Certified Public Accountants, A.C.

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

313 Second St.	1907 Grand Central Ave.	150 W. Main St., #A	1310 Market St., #300	749 Wheeling Ave., #300
Marietta, OH 45750	Vienna, WV 26105	St. Clairsville, OH 43950	Wheeling, WV 26003	Cambridge, OH 43725
740 373 0056	304 422 2203	740 695 1569	304 232 1358	740 435 3417

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OHIO AUDITOR OF STATE
KEITH FABER

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(800) 282-0370

Board of Commissioners
Fairfield Metropolitan Housing Authority
315 North Columbus Street
Lancaster, Ohio 43130

We have reviewed the *Independent Auditor's Report* of the Fairfield Metropolitan Housing Authority, Fairfield 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.

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 Fairfield Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 18, 2019

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FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY

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Perry & Associates
Certified Public Accountants, A.C.

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Marietta, OH 45750
740 373 0056

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INDEPENDENT AUDITOR'S REPORT

May 31, 2019

Fairfield Metropolitan Housing Authority
Fairfield County
315 North Columbus St., Suite 200
Lancaster, OH 43130

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Fairfield Metropolitan Housing Authority**, Fairfield 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 opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension 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 40 through 43 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 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

The Fairfield Metropolitan Housing Authority's (the "Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify the single enterprise fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

The Authority's programs for the single enterprise fund are: Housing Choice Voucher Program (HCVP), Family Unification Program (FUP), Veteran Affairs Supportive Housing Program (VASH), Continuum of Care, Family Self-Sufficiency Program, Blended Component Unit, and Other Business Activities (OBA).

- The Authority's net position increased by $104,456 (or 2.548%) during 2018. Net position was $4,203,813 and $4,099,357 for 2018 and 2017, respectively.
- The revenue increased by $808,662 (or 12.068%) during 2018, and was $7,509,497 and $6,700,835 for 2018 and 2017, respectively.
- The total expenses increased by $74,482 (1.016%). Total expenses were $7,405,041 and $7,330,559 for 2018 and 2017, respectively.
- The Authority implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (and Certain Issued Related to OPEB Plan Reporting)* causing a restatement of beginning net position that is $459,647 less than net position reported at December 31, 2017.

USING THIS ANNUAL REPORT

The following graphic outlines the format of these financial statements:

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

BASIC FINANCIAL STATEMENTS

The Authority-wide financial statements are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the Authority.

These statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, 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".

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

> 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". This account resembles the old operating reserves account.

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

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

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

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

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

Family Unification Program (FUP) – This Program provides Section 8 rental assistance to families eligible for the Housing Choice Voucher program and whose lack of adequate housing has been determined from the local public welfare agency as the primary reason that the family's child(ren) may be place in out-of-home care.

Veteran Affairs Supportive Housing Program (VASH) – This Program provides Section 8 rental assistance to homeless Veterans eligible for the Housing Choice Voucher program along with supportive services provided by the Department of Veteran Affairs (VA) to the participates. VA provides these services at VA medical centers (VAMCs) and community-based outreach clinics.

Continuum of Care Grant – This Grant provides Tenant-based rental assistance under the Continuum of Care Homeless Assistance Program along with supportive services to the participants. A second grant was funded for participates and their families.

Family Self-Sufficiency – This program promotes the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher Program with public and private sources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, make progress toward economic independence and self-sufficiency.

Blended Component Unit – Dragonfly Dreams Housing Corporation (DDHC), an Ohio non-profit corporation, is a component unit of the authority and is organized for the purpose of providing affordable housing to tenants through an AHAP contract. The Authority acts as a managing agent for the DDHC and performs all financial and operating functions for the DDHC and receives a management fee for services rendered.

Other Business Activity (OBA) – Represents activities of the authority that include providing affordable housing for low-income people outside of the scope of the conventional and housing choice voucher programs and includes properties transferred to the Authority in 2007 from Lancaster Community Housing Corporation (Non-profit organization). This account also represents activity of the non-profit organization, legally named Fairfield Housing, Inc. which was defined by resolution during 2009 as an instrumentality of the Authority, and of the managing agent. Activity will be listed as an OBA for FDS purposes.

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

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

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

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

2. Minus plan assets available to pay these benefits

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

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

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

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

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $4,559,004 to $4,099,357.

STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position compared to prior year.

TABLE 1
STATEMENT OF NET POSITION

	2018	Restated 2017
Current assets	$ 2,123,769	$ 1,687,957
Deferred Outflows	193,537	408,367
Capital assets	3,513,348	3,772,934
TOTAL ASSETS AND DEFERRED OUTFLOWS	5,830,654	5,869,258
Current liabilities	178,388	181,293
Noncurrent liabilities	1,210,098	1,502,600
Deferred Inflows	238,355	86,008
TOTAL LIABILITIES AND DEFERRED INFLOWS	1,626,841	1,769,901
Net Position:		
Net investment in capital assets	3,513,348	3,772,934
Restricted	220,656	-
Unrestricted	469,809	326,423
TOTAL NET POSITION	$ 4,203,813	$ 4,099,357

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Current assets increased by $435,812. The restricted HAP reserve fund for Section 8 increased by $220,656 and the unrestricted by $70,996. The capital replacement reserve fund for DDHC was increased by $76,574 and the operating reserve increased by $6,725. The reserve funds in the Other Business Activity increased by $33,874. All included in the majority of the increase in current assets. The changes to the reserves along with a decrease of $44,783 to the net pension position make up the increase of $364,042 to the net position. Deferred outflows decreased by $214,830. Current liabilities decreased by $2,905. Non-current liabilities decreased by $322,394 for the net pension liability after restated and increased for other by $29,892 while deferred inflows also increased by $152,347. Net invested in capital assets changes can be analyzed from Table 4 of the MD&A.

TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	2018	2017
Revenues		
Tenant Revenue - Rents and Other	$ 220,589	$ 210,017
Operating Subsidies and Grants	7,165,983	6,397,464
Investment Income/Other Revenue	122,925	93,354
TOTAL REVENUE	7,509,497	6,700,835
Expenses		
Administrative	742,820	856,032
Tenant Services	111,211	110,072
Utilities	32,648	23,906
Maintenance	282,761	229,988
Insurance	30,942	29,735
Payment in Lieu Of Taxes	14,126	14,699
Housing Assistance Payment	5,771,249	5,575,702
Depreciation	316,293	391,139
Casualty Losses	29,338	6,507
Other General Expenses	50,268	52,802
Bad Debt/Fraud Losses	23,385	39,977
TOTAL EXPENSES	7,405,041	7,330,559
CHANGE IN NET POSITION	$ 104,456	$ (629,724)

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

Total Revenues increased by $808,662. In 2018, the authority received $768,519 more in HAP and operating subsidies and had increases in rents of $10,572 and other revenue of $44,321 and an increase in investment income of $13,187and a decrease in fraud recovery of $27,937.

Total expenses net increase of $74,482 is mostly due to the increase in HAP of $195,547 and a decrease to Bad Debt/Fraud Losses of $16,592 and Administrative expenses of $113,212, including net GASB 68 pension and GASB 75 OPEB expenses increase for 2018 of $44,783 after measurement date less decrease of $158,095 for rest of Administrative expenses. All other expenses had a net increase of $8,739.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of year-end, the Authority had $3,513,348 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $259,586.

TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

	2018	2017
Land and Land Rights	$ 994,621	$ 994,621
Buildings	10,560,090	10,532,590
Equipment - Administrative	374,565	351,155
Equipment - Dwellings	87,578	87,781
Leasehold Improvements	321,100	321,100
Accumulated Depreciation	(8,824,606)	(8,514,313)
TOTAL	$ 3,513,348	$ 3,772,934

The following reconciliation summarizes the change in Capital Assets.

TABLE 4
CHANGE IN CAPITAL ASSETS

BEGINNING BALANCE – NET	$ 3,772,934
Additions – Section 8	14,982
Additions – OBA	21,825
Additions – Component Unit	19,900
Disposal, net – OBA	-
Depreciation Expense	(316,293)
ENDING BALANCE	$ 3,513,348

Depreciation Expense - Section 8	$ 9,623
Depreciation Expense - OBA	43,674
Depreciation Expenses – Component Unit	262,996
TOTAL DEPRECIATION	$ 316,293

DEBT ADMINISTRATION

During the year the Authority had no debt (bonds, notes, etc.) outstanding.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Heather Cagg, Executive Director of the Fairfield Metropolitan Housing Authority at (740) 653-6618.

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FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

Assets		
Current Assets:		
Cash and Cash Equivalents	$	1,640,506
Restricted Cash and Cash Equivalents		333,814
Investments		69,000
Accounts Receivable, Net of allowance		28,285
Inventories, Net of Allowance		12,198
Prepaid Expenses and Other Assets		39,966
Total Current Assets		2,123,769
Capital Assets:		
Nondepreciable Capital Assets		994,621
Depreciable Capital Assets, Net of Accumulated Depreciation		2,518,727
Total Capital Assets		3,513,348
Total Assets		5,637,117
Deferred Outflows of Resources		
Pension		158,056
OPEB		35,481
Total Deferred Outflows of Resources		193,537
Total Assets and Deferred Outflows of Resources	$	5,830,654
Liabilities		
Current Liabilities:		
Account Payables	$	35,312
Intergovernmental Payable		14,311
Accrued Liabilities		34,666
Current Portion of Compensated Absences		40,858
Tenant Security Deposits		46,449
Current FSS Liability		6,604
Unearned Revenue		188
Total Current Liabilities		178,388
Noncurrent Liabilities:		
FSS Liability		60,105
Net Pension Liability		667,842
Net OPEB Liability		482,151
Total Noncurrent Liabilities		1,210,098
Total Liabilities		1,388,486
Deferred Inflows of Resources		
Pension		190,138
OPEB		48,217
Total Deferred Inflows and Resources		238,355
Net Position:		
Net Investment in Capital Assets		3,513,348
Restricted		220,656
Unrestricted		469,809
Total Net Position		4,203,813
Total Liabilities, Deferred Inflows of Resources and Net Position	$	5,830,654

See accompanying notes to the basic financial statements.

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

Operating Revenues:	
Tenant Rental Revenue	$ 220,589
HUD PHA Operating Grants	7,165,983
Other Revenue	106,494
Total Operating Revenues	7,493,066
Operating Expenses:	
Administrative	742,820
Tenant Services	111,211
Utilities	32,648
Maintenance	282,761
Insurance	30,942
Payment in Lieu of Taxes	14,126
Housing Assistance Payments	5,771,249
Bad Debt/Fraud Loss	23,385
Depreciation	316,293
Casualty Losses	29,338
Other General	50,268
Total Operating Expenses	7,405,041
Operating Income (Loss)	88,025
Other Non-Operating Revenues:	
Investment Income	16,431
Total Non-Operating Revenues	16,431
Change in Net Position	104,456
Net Position, Beginning of the Year, Restated	4,099,357
Net Position, End of Year	$ 4,203,813

See accompanying notes to the basic financial statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from HUD	$ 7,189,252
Cash Received from Tenants	218,936
Cash Received from Other Revenue	103,242
Cash Payments for Housing Assistance Payments	(5,771,249)
Cash Payments for Other Operating Expenses	(1,214,150)
Cash Payments to Other Governments	(15,235)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	510,796
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of Capital Assets	(56,707)
NET CASH (USED IN) CAPITAL AND RELATED ACTIVITIES	(56,707)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Investments	(43,539)
Investment Income	16,431
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(27,108)
Net Increase (Decrease) in Cash and Cash Equivalents	426,981
Cash and Cash Equivalents at Beginning of Year	1,547,339
Cash and Cash Equivalent at End of Year	$ 1,974,320
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating Income (Loss)	$ 88,025
Adjustments:	
Depreciation	316,293
Non Cash Benefit Expense (GASB 68 & 75)	44,783
(Increases) Decreases in:	
Accounts Receivable, Net of allowance	42,733
Inventories, Net of allowance	(1,338)
Prepaid Expenses and Other Assets	(6,687)
Increases (Decrease) in:	
Accounts Payable	18,410
Accrued Liabilities	(189)
Accrued Compensated Absences	6,409
Intergovernmental Payable	(23,307)
Tenant Security Deposits	(1,742)
FSS Liability	27,835
Unearned Revenue	(429)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 510,796

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, as amended by GASB Statement 61, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and whether it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

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

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

Component Unit
The accompanying financial statements present the Dragonfly Dreams Housing Corporation, a component unit of the Authority, over which the Authority exercises significant control, as a blended entity.

The Dragonfly Dreams Housing Corporation (the Corporation) is a not-for-profit corporation and has the recognition of exempt status under the IRS section 501c(3). The Corporation was created by the Authority to hold ownership of the previous Public Housing portfolio converted through the Rental Assistance Demonstration (RAD) to Section 8, with project-based funding administered by the Authority's Housing Choice Voucher Program. The Board Members of the Corporation consist of the same board members of the Authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basic of Presentation
The Authority's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows.

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

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flow. 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
The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of revenues, expenditures and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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

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

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

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

Family Unification Program (FUP) –This Program provides Section 8 rental assistance to families eligible for the Housing Choice Voucher program and whose lack of adequate housing has been determined from the local public welfare agency as the primary reason the family's child(ren) may be placed in out-of-home care.

Veteran Affairs Supportive Housing (VASH) - This Program provides Section 8 rental assistance to homeless Veterans eligible for the Housing Choice Voucher program along with supportive services provided by the Department of Veteran Affairs (VA) to the participates. VA provides these services at VA medical centers(VAMCs) and community-based outreach clinics.

Continuum of Care Grant (COC) – This grant provides Tenant-based rental assistance under the Continuum of Care Homeless Assistance Program along with supportive-services to the participants. A second grant was funded for participates and their families.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Enterprise Fund - Continued

Family Self-Sufficiency(FSS) – A grant funded by HUD that is intended to enable Housing Choice Voucher participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance and make progress toward economic independence and self-sufficiency.

Other Business Activity (OBA) – Represents activities of the Authority that include providing affordable housing for low-income people outside of the scope of the Conventional and Housing Choice Voucher Programs and includes properties transferred to the Authority in 2007 from Lancaster Community Housing Corporation renamed Fairfield Housing Incorporation (Non-Profit organization) in 2009 whose activity is also included. Effective November 1, 2015, the Authority entered into a management agreement with the Dragonfly Dreams Housing Corporation as exclusive managing and leasing agent for the RAD (PBV) units whose activity is included.

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

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earning or consumption).
- Imposed non-exchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).
- Government-mandated non-exchange transactions: occur when a government at one level provides resources to a government at another level and requires that recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary non-exchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

Authority grants and subsidies will be defined as government-mandated or voluntary non-exchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used. (i.e., capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a non-exchange transaction is recognized. However, Authorities that receive resources with purpose restrictions should report resulting net assets, equity, or fund balances as restricted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounting and Reporting for Non-exchange Transactions - Continued

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

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

The Authority received government-mandated or voluntary non-exchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

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

Prepaid Expenses
Payments made to vendors for services that will benefits beyond December 31, 2018, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Investments
Investments are restricted by the provisions of the HUD Regulations (see Note 2). Investments are valued at market value. Interest income earned in fiscal year 2018 for all programs totaled $16,431. Certificates of deposits with maturities greater than three months are considered investments.

Capital Assets
Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the asset. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority's capitalization policy is $2,000. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – nonresidential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15

Accrued Liabilities
All payables and accrued liabilities are reported in the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Position

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

Operating Revenues and Expenses

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

Cash and Cash Equivalents

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

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 payment. 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 employee if both of the flowing conditions are met: 1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.
In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability.

The following is a summary of changes in compensated absences for the year ended December 31, 2018:

	Balance 12/31/17	Increases	Decreases	Balance 12/31/18	Due Within One Year
Compensated Absences Payable	$ 34,449	$ 59,674	$ (53,265)	$ 40,858	$ 40,858

Budgetary Accounting

The Authority annually prepares its budget as prescribed by HUD. This budget is submitted to HUD and once approved is adopted by the Board of the Housing Authority.

Estimates

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Receivables – Net of Allowance
Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for receivables was $12,562 at December 31, 2018.

Inventories
Inventories are stated at cost. The allowance for obsolete inventory was $1,355 at December 31, 2018.

Due to/Due from Programs
These are eliminated for the basic financial statement.

Pensions/Other Post Employment 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 positon 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 outflow of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) 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 Note 4 and 5.

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 Note 4 and 5.

2. DEPOSITS AND INVESTMENTS

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

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

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

2. DEPOSIT AND INVESTMENTS - CONTINUED

Deposit – Continued

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposits maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in a single financial institution collateral pool at the Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

As of December 31, 2018, the carrying amount of the Authority's deposits totaled $2,043,320 and its bank balance was $2,059,709. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2018, $842,972 was exposed to custodial risk as discussed above while $1,216,737 was covered by Federal Deposit Insurance Corporation.

Investments
HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposits, repurchase agreements, money market deposits accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A included investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category B includes uninsured and unregistered investments for which the securities are held by the counterparty's Trust department or agent in the Authority's name. Category C includes uninsured and unregistered investments for which securities are held by the counterparty or its Trust department but not in the Authority's name.

The Authority's non-negotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB Statement No. 3 purposes. Therefore, the categories described above do not apply.

3. CAPITAL ASSETS

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Nondepreciable Capital Assets:				
Land	$ 994,621	$ -	$ -	$ 994,621
Nondepreciable Capital Assets:	994,621	-	-	994,621
Depreciable Capital Assets:				
Building and Improvements	10,853,684	27,506	-	10,881,190
Furniture and Equipment	438,942	29,201	(6,000)	462,143
Less: Accumulated Depreciation	(8,514,313)	(316,293)	6,000	(8,824,606)
Total Depreciable Capital Assets, Net	2,778,313	(259,586)	-	2,518,727
Total Capital Assets	$ 3,772,934	$ (259,586)	$ -	$ 3,513,348

Depreciation Expense by Class:	
Building and Improvements	$ 303,337
Furniture and Fixtures	12,956
Total Depreciation Expense	$ 316,293

4. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

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

4. DEFINED BENEFIT PENSION PLAN - 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 plan. The Member-Directed plan is a defined contribution plan, and the Combined Plan is a cost-sharing, multiple-employer defined benefit plan with defied 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 OPER's 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	**Group B**	**Group C**
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final Average Salary (FAS) represents the average of the three highest years of earnings over a 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.

4. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefit 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 benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be at 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%.

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 the Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and 0.00 percent for 2018.

Employers contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for pension was $77,561 for 2018.

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

The net pension liability for OPERS 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 proportionate share and pension expense:

	OPERS Traditional Pension Plan
Proportionate of the Net Pension Liability/Asset -Prior Measurement Date	0.004429%
Proportionate of the Net Pension Liability/Asset -Current Measurement Date	0.004257%
Change in Proportionate Share	-0.000172%
Proportionate Share of Net Pension Liability/Asset	$ 667,842
Pension Expense	$ 110,539

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

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Changes of Assumptions	$ 79,811
Difference between expected and actual experience	684
Authority's Contribution Subsequent to the Measurement Date	77,561
Total Deferred Outflows of Resources	$ 158,056

4. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

Deferred Inflows of Resources		
Net Difference between Projected and actual Earnings on Pension Plan Investments	$	143,376
Difference between Expected and Actual Experience		13,162
Change in proportion and differences between Authority contributions and proportionate share of contributions		33,600
Total Deferred Inflows of Resources	$	190,138

$77,561 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

		OPERS Traditional Pension Plan
Year Ending December 31:		
2019	$	36,104
2020		(23,697)
2021		(63,136)
2022		(58,914)
2023		-0-
Thereafter		-0-
Total	$	(109,643)

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, 2016, 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 retires: 3 percent simple Post 1/7/2013 retires; 3 percent simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entity Age

4. DEFINED BENEFIT PENSION PLAN - CONTINUED

Actuarial Assumptions – OPERS - Continued

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retires: 3 percent simple Post 1/7/2013 retires; 3 percent simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entity Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to observant period base 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 male 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 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 assets was determined using a building-block method in which best-estimate ranges of expected future real rate of return are developed for each major class. These ranges are combined to produce 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 Heath 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, 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:

4. DEFINED BENEFIT PENSION PLAN - CONTINUED

Actuarial Assumptions – OPERS - Continued

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

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

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

Traditional Plan	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share Of the net pension liability (asset)	$1,185,915	$ 667,840	$ 235,923

5. DEFINED BENEFITS OPEB PLANS

Net OPEB Liability

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

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

5. DEFINED BENEFITS OPEB PLANS - CONTINUED

Net OPEB Liability - Continued

these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

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

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 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 all 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 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 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 plans.

5. DEFINED BENEFITS OPEB PLANS - CONTINUED

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

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 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 retires enrolled in Medicare A and B were eligible to participate in the OPERS Medical connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare Market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

Upon termination or retirement, Member-Directed Plan participants can use vested retiree medical account funds for reimbursement of qualified medical expenses. Members who elect the Member-Directed Plan after July 1, 2015 will be vested in health care over 15 years at 10% each year starting in 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 the 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 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 include 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 allowed to a retiree medical account. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from these accounts.

5. DEFINED BENEFITS OPEB PLANS - CONTINUED

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

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 deposit 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 type 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
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 the employer contribution to OPERS may be set aside for 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 for 2018. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan health care accounts was 4.0 percent for 2017. The Authority's contractually required contribution was $2,702 for 2018.

Net 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 payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions relative to all participating entities. Following is information related to the proportionate share and OPEB expense:

5. DEFINED BENEFITS OPEB PLANS – CONTINUED

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

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.004620%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.004440%
Change in Proportionate Share	-0.0001800%
Proportionate Share of the Net OPEB Liabilty	$ 482,151
OPEB Expense	$ 35,240

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	
Difference between expected and actual experience	$ 375
Changes of assumptions	35,106
Total Deferred Outflows of Resources	$ 35,481
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 35,917
Change in proportion and differences between Authority contributions and proportionate share of contributions	12,300
Total Deferred Inflows of Resources	$ 48,217

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	$ 2,104
2020	2,104
2021	(7,964)
2022	(8,980)
2023	-0-
Thereafter	-0-
Total	$ (12,736)

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.

5. DEFINED BENEFITS OPEB PLANS – CONTINUED

Actuarial Assumptions – OPERS - Continued

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between 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 finding. 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 w age inflation
Actuarial Cost Method	Individual Entry Age

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

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

The long-term 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.

5. DEFINED BENEFITS OPEB PLANS – CONTINUED

Actuarial Assumptions – OPERS - Continued

OPERS manages investments in three investment portfolios: the Defined Benefit 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. 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. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

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
Real Estate Investment Trust	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. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. 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.

5. DEFINED BENEFITS OPEB PLANS – CONTINUED

Actuarial Assumptions – OPERS - 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%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	$640,559	$482,151	$354,001

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 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	$461,216	$482,151	$503,674

6. RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage's and no settlements exceeded insurance coverage during the past three years.

7. FDS SCHEDULE SUBMITTED TO HUD

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

8. CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the Federal government. Grantors may require refunding any disallowed cost in excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recapture amounts would not have a material adverse effect on the overall financial position at December 31, 2018.

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2018, the Authority was not aware of any such matters that would have a material effect on the financial statements.

9. NON-CURRENT LIABILITIES

The change in Authority's long-term obligations during 2018 were as follows:

	Restated Balance 12/31/17	Additions	Deletions	Balance 12/31/18	Due Within One Year
Non-current Liability Other	$ 30,213	$ 44,729	$ (14,837)	$ 60,105	$ -
Net Pension Liability	1,005,751	-	(337,909)	667,842	-
Net OPEB Liability	466,636	15,515	-	482,151	-
Total	$1,502,600	$ 60,244	$ (352,746)	$1,210,098	$ -

See Notes 4 and 5 for information on the Authority's net pension and OPEB expense.

10. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 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 2018 financial statements; however, there was no effect on beginning net position.

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	$4,559,004
Adjustments	
Net OPEB liability	(466,636)
Deferred Outflow – Payments Subsequent to Measurement Date	6,989
Restated Net Position December 31, 2017	$4,099,357

Required Supplemental Information

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

Traditional Plan	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability – Traditional	0.004257%	0.004429%	0.004741%	0.004941%	0.004941%
Authority's Proportionate Share of the Net Pension Liability	$ 667,842	$1,005,751	$ 821,201	$ 595,941	$ 582,480
Authority's Covered Payroll	$ 562,685	$ 592,100	$ 597,623	$ 612,261	$ 764,531
Authority's Proportionate share of the Net Pension Liability As a Percentage of its covered Payroll	118.69%	169.86%	138.69%	99.72%	95.14%
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 comes available.

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

See accompanying notes to the required supplementary information.

FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contributions										
Traditional Plan	$ 77,561	73,149	71,052	71,715	73,471	[1]	[1]	[1]	[1]	[1]
Total Required Contributions	$ 77,561	73,149	71,052	71,715	73,471	99,389	114,735	106,537	93,738	96,640
Required Contributions	(77,561)	(73,149)	(71,052)	(71,715)	(73,471)	(99.389)	(114,735)	(106,537)	(93,738)	(96,640)
Contribution Deficiency/(Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll										
Traditional	$ 554,005	562,685	592,100	597,623	612,261	764,531	[1]	[1]	[1]	[1]
Contributions as a Percentage of Covered Payroll										
Traditional	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	9.00%	9.00%	8.50%

[1] – Information prior to 2013 is not available for classification of OPERS contribution of OPERS contribution by plan.

See accompanying notes to the required supplementary information.

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

	2018	2017
Authority's Proportion of the Net OPEB Liability	0.004440%	0.004429%
Authority's Proportionate Share of the Net OPEB Liability	$ 482,151	$1,005,751
Authority's Covered-Employee Payroll	$ 628,930	$ 592,100
Authority's Proportionate share of the Net OPEB Liability As a Percentage of its covered Employee Payroll	76.67%	73.17%
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 comes available.

Amounts presented as of the Authority's year end. The plan measurement date is the prior year end.

Information presented includes the Traditional and Member-Directed Plans

.

See accompanying notes to the required supplementary information.

FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS – OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR YEARS (1)

	2018	2017	2016	2015
Contractually Required Contributions	$ 2,702	8,280	14,060	14,689
Contributions in Relation to the Contractually Required Contributions	(2,702)	(8,280)	(14,060)	(14,689)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
Authority's Covered-Employee Payroll	$ 613,694	628,930	638,429	654,967
Contributions as a Percentage of Covered-Employee Payroll	0.44%	1.32%	2.20%	2.24%

[1] – Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as it comes available.

See accompanying notes to the required supplementary information.

NOTE 1 – OHIO PUBLIC EMPLOEES 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 7.5%, (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 2.5%, (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.

Supplemental Information

FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
FDS SCHEDULE
DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted				$560,953	$805,146	$274,407	$1,640,506		$1,640,506
113 Cash - Other Restricted				$280,761			$280,761		$280,761
114 Cash - Tenant Security Deposits						$46,449	$46,449		$46,449
115 Cash - Restricted for Payment of Current Liabilities				$6,604			$6,604		$6,604
100 Total Cash	$0	$0	$0	$848,318	$805,146	$320,856	$1,974,320	$0	$1,974,320
124 Accounts Receivable - Other Government						$359	$359		$359
125 Accounts Receivable - Miscellaneous						$3,576	$3,576		$3,576
126 Accounts Receivable - Tenants					$9,963	$4,864	$14,827		$14,827
126.1 Allowance for Doubtful Accounts -Tenants					-$8,198	-$4,364	-$12,562		-$12,562
126.2 Allowance for Doubtful Accounts - Other						$0	$0		$0
128 Fraud Recovery				$282,219			$282,219		$282,219
128.1 Allowance for Doubtful Accounts - Fraud				-$260,146			-$260,146		-$260,146
129 Accrued Interest Receivable				$0		$12	$12		$12
120 Total Receivables, Net of Allowances for Doubtful Accounts	$0	$0	$0	$22,073	$1,765	$4,447	$28,285	$0	$28,285
131 Investments - Unrestricted				$0		$69,000	$69,000		$69,000
142 Prepaid Expenses and Other Assets				$9,879		$30,087	$39,966		$39,966
143 Inventories						$13,553	$13,553		$13,553
143.1 Allowance for Obsolete Inventories						-$1,355	-$1,355		-$1,355
144 Inter Program Due From					$2,348		$2,348	-$2,348	$0
150 Total Current Assets	$0	$0	$0	$880,270	$809,259	$436,588	$2,126,117	-$2,348	$2,123,769
161 Land					$870,931	$123,690	$994,621		$994,621
162 Buildings					$9,270,046	$1,290,044	$10,560,090		$10,560,090
163 Furniture, Equipment & Machinery - Dwellings						$87,578	$87,578		$87,578
164 Furniture, Equipment & Machinery - Administration				$187,537		$187,028	$374,565		$374,565
165 Leasehold Improvements					$234,207	$86,893	$321,100		$321,100
166 Accumulated Depreciation				-$163,775	-$7,783,164	-$877,667	-$8,824,606		-$8,824,606
160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$0	$23,762	$2,592,020	$897,566	$3,513,348	$0	$3,513,348
180 Total Non-Current Assets	$0	$0	$0	$23,762	$2,592,020	$897,566	$3,513,348	$0	$3,513,348
200 Deferred Outflow of Resources				$130,602		$62,935	$193,537		$193,537
290 Total Assets and Deferred Outflow of Resources	$0	$0	$0	$1,034,634	$3,401,279	$1,397,089	$5,833,002	-$2,348	$5,830,654

FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
FDS SCHEDULE
DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days				$18,684		$16,628	$35,312		$35,312
321 Accrued Wage/Payroll Taxes Payable				$20,118		$7,904	$28,022		$28,022
322 Accrued Compensated Absences - Current Portion				$28,018		$12,840	$40,858		$40,858
333 Accounts Payable - Other Government				$185		$14,126	$14,311		$14,311
341 Tenant Security Deposits						$46,449	$46,449		$46,449
342 Unearned Revenue						$188	$188		$188
345 Other Current Liabilities				$6,604			$6,604		$6,604
346 Accrued Liabilities - Other				$6,644			$6,644		$6,644
347 Inter Program - Due To						$2,348	$2,348	-$2,348	$0
310 Total Current Liabilities	$0	$0	$0	$80,253	$0	$100,483	$180,736	-$2,348	$178,388
353 Non-current Liabilities - Other				$60,105			$60,105		$60,105
357 Accrued Pension and OPEB Liabilities				$722,590		$427,403	$1,149,993		$1,149,993
350 Total Non-Current Liabilities	$0	$0	$0	$782,695	$0	$427,403	$1,210,098	$0	$1,210,098
300 Total Liabilities	$0	$0	$0	$862,948	$0	$527,886	$1,390,834	-$2,348	$1,388,486
400 Deferred Inflow of Resources				$155,045		$83,310	$238,355		$238,355
508.4 Net Investment in Capital Assets				$23,762	$2,592,020	$897,566	$3,513,348		$3,513,348
511.4 Restricted Net Position		$0	$0	$220,656			$220,656		$220,656
512.4 Unrestricted Net Position	$0	$0	$0	-$227,777	$809,259	-$111,673	$469,809		$469,809
513 Total Equity - Net Assets / Position	$0	$0	$0	$16,641	$3,401,279	$785,893	$4,203,813	$0	$4,203,813
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$0	$0	$0	$1,034,634	$3,401,279	$1,397,089	$5,833,002	-$2,348	$5,830,654

FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
FDS SCHEDULE
DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue					$147,856	$44,072	$191,928		$191,928
70400 Tenant Revenue - Other					$24,116	$4,545	$28,661		$28,661
70500 Total Tenant Revenue	$0	$0	$0	$0	$171,972	$48,617	$220,589	$0	$220,589
70600 HUD PHA Operating Grants		$110,120	$227,737	$6,828,126			$7,165,983		$7,165,983
70800 Other Government Grants					$476,953		$476,953	-$476,953	$0
71100 Investment Income - Unrestricted				$5,515	$10,558	$358	$16,431		$16,431
71400 Fraud Recovery				$45,386	$825		$46,211		$46,211
71500 Other Revenue		$712		$29,242	$2,398	$577,116	$609,468	-$549,185	$60,283
70000 Total Revenue	$0	$110,832	$227,737	$6,908,269	$662,706	$626,091	$8,535,635	-$1,026,138	$7,509,497
91100 Administrative Salaries			$941	$314,291		$94,402	$409,634		$409,634
91200 Auditing Fees				$4,977		$2,923	$7,900		$7,900
91300 Management Fee					$55,296		$55,296	-$55,296	$0
91400 Advertising and Marketing						$791	$791		$791
91500 Employee Benefit contributions - Administrative			$581	$128,577		$44,518	$173,676		$173,676
91600 Office Expenses				$104,251		$38,234	$142,485		$142,485
91700 Legal Expense				$1,512		$2,678	$4,190		$4,190
91800 Travel				$2,346		$254	$2,600		$2,600
91900 Other				$1,544			$1,544		$1,544
91000 Total Operating - Administrative	$0	$0	$1,522	$557,498	$55,296	$183,800	$798,116	-$55,296	$742,820
92100 Tenant Services - Salaries		$79,738					$79,738		$79,738
92300 Employee Benefit Contributions - Tenant Services		$31,094					$31,094		$31,094
92400 Tenant Services - Other						$379	$379		$379
92500 Total Tenant Services	$0	$110,832	$0	$0	$0	$379	$111,211	$0	$111,211
93100 Water				$1,197		$4,258	$5,455		$5,455
93200 Electricity				$6,377		$11,088	$17,465		$17,465
93300 Gas				$1,588		$3,887	$5,475		$5,475
93600 Sewer				$448		$3,805	$4,253		$4,253
93000 Total Utilities	$0	$0	$0	$9,610	$0	$23,038	$32,648	$0	$32,648
94100 Ordinary Maintenance and Operations - Labor						$101,318	$101,318		$101,318
94200 Ordinary Maintenance and Operations - Materials and Other						$67,386	$67,386		$67,386
94300 Ordinary Maintenance and Operations Contracts						$77,989	$77,989		$77,989
94500 Employee Benefit Contributions - Ordinary Maintenance						$36,068	$36,068		$36,068
94000 Total Maintenance	$0	$0	$0	$0	$0	$282,761	$282,761	$0	$282,761

FAIRFIELD METROPOLITAN HOUSING AUTHORITY
FAIRFIELD COUNTY
FDS SCHEDULE
DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	1 Business Activities	Subtotal	ELIM	Total
96110 Property Insurance						$17,170	$17,170		$17,170
96120 Liability Insurance				$2,063		$6,548	$8,611		$8,611
96130 Workmen's Compensation				$3,088		$2,073	$5,161		$5,161
96100 Total insurance Premiums	$0	$0	$0	$5,151	$0	$25,791	$30,942	$0	$30,942
96200 Other General Expenses					$493,901	$288	$494,189	-$493,889	$300
96210 Compensated Absences				$27,538		$22,430	$49,968		$49,968
96300 Payments in Lieu of Taxes						$14,126	$14,126		$14,126
96400 Bad debt - Tenant Rents					$7,150	$88	$7,238		$7,238
96600 Bad debt - Other				$8,512	$3,159	$4,476	$16,147		$16,147
96000 Total Other General Expenses	$0	$0	$0	$36,050	$504,210	$41,408	$581,668	-$493,889	$87,779
96900 Total Operating Expenses	$0	$110,832	$1,522	$608,309	$559,506	$557,177	$1,837,346	-$549,185	$1,288,161
97000 Excess of Operating Revenue over Operating Expenses	$0	$0	$226,215	$6,299,960	$103,200	$68,914	$6,698,289	-$476,953	$6,221,336
97200 Casualty Losses - Non-capitalized						$29,338	$29,338		$29,338
97300 Housing Assistance Payments			$226,215	$6,008,462			$6,234,677	-$476,953	$5,757,724
97350 HAP Portability-In				$13,525			$13,525		$13,525
97400 Depreciation Expense				$9,623	$262,996	$43,674	$316,293		$316,293
90000 Total Expenses	$0	$110,832	$227,737	$6,639,919	$822,502	$630,189	$8,431,179	-$1,026,138	$7,405,041
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$0	$0	$0	$268,350	-$159,796	-$4,098	$104,456	$0	$104,456
11030 Beginning Equity	$0	$0	$0	$42,465	$3,561,075	$955,464	$4,559,004		$4,559,004
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0			-$294,174		-$165,473	-$459,647		-$459,647
11170 Administrative Fee Equity				-$204,015			-$204,015		-$204,015
11180 Housing Assistance Payments Equity				$220,656			$220,656		$220,656
11190 Unit Months Available	0		440	13272	1152	1248	16112	-2304	13808
11210 Number of Unit Months Leased	0		359	12130	1099	1181	14769	-2198	12571

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

Federal Grantor Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVEOLPMENT		
Direct from the agency:		
Housing Choice Voucher	14.871	$ 6,828,126
Continuum of Care	14.267	227,737
PIH Family Self-Sufficiency Program	14.896	110,120
Total U.S. Department of Housing and Urban Development		7,165,983
Total Federal Awards Expenditures		$ 7,165,983

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal award activity of Fairfield Metropolitan Housing Authority, Fairfield County, Ohio (the Authority) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule has been 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, change in net position, or cash flows of the Authority.

NOTE 2 – 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior fiscal years. The Authority has elected not to uses the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

313 Second St.
Marietta, OH 45750
740 373 0056

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304 422 2203

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

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

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

Perry & Associates
Certified Public Accountants, A.C.

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

May 31, 2019

Fairfield Metropolitan Housing Authority
Fairfield County
315 North Columbus St., Suite 200
Lancaster, OH 43130

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 **Fairfield Metropolitan Housing Authority,** Fairfield 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 May 31, 2019, wherein we noted the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Perry & Associates CPA's A.C.

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

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

May 31, 2019

Fairfield Metropolitan Housing Authority
Fairfield County
315 North Columbus St., Suite 200
Lancaster, OH 43130

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

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

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

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Opinion on the Major Federal Program

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

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

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

1. SUMMARY OF AUDIT RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

FAIRFIELD COUNTY METROPOLITAN HOUSING AUTHORITY

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 2, 2019