ 168,658	$ 120,938	$ 113,666	$ 97,948	$ 87,236
Contributions in Relation to the Contractually Required Contribution	(197,586)	(186,808)	(182,147)	(166,391)	(158,495)	(168,658)	(120,938)	(113,666)	(97,948)	(87,236)
Contribution Deficiency / (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 1,411,329	$ 1,436,984	$ 1,517,886	$ 1,386,591	$ 1,322,926	$ 1,297,373	$ 1,209,379	$ 1,136,663	$ 1,097,117	$ 1,069,574
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	11.98%	13.00%	10.00%	10.00%	8.93%	8.16%

See accompanying notes to the required supplementary information.

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Two Fiscal Years (1)

	2018	2017
Authority's Proportion of the Net OPEB Liability	0.010140%	0.010970%
Authority's Proportionate Share of the Net OPEB Liability	$ 1,101,129	$ 1,108,007
Authority's Covered Payroll	$ 1,436,984	$ 1,517,886
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.63%	73.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

Required Supplementary Information
Schedule of the Authority's Contributions - OPEB
Ohio Public Employees Retirement System
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	$ -	$ 14,370	$ 30,358	$ 27,732	$ 26,723	$ 12,974	$ 48,375	$ 45,467	$ 55,624	$ 62,463
Contributions in Relation to the Contractually Required Contribution	-	(14,370)	(30,358)	(27,732)	(26,723)	(12,974)	(48,375)	(45,467)	(55,624)	(62,463)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority Covered Payroll	$ 1,411,329	$ 1,436,984	$ 1,517,886	$ 1,386,591	$ 1,322,926	$ 1,297,373	$ 1,209,379	$ 1,136,663	$ 1,097,117	$ 1,069,574
Contributions as a Percentage of Covered Payroll	0.00%	1.00%	2.00%	2.00%	2.02%	1.00%	4.00%	4.00%	5.07%	5.84%

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

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

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

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ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY

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

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER		EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
Public Housing Programs:			
Public Housing Operating Subsidy	14.850	$	2,316,562
Public Housing Capital Fund	14.872		1,009,197
Total Public Housing Programs			3,325,759
Section 8 Programs:			
Section 8 Project Based Cluster:			
Rural Housing & Economic Development	14.250*		175,705
Total Section 8 Project Based Cluster			175,705
Supportive Housing for Persons with Disabilities	14.181		269,609
Housing Choice Vouchers	14.871		2,849,632
Total Section 8 Programs			3,294,946
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			6,620,705
TOTAL FEDERAL AWARDS EXPENDITURES		$	6,620,705

* Represents rental assistance for South Ridge Village Rural Housing Project #41-004-341031866

The accompanying notes to this schedule are an integral part of this schedule.

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

Ashtabula Metropolitan Housing Authority
Financial Data Schedule - Entity Wide Balance Sheet
December 31, 2018

Line Item No.	Description	14.871 HCV Total	14.181 Mainstream Total	14.238 Shelter Plus Total	14.250 SRV Total	COCC OPERATIONS Total	All AMP Total Total	Subtotal Total	Elimination	Entity Wide Total
111	Cash-unrestricted	28,558	0	0	364,556	375,779	1,036,168	1,805,061		1,805,061
112	Cash-restricted-modernization and development	0	0	0	52,038	0	0	52,038		52,038
113	Cash-other restricted	0	0	0	6,000	0	0	6,000		6,000
114	Cash-tenant security deposits	0	0	0	7,825	0	68,207	76,032		76,032
100	**Total Cash**	28,558	0	0	430,419	375,779	1,104,375	1,939,131	0	1,939,131
121	Accounts receivable - PHA projects	13,521	0	0	0	0	0	13,521		13,521
125	Account receivable - miscellaneous	0	0	46,356	0	0	0	46,356		46,356
126	Accounts receivable - tenants	0	0	0	788	0	32,460	33,248		33,248
126.1	Allowance for doubtful accounts - tenants	0	0	0	0	0	(10,000)	(10,000)		(10,000)
129	Accrued interest receivable	991	0	0	0	1,676	0	2,667		2,667
120	**Total receivables, net of allowance for doubtful accounts**	14,512	0	46,356	788	1,676	22,460	85,792	0	85,792
142	Prepaid expenses and other assets	3,356	0	0	1,087	0	35,143	39,586		39,586
143	Inventories	0	0	0	0	48,890	146,670	195,560		195,560
143.1	Allowance for obsolete inventories	0	0	0	0	(1,467)	(4,400)	(5,867)		(5,867)
144	Inter program - due from	0	116,505	0	0	0	0	116,505	(116,505)	0
150	**Total Current Assets**	46,426	116,505	46,356	432,294	424,878	1,304,248	2,370,707	(116,505)	2,254,202
161	Land	10,243	0	0	128,500	116,940	860,558	1,116,241		1,116,241
162	Buildings	0	0	0	1,291,156	3,082,127	30,075,676	34,448,959		34,448,959
163	Furniture, equipment and machinery - dwellings	0	0	0	106,477	68,700	430,165	605,342		605,342
164	Furniture, equipment and machinery - administration	49,198	0	0	18,894	137,562	824,062	1,029,716		1,029,716
166	Accumulated depreciation	(28,143)	0	0	(1,248,226)	(2,680,398)	(24,201,008)	(28,157,775)		(28,157,775)
167	Construction in progress	0	0	0	0	0	1,052,865	1,052,865		1,052,865
160	**Total capital assets, net of accumulated depreciation**	31,298	0	0	296,801	724,931	9,042,318	10,095,348	0	10,095,348
180	**Total Non-current Assets**	31,298	0	0	296,801	724,931	9,042,318	10,095,348	0	10,095,348
190	**Total Assets**	77,724	116,505	46,356	729,095	1,149,809	10,346,566	12,466,055	(116,505)	12,349,550
200	Deferred Outflow of Resources	97,327	10,246	5,123	30,736	133,187	235,637	512,256		512,256
290	**Total Assets and Deferred Outflow of Resources**	175,051	126,751	51,479	759,831	1,282,996	10,582,203	12,978,311	(116,505)	12,861,806
312	Accounts payable <= 90 days	0	0	0	0	86,881	0	86,881		86,881
321	Accrued wage/payroll taxes payable	16,484	0	0	4,702	15,289	37,843	74,318		74,318
322	Accrued compensated absences - current portion	4,746	0	0	1,550	4,862	13,407	24,565		24,565
325	Accrued interest payable	0	0	0	179	0	0	179		179
333	Accounts payable - other government	0	0	0	0	0	46,833	46,833		46,833
341	Tenant security deposits	0	0	0	7,825	0	68,207	76,032		76,032
342	Deferred revenue	0	0	0	2,846	0	9,876	12,722		12,722
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	0	0	0	1,954	0	0	1,954		1,954
347	Inter program - due to	73,202	0	43,303	0	0	0	116,505	(116,505)	0
310	**Total Current Liabilities**	94,432	0	43,303	19,056	107,032	176,166	439,989	(116,505)	323,484
351	Capital Projects/ Mortgage Revenue Bonds	0	0	0	31,088	0	0	31,088		31,088
354	Accrued compensated absences- Non-current	42,715	0	0	13,946	43,758	120,659	221,078		221,078
357	Accrued Pension and OPEB Liability	533,340	56,141	28,070	168,423	729,832	1,291,243	2,807,049		2,807,049
350	**Total Non-current liabilities**	576,055	56,141	28,070	213,457	773,590	1,411,902	3,059,215	0	3,059,215
300	**Total Liabilities**	670,487	56,141	71,373	232,513	880,622	1,588,068	3,499,204	(116,505)	3,382,699
400	Deferred Inflow of Resources	119,538	12,582	6,291	37,748	163,577	289,407	629,143		629,143
508.1	Invested in capital assets, net of related debt	31,298	0	0	263,759	724,931	9,042,318	10,062,306		10,062,306
511.1	Restricted Net Assets	0	32,006	0	58,038	0	0	90,044		90,044
512.1	Unrestricted Net Assets	(646,272)	26,022	(26,185)	167,773	(486,134)	(337,590)	(1,302,386)		(1,302,386)
513	**Total Equity/Net Assets**	(614,974)	58,028	(26,185)	489,570	238,797	8,704,728	8,849,964	0	8,849,964
600	**Total Liabilities and Equity/Net assets**	175,051	126,751	51,479	759,831	1,282,996	10,582,203	12,978,311	(116,505)	12,861,806

Ashtabula Metropolitan Housing Authority
Financial Data Schedule - Entity Wide Income Statement
December 31, 2018

Line Item No.	Description	14.871 HCV Total	14.181 Mainstream Total	14.238 Shelter Plus Total	14.250 SRV Total	COCC OPERATIONS Total	All AMP Total Total	Subtotal Total	Elimination	Entity Wide Total
70300	Net tenant rental revenue	0	*0*	*0*	*115,142*	0	1,096,854	1,211,996		1,211,996
70400	Tenant revenue - other	0	*0*	*0*	*8,981*	0	92,397	101,378		101,378
70500	Total Tenant Revenue	0	0	0	124,123	0	**1,189,251**	1,313,374	0	1,313,374
70600-010	Housing assistance payments	2,553,551	230,591	0	0	0	0	2,784,142		2,784,142
70600-020	Ongoing administrative fees earned	296,081	39,018	0	0	0	0	335,099		335,099
70600-070	Admin fee calculation description									
70600	**HUD PHA operating grants**	2,849,632	269,609	0	175,705	0	2,609,142	5,904,088		5,904,088
70610	Capital grants	0	0	0	0	0	716,617	716,617		716,617
70710	Management Fee	0	0	0	0	445,460	0	445,460	(445,460)	0
70720	Asset Management Fee	0	0	0	0	66,600	0	66,600	(66,600)	0
70730	Book-Keeping Fee	0	0	0	0	49,725	0	49,725	(49,725)	0
70700	**Total Fee Revenue**	**0**	**0**	**0**	**0**	**561,785**	**0**	**561,785**	**(561,785)**	**0**
71100	Investment income - unrestricted	1,242	0	0	0	4,737	0	5,979		5,979
71400	Fraud recovery	12,508	0	0	0	0	0	12,508		12,508
71500	Other revenue	142	0	20,446	73,684	49,070	0	143,342		143,342
71600	Gain or loss on sale of capital assets	(4,106)	0	0	0	0	0	(4,106)		(4,106)
72000	Investment income - restricted	0	0	0	7	0	0	7		7
70000	**Total Revenue**	2,859,418	269,609	20,446	373,519	615,592	**4,515,010**	8,653,594	(561,785)	8,091,809
91100	Administrative salaries	209,927	25,737	13,394	57,286	255,758	396,572	958,674		958,674
91200	Auditing fees	0	0	0	0	1,225	7,277	8,502		8,502
91300	Management Fee	0	0	0	0	0	445,460	445,460	(445,460)	0
91310	Book-Keeping Fee	0	0	0	0	0	49,725	49,725	(49,725)	0
91500	Employee benefit contributions - administrative	84,407	11,174	5,815	24,999	113,692	177,517	417,604		417,604
91600	Office Expenses	11,040	1,354	704	1,800	16,869	43,295	75,062		75,062
91700	Legal Expense	0	0	0	184	51,075	88,686	139,945		139,945
91900	Other	2,811	343	179	1,076	58,986	9,458	72,853	0	72,853
91000	**Total Operating-Administrative**	308,185	38,608	20,092	85,345	497,605	**1,217,990**	2,167,825	(495,185)	1,672,640
92000	Asset Management Fee	0	0	0	0	0	66,600	66,600	(66,600)	0
92400	Tenant services - other	0	0	0	0	0	5,400	5,400		5,400
92500	**Total Tenant Services**	0	0	0	0	0	**5,400**	5,400	0	5,400
93100	Water	0	0	0	8,084	1,163	277,134	286,381		286,381
93200	Electricity	0	0	0	20,598	7,401	234,589	262,588		262,588
93300	Gas	0	0	0	10,935	1,185	44,954	57,074		57,074
93600	Sewer	0	0	0	22,147	186	126,788	149,121		149,121
93000	**Total Utilities**	0	0	0	61,764	9,935	**683,465**	755,164	0	755,164

Ashtabula Metropolitan Housing Authority
Financial Data Schedule - Entity Wide Income Statement
December 31, 2018

Line Item No.	Description	14.871 HCV Total	14.181 Mainstream Total	14.238 Shelter Plus Total	14.250 SRV Total	COCC OPERATIONS Total	All AMP Total Total	Subtotal Total	Elimination	Entity Wide Total
94100	Ordinary maintenance and operations - labor	0	0	0	36,803	0	471,108	507,911		507,911
94200	Ordinary maintenance and operations - materials and other	666	82	42	27,557	13,255	169,449	211,051		211,051
94300	Ordinary Maintenance and Operations Contracts	4,879	598	311	64,534	21,032	857,833	949,187	0	949,187
94500	Employee benefit contribution - ordinary maintenance	0	0	0	16,279	0	210,878	227,157		227,157
94000	**Total Maintenance**	5,545	680	353	145,173	34,287	**1,709,268**	1,895,306	0	1,895,306
95200	Protective services - other contract costs	0	0	0	1,499	7,965	62,287	71,751		71,751
95000	**Total Protective Services**	0	0	0	1,499	7,965	**62,287**	71,751	0	71,751
96140	All other Insurance	3,774	0	0	5,627	1,067	118,194	128,662		128,662
96100	**Total Insurance Premiums**	3,774	0	0	5,627	1,067	**118,194**	128,662	0	128,662
96200	Other general expenses	42,977	4,522	2,261	13,570	58,806	104,042	226,178		226,178
96210	Compensated absences	0	0	0	0	0	21,025	21,025		21,025
96300	Payments in lieu of taxes	0	0	0	0	0	46,833	46,833		46,833
96400	Bad debt - tenant rents	0	0	0	0	0	9,930	9,930		9,930
96000	**Total Other General Expenses**	42,977	4,522	2,261	13,570	58,806	**181,830**	303,966	0	303,966
96720	Interest on Notes Payable (Short and Long Term)	0	0	0	2,210	0	0	2,210		2,210
96700	**Total Interest Expense and Amortization Cost**	0	0	0	2,210	0	**0**	2,210	0	2,210
96900	**Total Operating Expenses**	360,481	43,810	22,706	315,188	609,665	**4,045,034**	5,396,884	(561,785)	4,835,099
97000	**Excess Revenue Over Operating Expenses**	2,498,937	225,799	(2,260)	58,331	5,927	**469,976**	3,256,710	0	3,256,710
97200	Casualty losses- Non-capitalized	0	0	0	65,000	0	0	65,000		65,000
97300	Housing assistance payments	2,559,805	225,032	0	0	0	0	2,784,837		2,784,837
97400	Depreciation expense	7,172	0	0	45,909	31,979	1,084,205	1,169,265		1,169,265
90000	**Total Expenses**	2,927,458	268,842	22,706	426,097	641,644	**5,129,239**	9,415,986	(561,785)	8,854,201
10010	Operating transfer in	0	0	0	0	0	208,986	208,986	(208,986)	0
10020	Operating transfer out	0	0	0	0	0	(208,986)	(208,986)	208,986	0
10091	Inter Project Excess Cash Transfer In	0	0	0	0	0	250,000	250,000	(250,000)	0
10092	Inter Project Excess Cash Transfer Out	0	0	0	0	0	(250,000)	(250,000)	250,000	0
10100	**Total other financing sources (uses)**	0	0	0	0	0	**0**	0	0	0
10000	**Excess (Deficiency) of Revenue Over (Under) Expenses**	(68,040)	767	(2,260)	(52,578)	(26,052)	**(614,229)**	(762,392)	0	(762,392)
11030	Beginning equity	(339,143)	*79,134*	*(12,989)*	*607,766*	549,194	9,822,031	10,705,993		10,705,993
11040	**Prior period adjustments, equity transfers, and correction of errors**	(207,791)	*(21,873)*	*(10,936)*	*(65,618)*	(284,346)	(503,074)	(1,093,638)		(1,093,638)
11170	**Administrative Fee Equity**	(614,974)	28,423					(586,551)		(586,551)
11180	**Housing Assistance Payments Equity**	0	29,605					29,605		29,605
11190	**Unit Months Available**	5,988	*720*	*816*	*480*		6,660	14,664		14,664
11210	**Unit Months Leased**	5,523	*718*	*707*	*430*		6,630	14,008		14,008
11630	Furniture & Equipment-Dwelling Purchases						716,617	716,617		716,617

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

June 21, 2019

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

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 **Ashtabula Metropolitan Housing Authority,** Ashtabula 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 21, 2019, wherein we noted the Authority adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated June 21, 2019.

Purpose of this Report

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

Perry & Associates CPA's A.C.

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Marietta, Ohio

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

June 21, 2019

Ashtabula Metropolitan Housing Authority
Ashtabula County
3526 Lake Avenue
Ashtabula, Ohio 44004

To the Board of Commissioners:

Report on Compliance for Each Major Federal Program

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

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 each of the Authority's major federal programs 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 the major federal programs 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.

Auditor's Responsibility (Continued)

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs 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.

Perry & Associates CPA's A.C.

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

ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2018

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

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):**	Public Housing Operating Subsidy CFDA #14.850 Public Housing Capital Fund CFDA #14.872
(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?**	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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ASHTABULA METROPOLITAN
HOUSING AUTHORITY
3526 Lake Avenue • P.O. Box 2350 • Ashtabula, Ohio 44005-2350

JAMES NOYES
Executive Director

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ASHTABULA METROPOLITAN HOUSING AUTHORITY
ASHTABULA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Significant Deficiency – Financial Reporting	Partially Corrected	Moved to the Management Letter
2017-002	Noncompliance – Performance Reporting	Corrected	N/A

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Equal Housing Opportunity

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OHIO AUDITOR OF STATE
KEITH FABER

ASHTABULA METROPOLITAN HOUSING AUTHORITY

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 5, 2019