



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2018

AKRON METROPOLITAN HOUSING AUTHORITY
SUMMIT COUNTY, OHIO





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Members of the Board
Akron Metropolitan Housing Authority
100 W. Cedar St.
Akron, OH 44307

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

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 28, 2019

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Summit County, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2018

Prepared by:

Brian Gage, Executive Director
Cathy Watson, Finance Director

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Akron Metropolitan Housing Authority
Summit County
For the Year Ended December 31, 2018

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Akron Metropolitan Housing Authority
Summit County
For the Year Ended December 31, 2018

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*Introductory
Section*



Akron Metropolitan Housing Authority
100 West Cedar Street
Akron, Ohio 44307
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www.akronhousing.org

June 14, 2019

The Board of Trustees
Akron Metropolitan Housing Authority
Akron, Ohio 44307

We are pleased to present the Akron Metropolitan Housing Authority (“Authority”) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018. This CAFR was prepared by the Authority’s staff and audited by the public accounting firm of Charles E. Harris & Associates, Inc.

The U.S. Department of Housing and Urban Development’s (HUD) Real Estate Assessment Center (REAC) requires public housing authorities to annually publish a complete set of financial statements presented in conformity with United States of America (U.S.) generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the U.S. The Auditor of the State of Ohio is responsible for auditing over 5,900 governmental entities; however, the Auditor’s Office may elect to outsource the audit to a licensed certified public accounting firm. Charles E. Harris & Associates, Inc. of Cleveland, Ohio is the firm the State selected to audit the Authority for the fiscal periods January 1, 2016 through December 31, 2020.

Management of the Authority assumes full responsibility for the completeness and reliability of all the information presented in this report, and has established a comprehensive internal control framework that is designed to protect its assets from loss, theft, or misuse. Because the cost of internal controls should not outweigh their benefits, the Authority’s internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The purpose of the independent audit is to provide reasonable assurance that the financial statements of the Authority are free of any material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditors issued an unmodified opinion on the Authority’s financial statements for the fiscal year ended December 31, 2018. The independent auditors’ report is presented as the first component of the financial section of this report.

More in-depth audit review and testing is required of entities that receive federal funds including states, local governments, and not-for-profit organizations and is commonly referred to as “Single Audits”. The Single Audit Act of 1984, as amended in 1996 and updated for the new U.S. Office, was enacted to standardize the requirements for auditing federal programs. Uniform Guidance provides that grantees are subject to one audit of all of their federal programs versus separate audits of each federal program, hence the term “Single Audit”. Special emphasis is placed on internal controls, legal requirements, and compliance associated with the



administration of federal awards. The Authority received federal funds in 2018 from the U.S. Department of Housing and Urban Development, the U.S. Department of Education passed through the State of Ohio, and the U.S. Department of Health and Human Services passed through the County of Summit. The Authority's Single Audit Report is available under separate cover.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A. The Authority's MD&A can be found immediately following the report of the independent auditors.

Profile of the Authority

The year 2018 was particularly noteworthy for the Authority since it marked not only the agency's 80th anniversary, but also because along with the Seattle Housing Authority we were the first two organizations in the country to receive affordable housing accreditation from the Affordable Housing Accreditation Board. The accreditation recognizes the Authority's excellence in service delivery and business operations.

The Authority was established January 27, 1938 as a political subdivision of the State of Ohio, pursuant to the Housing Act of 1937, and was initially created as a part of President Franklin Roosevelt's "New Deal" initiative in response to those in need of help during the Great Depression. However, as the economy began to improve and the defense industry took off during WWII, the focus moved to defense housing to address these new housing demands. Over time, the priorities have fluctuated to address various program needs expressed by the federal government and eventually to where we are today—preserve the current housing stock, improve the quality of life for elderly and disabled individuals and provide a platform to assist those that are able to reach self sufficiency.

The Authority operates several housing programs with HUD assistance, including Low-Income Public Housing (4,322 units), Housing Choice Voucher (4,915 units), Shelter Plus Care (122 units), Veteran Affairs Supportive Housing (74 units), Mod Rehab (6 units), and Section 8 Project-Based Rental Assistance (525 units). The Authority is also a partner in several mixed finance transactions involving federal income tax credits used in the acquisition and construction of housing units. See Note 1 of the Notes to the Financial Statements for more detail related to blended and discretely presented component units associated with these developments.

Relevant Accounting and Financial Issues

The Authority is required to use the enterprise fund type to account for "business-type activities" similar to those found in the private sector. Business-type activities include services primarily funded through user charges. It is important to note that the total cost of the activity does not have to be paid for by the user charges; the government (i.e., HUD) may subsidize a significant portion of the costs of the enterprise fund. The full accrual basis of accounting is used, and the Authority's basic financial statements include the statement of net position (formerly balance sheet), statement of revenues, expenses and changes in net position (formerly income statement), and statement of cash flows.

Supplemental enterprise information includes combining program schedules of net position and revenues, expenses and changes in net position for the following programs:

- Low-Income Public Housing
- Family Self-Sufficiency
- Resident Opportunity and Supportive Services
- Housing Choice Voucher Program
- Shelter Plus Care
- State/Local Grants
- Business Activities
- Twenty-First Century Community Learning Centers
- Temporary Assistance for Needy Families
- Section 8 Moderate Rehab Program
- Central Office Cost Center (COCC)

The Authority implemented project-based accounting following the issuance of HUD's asset management model in 2007 which provides the basic framework for compliance in financial reporting. Project-based accounting also provides the Authority with the ability to track key financial and operational performance indicators at the project level.

The CAFR also includes the HUD-required Financial Data Schedule (FDS) created to standardize financial information reported by Public Housing Authorities (PHAs). REAC analyzes the FDS to assess the financial condition, viability, and effectiveness of overall resource management of PHAs compared to industry peers. The FDS discloses federal, state, and locally funded activities reported to HUD. These activities are the basis of the Authority's enterprise fund program schedules, which are combined in the basis financial statements.

The Authority is required by HUD to adopt annual operating budgets for its programs that receive federal funding. The Authority's Finance Department prepares an annual operating budget that is reviewed by executive management and approved by the Authority's Board of Trustees. Spending plans related to multi-year capital improvement projects are created by the Authority's Construction Department and also reviewed by executive management and approved by the Authority's Board of Trustees. Also required by HUD is an Annual Plan that is submitted to HUD after public hearings and approval by the Board of Trustees.

Economic Condition

The Bureau of Labor Statistics reports national unemployment through May 2019 at 3.6% compared to 3.8% in May 2018 and consumer price inflation at 1.8%, compared to 2.8% for the same time periods. Although economic growth and unemployment show signs of continued improvement, the current and projected need for public housing and related services is significant. The Authority serves approximately 10,000 households through its public housing, housing choice voucher, and other local housing authority programs; however, the current waitlist is more than 20,000 and has been at that level for several years. The need for affordable housing is greater than ever.

Long-Term Financial Planning

The success of the Authority's programs is dependent on congressional housing legislation and federal government appropriations. The Budget Control Act of 2011 (BCA) had established spending caps on defense and non-defense spending, which were first applied in the federal government's fiscal year (FY) 2013 and were to continue to 2021. Subsequently, in October 2015, Republican and Democratic leaders reached an agreement and passed the Bipartisan Budget Act of 2015 to increase the budget caps imposed by the BCA by \$50 billion in FY 2016 and \$30 billion in FY 2017. In January 2018, Congress passed the Bipartisan Budget Act of 2018 to increase non-defense domestic discretionary spending caps by \$63 billion in FY 2018 and \$68 billion in FY 2019. As a result of these congressional actions, HUD's housing budget increased nearly 9% in 2018, which was greater than average. In 2019, there was a 2% increase that was more in line with historical increases. Generally, the industry projects a need of \$5.4 billion annually for HUD programs, which are routinely underfunded.

The Authority has made significant strides in cost-reduction efforts over the past several years through the cooperation of management and its workforces. We continue to provide safe, decent housing and are making the best of an uncertain future.

Awards and Acknowledgements

This is the third year that the Authority created and published a Comprehensive Annual Financial Report. The Government Finance Officers Association of the United States and Canada (GFOA) awards Certificates of Achievement for Excellence in Financial Reporting to eligible government agencies. In order to be awarded the certificate, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. GAAP and applicable legal requirements. The Authority is proud to have received GFOA awards for two consecutive years. The Authority is also proud that it has received the Ohio Auditor of State Award for Exemplary Financial Reporting in Accordance with GAAP for three consecutive years (FY 2014-FY 2016) and the Auditor of State Award with Distinction for FY 2017.

The preparation of the CAFR was accomplished through the dedicated efforts of the Finance Department's Assistant Finance Director Jasna Nolze and Financial Analysts Steven Prange and Tammy Zents. The Authority also wants to thank our auditors Charles E. Harris and Associates for their encouragement in steering Akron Metropolitan Housing Authority to be the first housing authority in the State of Ohio to prepare a CAFR and in particular Partner John Phillips for his industry expertise and Audit Manager Morell Mendiola for her valued technical assistance with this CAFR. Finally, we wish to acknowledge our Executive Director Brian Gage and the members of the Board of Trustees for their ongoing support and guidance.

Respectfully submitted,



Cathy Watson
Finance Director

Akron Metropolitan Housing Authority

LIST OF PRINCIPAL OFFICERS

December 31, 2018

Brian M. Gage
Executive Director

Deborah Barry
Deputy Director

John Fickes
Board Chairman

Cathy Watson
Finance Director

Thomas Harnden
Board Vice-Chairman

Laura Williams
Construction Director

Roberta Aber
Board Member

Erin Wojno
Real Estate Development Manager

Stepanie Norris
Board Member

Christina Hodgkinson
Director of Resident Services

Marco Sommerville
Board Member

Darrin Toney
Director of Human Resources & General
Counsel



Government Finance Officers Association

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Akron Metropolitan Housing Authority
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

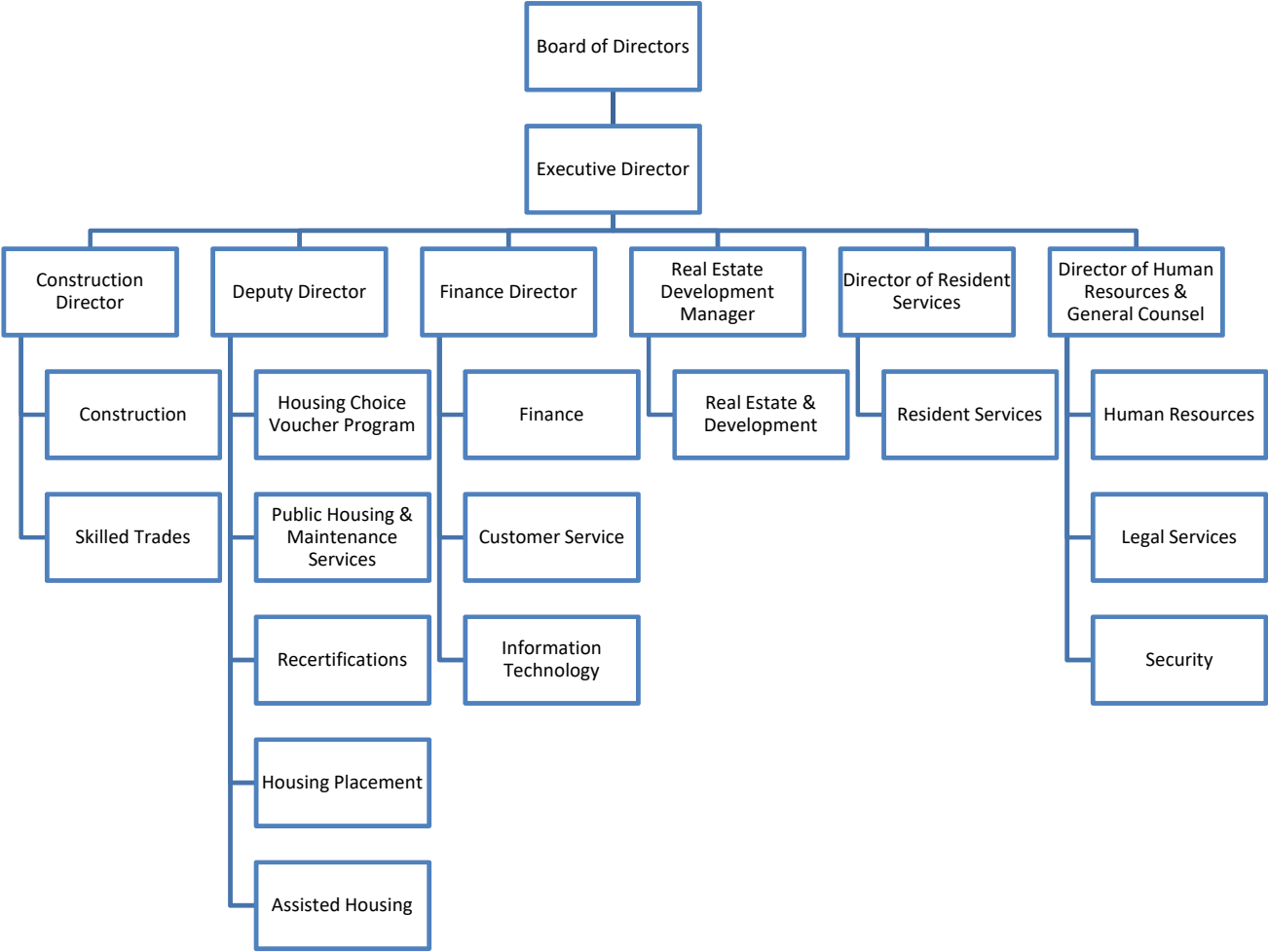
Christopher P. Morill

Executive Director/CEO

Akron Metropolitan Housing Authority

ORGANIZATIONAL CHART

December 31, 2018



*Financial
Section*

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Akron Metropolitan Housing Authority
Summit County
100 West Cedar Street
Akron, OH 44307

Regional Inspector General of Audit
U. S. Department of Housing and Urban
Development

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Akron Metropolitan Housing Authority, Summit 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Eastland Woods, LLC, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC, and Marian Hall Building, LLC, all of the Authority's five discretely presented component units. The statements of the discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amount included for Akron Metropolitan Housing Authority, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors audited the financial statements of the aggregate discretely presented component units and the blended component unit in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the Akron Metropolitan Housing Authority, Summit County, Ohio, as of December 31, 2018, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2018, the Authority adopted new guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Statements of ROSS Grant Costs-Completed and Modernization Costs-Completed and the Financial Data Schedules as listed in the table of contents are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and are also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

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



Charles E. Harris & Associates, Inc.
June 14, 2019

Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

The Akron Metropolitan Housing Authority's (the Authority) Management Discussion and Analysis (MD&A) is designed to assist the reader on significant financial issues and activities and to identify changes in the Authority's financial position. This analysis is also designed to address the subsequent year's challenges and to identify individual fund issues.

The data presented in the following pages should be read in conjunction with the audited consolidated financial statements and related footnote disclosures.

Financial Highlights – Primary Government

- The Authority's net position decreased by \$4,375,775 or 2.3% during the year ended December 31, 2018. Net position was \$184,034,045 and \$188,409,820 (restated) at December 31, 2018 and 2017, respectively.
- Total operating and non-operating revenue activity increased by \$1,896,742 or 2.4% during the year ended December 31, 2018. Total revenues were \$79,731,552 and \$77,834,810 for the years ended December 31, 2018 and 2017, respectively.
- Total operating and non-operating expenses of all Authority programs decreased by \$1,928,349 or 2.2% during the year ended December 31, 2018. Total expenses were \$84,107,327 and \$86,035,676 for the years ended December 31, 2018 and 2017, respectively.

Financial Statements

The financial statements are designed to provide the reader with a corporate-like overview of a consolidation for the entire Authority. The discretely presented component units of the Authority have been included in the financial statements but not in this MD&A. The statements include the following:

Statement of Net Position: This statement, which is similar to a balance sheet, reports all financial and capital resources for the Authority. The statement is presented in the format where assets plus deferred outflows of resources minus liabilities and deferred inflows of resources equals "Net Position". Both assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year) and "Non-Current". Over time, changes in net position may serve as a useful indication of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position: This statement, similar to an income statement, includes Operating Revenues, such as grant revenue and rental income; Operating Expenses, such as administrative, utilities, maintenance, and depreciation; and Non-Operating Revenue and Expenses, such as investment income and interest expense.

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

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

Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Restricted: This component of net position consists of restricted assets in which constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted: This component of net position consists of net position that do not meet the definition of “Net Investment in Capital Assets” or “Restricted”.

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 and loss.

Statement of Cash Flows: This statement discloses net cash provided by or used for operating activities, investing activities, capital and related financing activities and from non-capital financing activities.

Programs

Low-Income Public Housing

The Low-Income Public Housing (LIPH) Program consists of approximately 4,300 units leased to qualified low-income households, the elderly and persons with disabilities. The Authority operates under an Annual Contributions Contract (ACC) with HUD. Rent is based upon 30 percent of household income and HUD provides an annual operating subsidy.

Capital Fund Program (CFP)

The Capital Fund Program is the source for funding the physical and management improvements of the low-income public housing units.

Shelter Plus Care

The Authority receives HUD funding for the purpose of housing low-income individuals recovering from drug addiction, those who have contracted the AIDS virus, and individuals who have been homeless for an excessive amount of time. The Shelter Plus Care Program consists of 122 vouchers.

Central Office Cost Center

In fiscal year 2007, the Authority implemented and successfully converted to HUD’s Asset Management and Project-Based Accounting model. With the conversion, a new Central Office Cost Center (COCC) was established. With the new accounting format, all central office costs are tracked as a separate entity, and revenue is generated through fees for services (e.g., skilled trades) and management, bookkeeping, and asset management fees charged to the individual projects in the Low-Income Housing Program, as well as fees charged to the Housing Choice Voucher Program and other programs.

Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Housing Choice Voucher Program

Under the Housing Choice Voucher (HCV) Program, the Authority administers contracts with independent landlords who own rental property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. This program is administered under a Consolidated Annual Contributions Contract (CACC) with HUD. HUD provides funding to enable the Authority to structure the tenant leases that sets the rent at 30 percent of household income. The Authority operates with a baseline of 4,915 vouchers.

Family Self-Sufficiency (FSS) Program

This program enables families living in low-income public housing and rental properties under HCV to increase their earned income and reduce their dependency on public assistance and rental subsidies. Under the FSS program, families are provided opportunities for education, job training, counseling and other forms of social service assistance so they can obtain skills necessary to achieve self-sufficiency. HUD funding is provided for the salary of FSS coordinators. This program has a requirement of an escrow account for its participants and provides one-year funding.

Moderate Rehabilitation Program

Under this program, project-based rental assistance is provided to low-income families. The program was repealed in 1991 and no new projects are authorized for development. Assistance is limited to properties previously rehabilitated pursuant to a HAP contract between an owner and a public housing agency. The Authority's existing program consists of 6 units.

Veterans Affair Supportive Housing (VASH)

The HUD VASH program combines HCV rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs. The Authority's program consists of 74 vouchers.

Resident Opportunity and Self-Sufficiency (ROSS) Service Coordinators Program

Under this program, the Authority receives grant funds from HUD for the purpose of providing a service coordinator to coordinate supportive services and other activities designed to help public housing residents attain economic and housing self-sufficiency. This program provides three-year funding and includes administrative expenses and training as eligible uses of funds.

Local Housing Authority (LHA)/Other Business Activities

Under this program, the Authority has approximately 200 units that are owned by the Local Housing Authority (LHA) and are under the HUD Section 8 Project-Based Rental Assistance Program. Housing Assistance Payments (HAP) are received from HUD to offset the difference between the contract rents and the tenants' rental payments.

Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Component Units

The Authority has five discretely presented component units as a result of tax credit financing activities. One multifamily project funded under the HUD Section 8 Project-Based Rental Assistance Program includes the rental of 100 units at Eastland Woods. A mixed finance project at Edgewood Village composed of four phases and entities contains 128 public housing units and 98 tax credit units. In 2015, the Authority determined a previous discretely-presented component unit—Wilbeth-Arlington Homes Limited Partnership—would be more properly classified as a blended component unit after the tax credit period expired and since the Authority became 100% owner. Green Retirement Partnership (of which the Authority was a partner) was formed in 2000 to construct, lease and operate a 58-unit apartment complex. In 2018, the Authority purchased the other partners' interests and became sole owner of the project. In addition, Building for Tomorrow--a non-profit entity that is considered a blended component unit--has a primary focus on early childhood education services for the Authority's residents. The most recent incorporated Authority affiliated non-profit—Summit Akron Development Corporation (SADC)—was created to assist with the development of a 12-unit public housing complex for homeless, disabled youth. SADC is also considered a blended component unit.

Statement of Net Position

The following table represents the condensed statement of net position compared to the prior year for all the Authority's programs combined.

Akron Metropolitan Housing Authority
Summit County
Management Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Table 1 - Statement of Net Position - Primary Government

	12/31/2018	12/31/2017	Change
<u>Assets</u>			
Current Assets	\$ 49,224,974	\$ 49,249,896	\$ (24,922)
Other Non-Current Assets	39,977,598	42,027,404	(2,049,806)
Capital Assets, Net of Accumulated Depr.	142,857,200	147,327,620	(4,470,420)
Total Assets	232,059,772	238,604,920	(6,545,148)
Deferred Outflows of Resources	4,534,886	8,920,454	(4,385,568)
Total Assets and Deferred Outflows of Resources	\$236,594,658	\$247,525,374	\$ (10,930,716)
<u>Liabilities and Net Position</u>			
<u>Liabilities</u>			
Current Liabilities	\$ 6,834,810	\$ 8,201,010	\$ (1,366,200)
Non-Current Liabilities	40,608,747	39,827,780	780,967
Total Liabilities	47,443,557	48,028,790	(585,233)
Deferred Inflows of Resources	5,117,056	802,047	4,315,009
Total Liabilities and Deferred Inflows of Resources	52,560,613	48,830,837	3,729,776
<u>Net Position</u>			
Net Investment in Capital Assets	114,249,736	115,605,270	(1,355,534)
Restricted	10,611,670	13,242,089	(2,630,419)
Unrestricted	59,172,639	69,847,178	(10,674,539)
Total Net Position	184,034,045	198,694,537	(14,660,492)
Total Liabilities and Net Position	\$236,594,658	\$247,525,374	\$ (10,930,716)

Total Assets and Deferred Outflows of Resources decreased approximately \$10.9 million from the prior period. Current assets decreased by \$24 thousand, primarily from lower cash balances for the public housing program. Capital assets decreased nearly \$4.4 million as a result of a decrease in construction-in-progress. Other non-current assets decreased about \$2.0 million from the prior period, the majority of which is attributable to accrued interest on the component unit receivables. Also, deferred outflows of resources decreased by \$4.4 million due to a decrease in the net pension liability. This amount was computed by taking the Authority's share of the net difference between projected and actual earnings on pension plan investments and adding the Authority's contributions subsequent to OPERS' measurement date. Non-current liabilities increased approximately \$800 thousand due to an increase in the net OPEB liability. Deferred inflows of resources increased \$4.3 million due mostly to the implementation of GASB 75.

Akron Metropolitan Housing Authority
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Total net position decreased \$14.6 million due primarily to the new implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and to the decrease in net investments in capital assets caused by the depreciation expense.

Statement of Revenues, Expenses and Changes in Net Position

The following table compares the revenues and expenses for the current year and previous year for all the Authority's programs:

Table 2 - Statement of Revenues and Expenses - Primary Government

	12/31/2018	12/31/2017	Change
<u>Operating and Non-Operating Revenues</u>			
Tenant Revenue	\$ 14,988,154	\$ 14,647,403	\$ 340,751
Operating and Capital Grants	59,290,393	58,075,848	1,214,545
Investment Income	1,257,556	1,382,248	(124,692)
Other Revenues	4,195,449	3,729,311	466,138
Total Operating and Non-Operating Revenues	79,731,552	77,834,810	1,896,742
<u>Operating Expenses</u>			
Administrative	14,604,041	15,914,427	(1,310,386)
Tenant Services	2,763,670	2,589,183	174,487
Utilities	5,370,678	5,359,576	11,102
Maintenance/Security	14,516,844	14,889,990	(373,146)
Housing Assistance Payments	29,590,084	29,931,106	(341,022)
Depreciation/Amortization Expense	11,464,313	12,221,902	(757,589)
Other General Expenses	5,030,154	3,845,634	1,184,520
Total Operating Expenses	83,339,784	84,751,818	(1,412,034)
<u>Non-Operating Expenses</u>			
Interest Expense	299,530	1,045,794	(746,264)
Casualty Loss	308,556	238,064	70,492
Loss on Sale of Capital Assets	159,457	-	159,457
Total Other Expenses	767,543	1,283,858	(516,315)
Total Operating and Non-Operating Expenses	84,107,327	86,035,676	(1,928,349)
Change in Net Position	(4,375,775)	(8,200,866)	3,825,091
Net Position, Beginning of Period, restated	188,409,820	206,895,403	(18,485,583)
Net Position, End of Period	\$ 184,034,045	\$ 198,694,537	\$ (14,660,492)

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Total operating and non-operating revenues increased by 2.4% and total operating and non-operating expenses decreased by 2.2% due to the Authority's efforts to control expenditures to the extent feasible within another non-fully funded fiscal year.

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

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

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

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

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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 the accounting standard for pension and OPEB, the Authority is reporting a significant net pension liability, net OPEB liability and related deferred inflows of resources for the fiscal year which have a negative effect on net position. In addition, the Authority is reporting deferred outflows of resources and a decrease in expenses related to pension and OPEB, which have a positive impact on net position. The decrease in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the Authority's net position, additional information is presented below.

	<u>2018</u>	<u>2017</u>
Deferred outflows - pension	\$ 3,726,808	\$ 8,920,452
Deferred outflows - OPEB	808,079	145,096
Deferred inflows - pension	(4,152,682)	(802,047)
Deferred inflows - OPEB	(964,372)	-
Net pension liability	(15,670,491)	(23,199,934)
Net OPEB liability	<u>(10,980,887)</u>	<u>(10,429,813)</u>
Impact of GASB 68 and GABB 75 on net position	<u>\$(27,233,545)</u>	<u>\$(25,366,246)</u>

Notes 8 and 9 to the financial statements provide additional information regarding the net pension/OPEB liabilities.

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The following table reflects operating revenues and expenses by program, but excludes depreciation:

Table 3 - Revenue and Expenses by Program

	Revenue	Expenses
Low-Income Public Housing (LIPH)	\$ 36,230,637	\$ 31,612,666
Central Office Cost Center	8,061,210	7,689,385
Section 8 Housing Choice Voucher Program (excludes HAP)	3,388,576	3,275,273
Section 8 Moderate Rehab Program (excludes HAP)	5,946	5,946
Section 8 New Constr. and Substantial Rehab Program (excludes HAP)	74,000	1,547
LHA Business Activities	4,076,847	2,896,412
Resident Opportunity and Supportive Services (ROSS)	231,955	231,955
Twenty-First Century Community Learning Centers	575,415	575,415
Family Self-Sufficiency under ROSS	316,600	316,600
Shelter Plus Care (excludes HAP)	50,773	50,773
Resident Services/Early Childhood Initiatives (State/Local)	17,516	17,516
Building for Tomorrow	994,584	929,431
Wilbeth-Arlington Homes Limited Partnership	3,164,607	3,038,157
Summit Akron Development Corporation (Spicer Terrace)	66,794	69,102
Green Retirement Partnership	99,730	91,709
Totals	<u>\$ 57,355,190</u>	<u>\$ 50,801,887</u>

Capital Assets

During the year ended December 31, 2018, the change in capital assets amounted to a net decrease of \$4,470,421, due to less construction-in-progress due to capitalizing two construction grants instead of typically one. The following table represents the changes in the asset accounts by category as follows:

Table 4 - Capital Assets at Year End (Net of Depreciation)

	12/31/2018	12/31/2017	Change
Land	\$ 26,295,917	\$ 26,609,119	\$ (313,202)
Buildings	370,491,844	356,817,825	13,674,019
Equipment	5,009,599	5,052,984	(43,385)
Construction-in-Progress	16,183,184	20,737,269	(4,554,085)
Total Capital Assets	417,980,544	409,217,197	8,763,347
Accumulated Depreciation	(275,123,345)	(261,889,577)	(13,233,768)
Total Capital Assets (Net)	<u>\$ 142,857,199</u>	<u>\$ 147,327,620</u>	<u>\$ (4,470,421)</u>

See Note 4 to the financial statements for additional information regarding capital assets.

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For the Year Ended December 31, 2018
(Unaudited)

Debt

Excluding the internal blended component unit debt and the net pension and net OPEB liabilities, during the year ended December 31, 2018, approximately \$14.5 million of principal was repaid on all general obligations and capital leases and a net amount of approximately \$865,020 of compensated absences was decreased. New general obligation debt added in 2018 is a refunding of the CFFP Series 2007 bonds replaced by the CFFP Series 2018 bonds in the amount of \$9,150,000. The following table compares outstanding debt for the current and previous fiscal periods.

Table 5 - Outstanding Debt at Year End

	12/31/2018	12/31/2017
Outstanding Debt	\$ 14,876,985	\$ 19,550,875
Less: Current Portion	(2,043,649)	(4,718,238)
Long-Term Debt	\$ 12,833,336	\$ 14,832,637

See Note 5 to the financial statements for additional information regarding long-term debt obligations.

Unrestricted Net Position

The following table shows the changes in unrestricted net position for the year ended December 31, 2018:

Table 6 - Change in Unrestricted Net Position

Unrestricted Net Position at December 31, 2017		\$ 69,847,178
Change in Net Position	(4,375,775)	
Adjustments:		
Depreciation (a)	11,464,313	
Adjusted Results from Operations		7,088,538
Debt Expenditures		(14,547,772)
Capital Grants and Contributions		(4,064,658)
Adjustment to Operations		849,353
Unrestricted Net Position at December 31, 2018		\$ 59,172,639

(a) Depreciation is treated as an expense and reduces the results of the operations, but does not have an impact on unrestricted net position.

Akron Metropolitan Housing Authority
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Management Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Economic Factors and Budgets

The preparation of the fiscal year 2018 budget was difficult due to uncertainty with several significant economic and regulatory factors. The continued loss of Federal funding has contributed to a decline in AMHA's net position in 2018, and the forecast for 2019 and beyond is even more concerning.

Proration of funding for the Low-Income Public Housing Program by the U.S. Department of Housing and Urban Development over the past decade has ranged from a low of 81.86 percent and 103 percent. A downward spiral began after 2011 when proration peaked at 103 percent. During 2013-2015, proration percentages stayed in the 80's, and although the rate increased to 94.74% for calendar year 2018, funding was still not sufficient to cover the needs for sustaining the program. The proration rate is currently at 88.7% in 2019, but subject to change.

The Authority continues to receive HUD funding for the capital needs of public housing. While HUD grants to our agency declined for a nine-year stretch from \$9,045,567 authorized in 2008, we were fortunate to be awarded \$10,924,306 in 2018. There continues to be discussion in Washington, D.C., to reduce the amount for public housing capital to zero; while we do not believe Congress will approve said elimination, there is still worries that this capital grant could be significantly reduced.

The administrative fees for running the Section 8 Housing Choice Voucher Program have not been adequate for many years and sank to an all-time low in 2013 when the proration rate dropped to 69 percent. In 2018, proration was approximately 80% and is currently at the same level.

With insufficient funding and funding uncertainty in all HUD programs, it has become vital to analyze the annual budget and determine where cuts are necessary. However, with any reduction, the Authority remains committed to its residents and maintaining high housing standards. As in all organizations, there is a limit in absorbing cuts in funding and being able to sustain high levels of service. Funding predictability and timely action on federal appropriations are also important.

This financial report is designed to provide a general overview of the finances of the Akron Metropolitan Housing Authority for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Brian Gage, Executive Director, Akron Metropolitan Housing Authority, 100 West Cedar Street, Akron, Ohio 44307.

*Akron Metropolitan Housing Authority
Statement of Net Position
Proprietary Fund Type
December 31, 2018*

	Primary Government	Component Units
<u>Assets</u>		
Current Assets		
Cash and Cash Equivalents	\$ 14,693,512	\$ 1,124,664
Investments - Unrestricted	13,079,806	-
Restricted Cash and Cash Equivalents	2,685,006	4,215,315
Investments - Restricted	8,662,468	-
Accrued Interest Receivable	7,066,617	-
Other Receivables, Net	1,581,046	50,622
Inventories, Net	542,821	-
Prepaid Expenses and Other Assets	913,698	10,131
Total Current Assets	49,224,974	5,400,732
Noncurrent Assets		
Capital Assets, Not Being Depreciated	42,479,101	1,009,800
Capital Assets, Net of Depreciation	100,378,099	42,203,929
Notes Receivable from Component Units and Other	39,389,072	-
Other Noncurrent Assets	588,526	573,436
Total Noncurrent Assets	182,834,798	43,787,165
Deferred Outflows of Resources		
Pension/OPEB	4,534,886	-
Total Deferred Outflows of Resources	4,534,886	-
Total Assets and Deferred Outflows of Resources	236,594,658	49,187,897
<u>Liabilities</u>		
Current Liabilities		
Accounts Payable	989,908	578,715
Accrued Liabilities	2,274,686	2,396,648
Tenant Security Deposits	404,964	129,355
Unearned Revenue	168,706	807,865
Bonds, Notes, and Loans Payable	2,043,649	304,830
Other Current Liabilities	936,169	-
Total Current Liabilities	6,818,082	4,217,413
Non-Current Liabilities		
Bonds, Notes, and Loans Payable	12,833,336	3,242,293
Accrued Compensated Absences, Non-Current	819,080	-
Notes Payable to Primary Government	-	30,915,631
Non-Current Liabilities - Other	321,685	-
Net Pension Liability	15,670,487	-
Net OPEB Liability	10,980,887	-
Total Non-Current Liabilities	40,625,475	34,157,924
Deferred Inflows of Resources		
Pension/OPEB	5,117,056	-
Total Deferred Inflows of Resources	5,117,056	-
Total Liabilities and Deferred Inflows of Resources	52,560,613	38,375,337
<u>Net Position</u>		
Net Investment in Capital Assets	114,249,736	8,750,975
Restricted for:		
Housing Assistance Payments - Section 8	122,546	-
Operating Reserve Fund	653,390	1,221,733
Public Housing Bond Pool	605,809	-
Capital Outlay	9,229,925	-
ACC Reserve Fund	-	1,361,878
Replacement Reserve Fund	-	1,316,967
Tax and Insurance Escrows	-	179,432
Unrestricted	59,172,639	(2,018,425)
Total Net Position	\$ 184,034,045	\$ 10,812,560

See accompanying notes to the financial statements

Akron Metropolitan Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type
For the Year Ended December 31, 2018

	<u>Primary Government</u>	<u>Component Units</u>
<u>Operating Revenue:</u>		
Tenant Revenue	\$ 14,988,154	\$ 2,928,924
Government Operating Grants	55,225,735	-
Other Revenue	4,195,449	433,332
Total Operating Revenue	<u>74,409,338</u>	<u>3,362,256</u>
<u>Operating Expenses:</u>		
Administrative	14,604,041	738,774
Tenant Services	2,763,670	-
Utilities	5,370,678	400,323
Maintenance	12,584,914	870,786
Protective Services	1,931,930	-
General	3,605,894	248,915
Housing Assistance Payment	29,590,084	-
Insurance	1,424,260	181,691
Depreciation and Amortization	11,464,313	2,653,014
Total Operating Expenses	<u>83,339,784</u>	<u>5,093,503</u>
Operating Income (Loss)	(8,930,446)	(1,731,247)
<u>Non-Operating Revenues(Expenses):</u>		
Interest and Investment Revenue	1,257,556	14,312
Casualty Gain/(Loss)	(308,556)	-
Interest Expense and Amortization Cost	(299,530)	(394,541)
Gain (Loss) on Sale of Capital Assets	(159,457)	-
Total Non-Operating Revenues (Expenses)	<u>490,013</u>	<u>(380,229)</u>
Income(Loss) Before Capital Contributions	(8,440,433)	(2,111,476)
<u>Capital Revenue</u>		
Capital Contributions	4,064,658	-
Total Capital Revenue	<u>4,064,658</u>	<u>-</u>
Change in Net Position	(4,375,775)	(2,111,476)
Net Position, Beginning of Period, Restated	<u>188,409,820</u>	<u>12,924,036</u>
Total Net Position, End of Period	<u><u>\$ 184,034,045</u></u>	<u><u>\$ 10,812,560</u></u>

See accompanying notes to the financial statements

*Akron Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
For the Year Ended December 31, 2018*

	Primary Government
<u>Cash Flows from Operating Activities</u>	
Cash Received from HUD	\$ 55,225,735
Cash Received from Tenants and Other	14,966,196
Cash Received from Other Revenue	4,264,469
Cash Payments for Housing Assistance Payment	(29,590,084)
Cash Payments for Administrative	(14,604,041)
Cash Payments for Ordinary Maintenance	(12,651,287)
Cash Payments for Other Operating Expenses	(2,818,839)
Net Cash Provided (Used) by Operating Activities	14,792,149
<u>Cash Flows from Capital and Related Financing Activities</u>	
Debt Principal and Interest Payments	(17,086,694)
Debt Proceeds	11,370,966
Acquisition and Construction of Capital Assets	(5,428,455)
Notes to/(From) Primary Government	(750,297)
Equity Transfers	(10,276,814)
Proceeds from Capital Grants and Contributions	4,064,658
Net Cash Provided (Used) by Capital and Other Related Financing Activities	(18,106,636)
<u>Cash Flows from Noncapital Financing Activities</u>	
Casualty loss - Noncapitalized	(308,556)
Net Cash Provided (Used) by Noncapital Financing Activities	(308,556)
<u>Cash Flows from Investing Activities</u>	
Notes Receivable	1,809,489
Purchase of Investments	(4,550,683)
Redemption of Investments	1,435,000
Investment Income	1,257,556
Net Cash Provided (Used) by Investing Activities	(48,638)
Change in Cash	(3,671,681)
Cash and Cash Equivalents, Beginning of Year	21,050,199
Cash and Cash Equivalents, End of Year	\$ 17,378,518
<u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:</u>	
Operating Income/(Loss)	\$ (8,930,446)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	11,464,313
(Increase)/Decrease in Deferred Outflows of Resources	4,385,568
Increase/(Decrease) in Deferred Inflows of Resources	4,315,009
Increase/Decrease in Operating Assets and Liabilities:	
Accounts Receivable - Tenant and Other	(2,587)
Accrued Interest Receivable	(602,483)
Inventory	(66,373)
Prepays and Other Assets	140,367
Accounts Payable	132,036
Accrued Payroll and Compensated Absences	(717,074)
Unearned Revenue	49,649
Other Liabilities	1,110,100
Other Non-Current Liabilities	62,633
Net Pension Liability	(7,529,450)
Net OPEB Liability	10,980,887
Total Adjustments	23,722,595
Net Cash Provided (Used) by Operating Activities	\$ 14,792,149

See accompanying notes to the financial statements

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Description of the Entity

The Akron Metropolitan Housing Authority (the Authority) is a political subdivision organized under the laws of the State of Ohio. The Authority is responsible for operating certain low-income housing programs in Summit County under programs administered by the U.S. Department of Housing and Urban Development (HUD). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

Reporting Entity

The reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendment of GASB Statements No. 14 and No. 34* and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. The reporting entity is composed of the primary government and component units. The primary government consists of all organizations, activities, and functions that are not legally separate from the Authority. For the Authority, this includes general operations.

Component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's Governing Board and a) the Authority is able to significantly influence the programs or services performed or provided by the organization; or b) the Authority is legally entitled to or can otherwise access the organization's resources; or c) the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or d) the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget or the issuance of debt. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Authority has four blended component units and five discretely presented component units, which are discussed below.

Blended Component Units

Building for Tomorrow (BFT) was established in 2010 as a non-profit, 501(c)(3) tax exempt organization. BFT receives fundraising support from programs grants, contributions from various charitable organizations, individual contributions and in-kind support from the Authority. The funds are used to reimburse the Authority for the program costs for educational programming, social services, education services, and financial assistance to low income residents in the Authority's housing developments and/or participants in certain federal, state or local voucher programs. BFT has no employees; all programs and functions are provided by employees of the Authority. BFT is considered a blended component unit since it has substantially the same governing body as the Authority and which approves the respective annual budgets. The Authority is able to impose its will on BFT because the Authority can significantly influence the programs, projects and activities.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Description of the Entity (continued)

Summit Akron Development Corporation (SADC) was incorporated in 2014 as an instrumentality of the Authority to assist with development of a housing project that focuses on homeless, disabled youth. SADC is considered a blended component unit since its governing body is the same as the governing body of the Authority, and the financing provided for the project benefits the Authority through housing additional clients with specific needs.

Wilbeth-Arlington Homes, Limited Partnership was formed in 1996 for the purchase, rehabilitation and operation of a 328-unit multi-family complex. Prior to 2015, the Partnership was composed of 99% limited partners (the Ohio Equity Fund for Housing L.P VI at 83.73% and Ohio Equity Fund for Housing L.P. VII at 15.27%) and 1% general partner (Arlington Housing Partners, Inc., of which the Authority held 79% ownership and indirect control). Tenants are assisted with their rent through a HUD Section 8 Housing Assistance Payment (HAP) Contract. During 2015, the Authority became 100% owner of Arlington Housing Partners, Inc. and the sole member of Wilbeth-Arlington Homes, Limited Partnership. Subsequently, the Authority determined that this Partnership no longer qualified as a discrete component unit since the Authority has 100% direct control and reclassified the Partnership as a blended component unit.

Green Retirement Partnership was formed in 2000 to construct, lease and operate a 58-unit apartment complex. The partnership was composed of Green Retirement, Inc. (.07% general partner), Green Residence Corporation (.03% general partner and affiliate of the Authority) and Ohio Equity Limited Partner II (99.9% limited partner). In 2018, the tax credit compliance period ended and the Authority and its affiliate purchased the other partnership interests, thereby owning directly and indirectly 100% of the partnership. The partnership has renewed the contract to continue management services with an outside party to handle the day-to-day operations. Green Retirement Partnership is considered a blended component unit since its governing body is the same as that of the Authority and has obtained loans from the Authority.

These entities are included in the primary government column of the financial statements. The financial statements for the blended component units are for the year ending December 31, 2018.

Discretely Presented Component Units

Per GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendment of GASB Statements No. 14 and No. 34* and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, the five Limited Liability Companies (LLC) described below are considered discretely presented component units of the Authority since none of these component units meet the blending criteria.

The following five component units were formed to participate in the Low-Income Housing Tax Credit (LIHTC) Program under Section 42 of the Internal Revenue Code:

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Description of the Entity (continued)

Eastland Woods, LLC was formed in 2004 to acquire, rehabilitate and operate 100 affordable rental homes. The Authority indirectly controls the sole general partner (Eastland TECB FP Corporation) through 79% ownership. Two members of the Authority's Board of Directors and the Executive Director serve as the Board of Directors for the general partner corporation. Eastland Woods, LLC has obtained loans through the Authority and the Authority is the property manager for the rental units. Tenants are assisted with their rent through a HUD Section 8 HAP Contract.

Akron Edgewood Homes, LLC was formed in 2007 to acquire, construct and lease 80 units of affordable housing in 35 buildings. The Authority controls the general partner (Akron Edgewood Management Corporation). Two members of the Authority's Board of Directors and the Executive Director serve as the Board of Directors for the general partner corporation. Akron Edgewood Homes, LLC leased the land from the Authority on which the property is situated and has obtained loans through the Authority. In addition, the Authority is the property manager for the rental units. Of the 80 units, 49 units are considered low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD.

Edgewood Village, LLC was formed in 2008 to acquire, construct and lease 48 units of affordable rental housing in 29 buildings. The Authority controls the general partner (Edgewood Village Management Corporation). Two members of the Authority's Board of Directors and the Executive Director serve as the Board of Directors for the general partner corporation. Edgewood Village, LLC leased the land from the Authority on which the property is situated and has obtained loans through the Authority. In addition, the Authority is the property manager for the rental units. Of the 48 units, 23 units are considered low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD.

Edgewood Village South, LLC was formed in 2010 to acquire, construct and lease 50 units of affordable rental housing in 19 buildings. The Authority controls the general partner (Edgewood Village South Management Corporation). Two members of the Authority's Board of Directors and the Executive Director serve as the Board of Directors for the general partner corporation. Edgewood Village South, LLC leased the land from the Authority on which the property is situated and has obtained loans through the Authority. In addition, the Authority is the property manager for the rental units. Of the 50 units, 20 units are low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD.

Marian Hall Building, LLC was formed in 2011 to acquire, construct and lease an affordable 48 unit, mid-rise apartment building. The Authority controls the general partner (Edgewood Village V Management Corporation). Two members of the Authority's Board of Directors and the Executive Director serve as the Board of Directors for the general partner corporation. Marian Hall Building, LLC leased the land from the Authority on which the property is situated and has obtained loans through the Authority. In addition, the Authority is the property manager for the rental units. Of the 48 units, 36 units are low-rent and receive an operating subsidy that is passed through the Authority under its Annual Contributions Contract with HUD. In addition, the 12 remaining units are under a Project-Based Voucher HAP Contract with HUD.

These five entities are reported in the component unit column of the financial statements. The financial statements for the discretely presented component units are for the year ended December 31, 2018.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Description of the Entity (continued)

Programs

The following programs are operated under the Annual Contributions Contract, C959:

Low-Income Public Housing Program – Under this program, the Authority owns and manages approximately 4,300 public housing units for eligible low-income families, the elderly and persons with disabilities. The Authority operates the program with rents received from tenants and subsidies received from HUD.

Public Housing Capital Fund Program – Under this program, the Authority receives assistance for modernization and development of public housing. A portion of these funds is also used for management improvement activities and assisting with operations of the sites and administration of the capital fund program.

Resident Opportunity and Self-Sufficiency (ROSS) Service Coordinators Program – Under this program, the Authority receives grant funds from HUD for the purpose of providing a service coordinator to coordinate supportive services and other activities designed to help public housing residents attain economic and housing self-sufficiency. This program provides three-year funding and includes administrative expenses and training as eligible uses of funds.

The following programs are operated under the Annual Contributions Contract, C10003:

Housing Choice Voucher (HCV) Program – Under this HUD Section 8 Program, the Authority contracts with private landlords and subsidizes the rental of 4,915 authorized units. HCV payments are made to the landlord on behalf of the tenant for the difference between the contract rent amount and the amount the tenant is obligated to pay under the program.

Veterans Affairs Supportive Housing (VASH) Program – The HUD VASH program combines HCV rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs. The Authority's existing program consists of 74 vouchers.

Moderate Rehabilitation Program – Under this program, project-based rental assistance is provided to low-income families. The program was repealed in 1991 and no new projects are authorized for development. Assistance is limited to properties previously rehabilitated pursuant to a HAP contract between an owner and a public housing agency. The Authority's existing program consists of 6 units.

Shelter Plus Care Program – This program is funded in five-year increments through a Community Development Block Grant. The Authority receives funds for the purpose of providing housing for those individuals who have contracted the AIDS virus, are recovering drug addicts, or have been homeless for an excessive amount of time. The Authority's existing program consists of 122 units.

The Authority also operates the following program separate from the above Annual Contribution Contracts:

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Description of the Entity (continued)

Housing Assistance Payment (HAP) Program – Under this HUD Section 8 Program, the Authority receives rental subsidies for approximately 200 dwelling units. Project-based rental assistance payments are received by the Authority from HUD for the difference between the contract rent amount and the amount the tenant is able to pay.

Family Self-Sufficiency (FSS) Program – This program enables families living in low-income public housing and housing choice voucher programs to increase their earned income and reduce their dependency on public assistance and rental subsidies. Under the FSS program, families are provided opportunities for education, job training, counseling and other forms of social service assistance so they can obtain skills necessary to achieve self-sufficiency. HUD funding is provided for salaries of FSS coordinators. This program has a requirement of an escrow account for its participants and provides one-year funding.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*, the Authority follows GASB guidance as applicable to proprietary funds.

The Authority's financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The Authority uses a single proprietary fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Proprietary fund reporting focuses on the determination of the changes in net position, financial position and cash flows. A proprietary fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting

The proprietary fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and deferred inflows of resources and all liabilities and deferred outflows of resources associated with the operation of the Authority are included on the statement of net position. The statement of changes in net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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

Cash and Investments

Cash and cash equivalents include investments with original maturities of three months or less at the time of purchase. Cash equivalents are carried at fair value. Investments with an initial maturity of more than three months are reported as investments. An analysis of the Authority's investment account at year end is provided in Note 3.

Capital Assets

All capital assets (including land, structures and equipment) are capitalized at cost and updated for additions and retirements during the fiscal period. Donated capital assets are recorded at their acquisition values as of the date received. The Authority maintains a capitalization threshold of \$5,000. The Authority does not possess any infrastructure. Improvements are capitalized, but the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated using the straight-line method. Improvements are depreciated over the remaining useful lives of the related capital assets. Buildings are depreciated over 40 years and equipment is depreciated over 3 to 5 years.

Compensated Absences

The Authority reports compensated absences in accordance with the provision of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Authority will compensate the employees for the benefits through paid time off or some other means. The Authority records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the Authority's past experience of making termination payments.

The entire compensated absence liability is reported as a fund liability. The current portion of compensated absence liability is included in current liabilities in the financial statements.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Recognition of Revenues and Expenses

The Authority accounts for transactions using the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Contributions and subsidies received from HUD are generally recognized as revenues in the Annual Contributions Contract year, except for HAP payments received under the Project-Based Rental Assistance Program which are recognized as dwelling rental revenues when earned. Tenant rents are recognized as revenues in the month of occupancy.

Contributions under the Capital Fund Program (CFP) are recognized as revenues in the period in which expenses related to CFP projects were incurred. Rentals and grants received in advance of the period in which they are recognized are recorded as deferred inflows of resources.

Indirect Costs

The Authority began operating with a central office cost center (COCC) in 2010 for reporting all of its indirect costs, eliminating the requirement of an indirect cost allocation plan.

The COCC is funded from fees charged to the various programs as authorized by HUD.

Inventory

Inventory is valued using an average costing method. The expenses are recorded upon consumption.

Budgetary Accounting

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

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interprogram Balances

Receivables and payables resulting from short-term interprogram loans are classified as “Interprogram Due From/To” in the respective program financial statements. These amounts are eliminated in the Authority’s statements of net position in the financial statements.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Pensions and Other Postemployment Benefits (OPEB)

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

The current accounting standard requires the Authority to report their proportionate share of the net pension/OPEB liability using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and post employment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. Under the new standards, the net pension/OPEB liability equals the Authority proportionate share of the pension plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other post employment benefits. The unfunded portion of this benefit of exchange is a liability of the Authority. However, the Authority is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension liability or the net OPEB liability. The Authority has no control over the changes in the benefits, contributions rate, and return on investments affecting the balance of these liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Deposits and Investments

State statutes classify monies held by the Authority into three categories.

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

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

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

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director 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.

Investments in stripped principal or interest obligation, reverse repurchase agreement and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also 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 specified dealers and institutions.

Payment for investments may only be made upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of the confirmation of transfer from the custodian.

Unrestricted Cash and Cash Equivalents

Cash on Hand

At December 31, 2018, the Authority had \$1,325 in undeposited cash on hand, which is included on the Statement of Net Position as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

At December 31, 2018, the carrying amount of the Authority's deposits was \$20,511,889 (including \$3,134,696 of negotiable CDs) and the bank balance was \$23,169,794. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2018, none of the Authority's bank balance was exposed to custodial credit risk.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Deposits and Investments (continued)

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC.

The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Investments

The Authority has a formal investment policy; however, the Authority's investments were limited to U.S. Treasury/Agency securities, money market accounts backed by U.S. Treasury/Agency securities, and private debt securities at December 31, 2018.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Authority's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: U.S. Government money market mutual funds carry a rating of AAAM by Standard & Poor's. The Authority's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The Authority's investment policy does not specifically address credit risk beyond requiring the Authority to invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Authority's name. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Deposits and Investments (continued)

Concentration of Credit Risk: The Authority places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Authority at December 31, 2018:

	Fair Value	Percentage of Total
FHLB	\$ 7,344,376	39.47%
FHLMC	5,488,137	29.49%
FFCB	433,151	2.33%
FNMA	5,341,914	28.71%
Total U.S. Agency	18,607,578	100.00%
Deposits and Cash on Hand	20,513,214	
Total Cash and Investments	\$39,120,792	

As of December 31, 2018, the Authority has the following investments and maturities:

	Fair Value	Investment Maturities (in Years)		
		Less Than One Year	1-3 Years	4-5 Years
		\$ 7,344,376	\$ -	\$ 7,144,510
FHLMC	5,488,137	494,425	4,993,712	-
FFCB	433,151	-	433,151	-
FNMA	5,341,914	1,736,490	3,605,424	-
Totals	\$ 18,607,578	\$ 2,230,915	\$ 16,176,797	\$ 199,866

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Authority's recurring fair value measurements as of December 31, 2018. All of the Authority's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

Restricted Cash and Investments

The Authority has restricted cash and investment at December 31, 2018 as follows:

Proceeds from Norton Homes Sale	\$ 9,229,925
Unspent HAP Funding Provided for Housing Choice Voucher Program	241,625
Tenant Security Deposits	414,119
Other Purposes	1,461,805
	\$ 11,347,474

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Additions	Deletions	Transfers	Balance 12/31/2018
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 26,609,119	\$ 7,452	\$ (320,744)	\$ 90	\$ 26,295,917
Construction in Progress	20,737,269	3,337,972	-	(7,892,057)	16,183,184
<i>Total Capital Assets Not Being Depreciated</i>	47,346,388	3,345,424	(320,744)	(7,891,967)	42,479,101
<u>Capital Assets Being Depreciated</u>					
Buildings and Building Improvements	356,817,825	677,818	(25,693)	13,021,894	370,491,844
Furniture, Equipment and Machinery	5,052,984	57,157	(550,741)	450,199	5,009,599
<i>Total Capital Assets Being Depreciated</i>	361,870,809	734,975	(576,434)	13,472,093	375,501,443
<u>Less: Accumulated Depreciation</u>					
Buildings and Building Improvements	(257,610,285)	(11,272,735)	22,805	(1,955,750)	(270,815,965)
Furniture, Equipment and Machinery	(4,279,292)	(166,168)	529,921	(391,841)	(4,307,380)
<i>Capital Assets Being Depreciated, Net</i>	99,981,232	(10,703,928)	(23,708)	11,124,502	100,378,098
Primary Government Capital Assets, Net	<u>\$ 147,327,620</u>	<u>\$ (7,358,504)</u>	<u>\$ (344,452)</u>	<u>\$ 3,232,535</u>	<u>\$ 142,857,199</u>

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Long-Term Obligations

Changes in the Authority’s long-term obligations during the year ended December 31, 2018 are as follows:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018	Due Within One Year
General Obligations					
Central Office Variable Rate Bonds	\$ 2,525,000	\$ -	\$ (2,525,000)	\$ -	\$ -
Energy Conservation Note 4.40%	-	-	-	-	-
Energy Conservation Note 3.79%	498,289	-	(498,289)	-	-
OHFA NSP Loan	1,877,922	-	-	1,877,922	-
Summit County NSP Loan	375,000	-	(25,000)	350,000	25,000
CFPP - Series 2007	9,585,001	-	(9,585,001)	-	-
Premium on Bond	211,195	-	(211,195)	-	-
CFPP - Series 2017	-	9,150,000	(825,000)	8,325,000	800,000
Premium on Bond	-	226,882	(22,688)	204,194	22,688
OHFA CFEH1 Spicer Loan	1,146,900	-	-	1,146,900	-
Green Retirement Summit Note 6.00%	-	250,000	-	250,000	-
Green Retirement OHFA Note 5.00%	-	247,000	-	247,000	-
Total General Obligations	16,219,307	9,873,882	(13,692,173)	12,401,016	847,688
Capital Lease					
Phase III Bank of America 3.45%	3,331,568	-	(855,599)	2,475,969	1,195,961
Blended Component Unit Obligations					
Wilbeth-Arlington Note 3.00%	9,694,649	-	(108,199)	9,586,450	-
Authority Funds Note 0.00%	1,309,803	-	-	1,309,803	-
OHFA CFEH1 Spicer Loan	1,146,900	-	-	1,146,900	-
Building for Tomorrow Loan	20,000	-	-	20,000	-
Green Retirement Note 7.65%	-	1,373,966	(56,643)	1,317,323	50,003
Green Retirement Note 5.50%	-	350,000	-	350,000	-
Total Blended Component Unit	12,171,352	1,723,966	(164,842)	13,730,476	50,003
Net Pension Liability	23,199,937	-	(7,529,450)	15,670,487	-
Net OPEB Liability	10,429,813	551,074	-	10,980,887	-
Compensated Absences	1,819,907	-	(865,020)	954,887	135,807
Total Primary Government	\$ 67,171,884	\$ 12,148,922	\$ (23,107,084)	\$ 56,213,722	\$ 2,229,459

On April 1, 1998, the Authority issued \$7,000,000 of variable rate demand bonds. The proceeds were used for the construction and furnishing of the Authority’s central office building and are being repaid from non-federal funds. The bonds were paid in full during 2018.

On September 20, 2005, the Board authorized the Authority to proceed with Phase II of HUD’s Energy Incentive Program, which was financed by a \$4,897,502 tax-exempt municipal 12 year note at an interest rate of 3.79%. Principal and interest payments of \$42,381 are paid monthly to the financing bank, PNC. Phase II of this program provided for the design, installation and financing of energy conservation measures to reduce natural gas consumption throughout the low-income public housing properties. This note was paid in full during 2018.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Long-Term Obligations (continued)

On July 17, 2007, the Authority obtained Series 2007A Capital Fund Revenue Bonds payable to Ohio Housing Finance Agency at an interest rate ranging from 3.90% to 4.67%. The principal amount of the combined bond issue for four housing authorities was \$40,532,000, and \$15,605,000 of the principal amount is Akron Metropolitan Housing Authority's share. Payments are due semi-annually from October 2007 to April 2027. The bonds are repaid from the Capital Fund Program and were issued to make capital improvements to several of the sites. Premium on the bonds of \$422,393 was added to the debt in fiscal year 2009 and is being amortized over the life of the bonds. These bonds were refunded during 2018.

The Authority assumed a Neighborhood Stabilization Program (NSP) First Priority Cash Flow Mortgage in an amount totaling \$1,877,922 from the Ohio Housing Finance Agency to fund the rehabilitation of the Washington Square Project to be repaid over a 20 year term. The annual cash flow payment is due and payable calculated on 25% of available cash flow. Any outstanding principal at the end of the 20 year term will be forgiven provided that the Authority adheres to the rent and occupancy requirements, reporting requirements and monitoring requirements in compliance with OHFA standards. In addition, the Authority signed a \$500,000 promissory note with Summit County also derived from NSP funds, that is secured by a 20 year mortgage to be repaid in equal annual payments of \$25,000. The County has agreed to forgive the payment annually as long as the Authority complies with the terms and conditions of the note.

In 2014, the Authority refinanced the three outstanding mortgages and the note payable outstanding totaling \$19,170,364 related to the Wilbeth-Arlington Homes Limited Partnership classified as a blended component unit by the Authority. The Authority forgave an amount equaling the carryover tax loss that would have been reported for tax purposes of \$9,255,027. The remaining balance was consolidated into a note payable to the Authority totaling \$9,915,337 bearing a 3.00% interest rate. This balance is to be repaid in annual installments based on the surplus cash balance at the end of each year. Due to the uncertainty of the surplus cash balance, no amortization schedule is available. The balance of this outstanding issue was eliminated on the financial statements as an intercompany transaction.

On April 28, 2015, the Authority issued an Authority Funds Note payable to the Authority at an interest rate of 0.00% for an amount not to exceed \$2,158,800. The principal balance outstanding at December 31, 2018 was \$1,309,803. Payment is due in full at maturity on April 28, 2055. This note was issued for capital improvements at the Spicer Terrace property. The balance of this outstanding issue was eliminated on the financial statements as an intercompany transaction.

On May 1, 2016, the Authority signed a loan agreement with the Ohio Housing Finance Agency for a maximum amount of \$1,146,900 of Capital Funding to End Homelessness Initiative (CFEHI) funds. The Authority in turn loaned the proceeds to the Summit Akron Development Corporation (SADC), its blended component unit and owner entity of the 12-unit housing project constructed in 2016 that focuses on homeless, disabled youth. The loan has a 0% interest rate, 30-year term, and is reduced by 3.33% each full year SADC maintains the property in accordance with HUD's Declaration of Restrictive Covenants. The loan is secured by a mortgage to AMHA, which is assigned to OHFA. This loan will be forgiven over a period of 30 years as long as the OHFA requirements are fully met.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Long-Term Obligations (continued)

On March 13, 2018, the Authority refinanced the Series 2007A Bonds by issuing Series 2018 Refunding Bonds to take advantage of the lower interest rates. The refunding bond issue was combined with three housing authorities. The principal amount of the combined bonds was \$22,585,000 with \$9,150,000 of the principal being the Authority's share. The principal and interest are payable semi-annually beginning in April 2018 with the final payment due in April 2027 due to the trustee, Wells Fargo, for payment to the bondholders. The interest rates on the bonds range from 3.00%-4.00%.

In 2014, the Authority acquired the construction loan from Huntington Bank for Green Retirement Partnership, a blended component unit. The loan is payable in monthly installments of \$12,369 including interest at 7.65%. The final payment is due and payable on January 1, 2020. The balance on the loan as of December 31, 2018 was \$1,317,323.

Green Retirement Partnership obtained additional outside financing of \$250,000 under the Ohio Housing Finance Agency (OHFA) Housing Development Assistance Program (HDAP) to finance the construction of the project. The Partnership pays annual installments of 50% of the project's cash flow for the previous year to the extent that there is cash flow for the year exceeding \$10,000. The unpaid principal balance accrues interest at 5% per annum, compounded semi-annually. Unless paid sooner, the outstanding balance of principal and accrued but unpaid interest shall be due and payable August 25, 2033. Principal balance on this note is \$247,000 and accrued interest is \$190,140 as of December 31, 2018.

The County of Summit loaned \$250,000 to Green Retirement Partnership to help construct the building. The partnership shall pay from the project's cash flow for the previous year after the Housing Development Assistance Program (HDAP) loan is paid in full. The outstanding balances of interest at 6% and principal will be due and payable on July 28, 2033. Accrued interest on this note is \$288,107 as of December 31, 2018. The Authority approached the County of Summit and obtained approval to have the outstanding principal and interest forgiven in 2019.

In addition, the Authority loaned Green Retirement Partnership \$350,000 to assist in constructing the 58 - unit apartment complex. The partnership shall pay from the project's cash flow for the previous year after the Housing Development Assistance Program (HDAP) and County of Summit loans are paid in full. The outstanding balance of interest at 5.5% and principal are due and payable on August 1, 2033. Accrued interest on this loan is \$296,770 as of December 31, 2018.

Compensated absences liability will be paid from the programs where employee salaries are paid.

Akron Metropolitan Housing Authority
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Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Long-Term Obligations (continued)

The following is a summary of the Authority’s future debt service requirements for long-term debt as of December 31, 2018:

Year	Principal	Interest	Total
2019	\$ 863,230	\$ 266,250	\$ 1,129,480
2020	893,230	241,800	1,135,030
2021	918,230	216,525	1,134,755
2022	948,230	190,425	1,138,655
2023	978,230	158,850	1,137,080
2024-2028	4,356,150	268,275	4,624,425
2029-2033	2,169,072	-	2,169,072
2034-2038	191,150	-	191,150
2039-2043	191,150	-	191,150
2044-2048	114,690	-	114,690
Total	<u>\$ 11,623,362</u>	<u>\$ 1,342,125</u>	<u>\$ 12,965,487</u>

Note 6 – Capital Leases

In 2011, the Authority entered into a capitalized lease agreement for the acquisition of various building improvements and equipment. The terms of each agreement provide options to purchase the items. The leases meet the criteria of capital leases as one which transfers all benefits and risks of ownership to the lessee. Capital assets acquired by lease have been capitalized as equipment in the amount of \$4,676,586 equal to the present value of the future minimum lease payments at the time of acquisition. Lease payments in the current fiscal year totaled \$979,242.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments at December 31, 2018:

Year	Principal	Interest	Total
2019	\$ 1,195,961	\$ 81,229	\$ 1,277,190
2020	1,280,008	27,955	1,307,963
Total	<u>\$ 2,475,969</u>	<u>\$ 109,184</u>	<u>\$ 2,585,153</u>

Note 7 – Other Employee Benefits

Compensated Absences

Sick Leave is earned at a rate of 4.6 hours for each 80 hours worked and up to 960 hours of accumulated, unused sick leave is paid upon retirement.

Vacation leave is earned at a rate ranging from 8 hours to 16.66 hours per month based on years of service. Vacation time may be carried over from year to year up to two years for a cumulative maximum of 96 hours. Accumulated, unused vacation time is due and payable to employees upon separation from the Authority.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – 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.

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

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

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

Ohio Public Employees Retirement System

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

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plan (continued)

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

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

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

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

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

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

Akron Metropolitan Housing Authority
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Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plan (continued)

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

	<u>State and Local</u>
2018 Statutory maximum contribution rates	
Employer	14.00 %
Employee	10.00 %
 2018 Actual contribution rates	
Employer:	
Pension	14.00 %
Post-employment health care benefits	-
Total employer	14.00 %
 Employee	 10.00 %

The Authority's contractually required contribution for the Traditional Pension Plan was \$1,838,076 for 2018. Of this amount, \$200,681 is reported as an accrued liability.

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 the proportionate share and pension expense:

	<u>OPERS</u>
Proportion of the net pension liability - prior year	0.102165%
Proportion of the net pension liability - current year	0.099888%
Change in proportionate share	-0.002277%
 Proportionate share of the net pension liability	 \$ 15,670,487
Pension expense	\$ 2,852,912

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plan (continued)

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

	<u>OPERS</u>
Deferred outflows of resources	
Net difference between expected and actual experience	\$ 16,003
Changes of assumptions	1,872,729
Authority contributions subsequent to the measurement date	1,838,076
Total deferred outflows of resources	<u>\$ 3,726,808</u>
 Deferred inflows of resources	
Differences between expected and actual experience	\$ 308,816
Net difference between projected and actual earnings on pension plan investments	3,364,248
Changes in proportion and differences between Authority contributions and proportionate share of contributions	479,618
Total Deferred Inflows of Resources	<u>\$4,152,682</u>

A total of \$1,838,076 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>
Year ending December 31:	
2019	\$ 1,056,371
2020	(456,465)
2021	(1,481,436)
2022	(1,382,420)
Total	<u>\$ (2,263,950)</u>

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plan (continued)

Actuarial Assumptions - OPERS

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

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

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or Ad Hoc COLA	3%, simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the 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 investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plan (continued)

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:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
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	<u>18.00</u>	<u>5.26</u>
Total	<u>100.00 %</u>	<u>5.66 %</u>

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

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

	1% Decrease <u>(6.50%)</u>	Current discount rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Authority's proportionate share of the net pension liability	\$ 27,826,799	\$ 15,670,487	\$ 5,535,793

Akron Metropolitan Housing Authority
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Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Post-Employment Benefits

Net OPEB Liability

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

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

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

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

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

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Post-Employment Benefits (continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0% of earnable salary and public safety and law enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$0 for 2018. Of this amount, \$0 is reported as an accrued liability.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Post-Employment Benefits (continued)

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

The net OPEB liability and total OPEB liability for OPERS were 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. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the net OPEB liability:	
current measurement date	0.101120%
prior measurement date	<u>0.010326%</u>
Change in proportionate share	<u>0.090794%</u>
Proportionate share of the net	
OPEB liability	\$ 10,980,887
OPEB expense	\$ 852,463

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

	<u>OPERS</u>
Deferred outflows of resources	
Differences between expected and actual experience	\$8,554
Changes of assumptions	<u>799,525</u>
Total deferred outflows of resources	<u>\$808,079</u>
Deferred inflows of resources	
Net difference between projected and actual earnings on OPEB plan investments	\$818,003
Changes in proportion and differences between contributions and proportionate share of contributions	<u>146,369</u>
Total deferred inflows of resources	<u>\$964,372</u>

Akron Metropolitan Housing Authority
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Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Post-Employment Benefits (continued)

A total of \$0 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other 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	\$ 181,844
2020	181,844
2021	(315,481)
2022	(204,500)
Total	\$ (156,293)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage inflation	3.25 percent
Projected salary increases, including inflation	3.25 to 10.75 percent including wage inflation
Single discount rate:	
Current measurement date	3.85 percent
Prior measurement date	4.23 percent
Investment rate of return	6.50 percent
Municipal bond rate	3.31 percent
Health care cost trend rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial cost method	Individual Entry Age

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Post-Employment Benefits (continued)

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

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

The long-term 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.

During 2017, OPERS managed 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:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
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	<u>17.00%</u>	<u>5.39%</u>
Total	<u>100.00%</u>	<u>4.98%</u>

Akron Metropolitan Housing Authority
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Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Post-Employment Benefits (continued)

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. 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.

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 <u>(2.85%)</u>	Current discount rate <u>(3.85%)</u>	1% Increase <u>(4.85%)</u>
Employer proportionate share of the net OPEB liability	\$ 14,588,582	\$ 10,980,887	\$ 8,062,298

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.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Post-Employment Benefits (continued)

	<u>1% Decrease</u>	Current health care cost trend rate <u>assumption</u>	<u>1% Increase</u>
Employer proportionate share of the net OPEB liability	\$ 10,506,368	\$ 10,980,887	\$11,471,053

Note 10 – Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2018, the Authority contracted with the Housing Authority Risk Retention Group, Inc. (HAARG).

The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials liability and other crime liabilities through membership in the Housing Authority Risk Retention Group, Inc. (HARRG) which is an insurance risk-sharing and purchasing pool comprised of housing authorities. Property and personal property coverage is provided with a \$150,000,000 coverage limit and \$10,000 deductible. General liability is provided with a \$5,000,000 coverage limit and \$25,000 deductible. Public official liability is provided with a \$4,000,000 coverage limit and \$0 deductible. Other Crime liability is provided with a \$1,000,000 coverage limit and \$10,000 deductible. Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Note 11 – Payments in Lieu of Taxes

The Authority has cooperation agreements with certain municipalities under which it makes payments in lieu of real estate taxes for various public services. The Authority’s expense recognized for payments in lieu of taxes totaled \$755,078 for the year ended December 31, 2018.

Note 12 – Capital Contributions

Capital contributions of \$4,064,658 represent the portion of grants that are used for capital improvements under the Authority’s public housing program.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 13 – Restricted Net Position

The Housing Choice Voucher Program and the Veteran’s Affairs Supportive Housing Program require the equity portion attributable to the excess housing assistance payments be reflected as restricted net position. The corresponding funds are reflected in the cash and investment accounts. In addition, proceeds from the sale of the Norton Homes public housing project are also restricted in usage and are shown as restricted investments and net position.

Housing Assistance Payments - Section 8	\$ 122,546
Operating Reserve Fund	653,390
Public Housing Bond Pool	605,809
Capital Outlay	9,229,925
<i>Total Restricted Net Position</i>	\$ 10,611,670

Note 14 – Contingencies

Grants

The Authority received financial assistance from HUD in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Authority.

Litigation

The Authority is party to various legal proceedings. In the opinion of the Authority, the ultimate disposition of these proceedings will not have a materially adverse effect on the Authority’s financial position. No provision has been made in the financial statements for the effect, if any, of such contingencies.

Note 15 – Commitments

As of December 31, 2018, the Authority had the following significant contractual commitments:

Republic Waste Services	\$ 173,070
Thyssenkrupp Elevator Maintenance	251,450
Belcher Generator Replacement	184,190
Maplewood Exterior Stair Replacement	245,000
Bon Sue Exterior Door Replacement	119,430
<i>Total Commitments</i>	\$ 973,140

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 16 – Notes and Mortgages Receivable

The Authority loaned funds to the respective properties listed below for the purpose of development, rehabilitation and new construction of LIHTC and public housing units. The principal and interest obligations are payables based on the cash flow generated by the properties. The notes are secured by a mortgage lien on the subject property.

Outstanding notes and mortgages receivables as of December 31, 2018 are as follows:

Partnership Name	Original Loan Date	Maturity Date	Original Balance	Balance at 12/31/18	Interest Rate
Eastland Woods, LLC	October 29, 2004	November 1, 2045	\$ 6,057,226	\$ 5,369,221	1.5%-2%
Cascade Village North	September 30, 2005	December 31,2046-2050	5,091,702	5,001,989	0-5%
Cascade South	September 26, 2007	September 26,2047	2,993,864	2,933,864	5.09%
Akron Edgewood Homes, LLC	November 8, 2007	November 8, 2057	11,489,282	11,489,282	0%-2%
Cascade Village East/West	August 7, 2008	August 7, 2049	845,649	266,649	4.58%
Edgewood Village, LLC	December 10, 2009	December 10, 2049	3,667,709	3,609,512	0.50%
Marian Hall Building, LLC	March 9, 2012	March 9, 2057	7,136,332	7,136,332	0.10%
Edgewood Village South, LLC	June 1, 2011	June 1, 2056	3,012,075	3,007,568	0.10%
Other Notes Receivable			-	575,000	-
<i>Due from Blended Component Units:</i>					
Wilbeth Arlington Homes, LP	December 31, 2014	December 31, 2044	9,915,337	9,694,649	3%
Green Retirement Partnership	August 1, 2003- February 18, 2014	January 1, 2020- August 1, 2033	1,862,530	1,681,873	5.5%-7.65%
Spicer	April 28, 2015	April 30, 2046-2055	3,305,700	2,456,703	0%
Total Notes and Mortgages Receivable			\$ 55,377,406	\$ 53,222,642	

Note 17 – Component Units

Eastland Woods, LLC, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC and Marian Hall Building, LLC (the “component units”) have been determined to be discretely presented component units as described in Note 1. The Authority’s management has determined that they are significant; therefore they have been included as part of the Authority’s financial statements. The component units each issue a publicly available, stand-alone financial report that includes financial statements and supplementary information. The reports may be obtained by writing to the Finance Director of the Akron Metropolitan Housing Authority, 100 West Cedar Street, Akron, Ohio 44307.

A. Significant Accounting Policies

Accounting Basis – The financial statements of the component units have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing financial accounting and reporting principles. The component units’ significant accounting policies are described below.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 17 – Component Units (continued)

Basis of Presentation – Operating revenues are those that are generated directly from the primary activity of the component units. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the component units. All revenues and expenses not meeting this definition are reported as non-operating.

Cash and Cash Equivalents – Cash received by the component units is maintained in demand deposit accounts and is presented in the financial statements as “cash and cash equivalents”.

Capital Assets and Depreciation – Capital assets are capitalized at cost or estimated historical cost and updated for additions and deletions during the year. The component units do not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

All capital assets are depreciated. Depreciation is computed using the straight-line method.

Net Position – Net position represents the difference between assets and liabilities. The net position component “investment in capital assets” consists of capital assets, net of accumulated depreciation and related debt. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The component units apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

B. Deposits and Investments

At December 31, 2018, the carrying amount of all the component units’ deposits was \$5,339,979. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the component units to a successful claim by the FDIC.

C. Receivables

Receivables at December 31, 2018 consist of tenant rent receivables and miscellaneous receivables totaling \$50,622.

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 17 – Component Units (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 1,009,800	\$ -	\$ -	\$ 1,009,800
<i>Total Capital Assets Not Being Depreciated</i>	1,009,800	-	-	1,009,800
<u>Capital Assets Being Depreciated</u>				
Buildings and Building Improvements	65,511,010	41,222	-	65,552,232
Furniture, Equipment, Machinery	1,590,077	18,146	(13,663)	1,594,560
<i>Total Capital Assets Being Depreciated</i>	67,101,087	59,368	(13,663)	67,146,792
<u>Less: Accumulated Depreciation</u>				
Capital Assets Being Depreciated, Net	(22,378,456)	(2,576,540)	12,133	(24,942,863)
Component Unit Capital Assets, Net	\$ 45,722,631	\$ (2,517,172)	\$ (1,530)	\$ 43,213,929

E. Long-Term Debt

Debt activity for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018	Due Within One Year
<u>General Obligations</u>					
Eastland Woods, LLC	\$ 2,320,965	\$ -	\$ (50,334)	\$ 2,270,631	\$ 48,513
Edgewood Village, LLC	492,000	-	-	492,000	-
Edgewood Village South, LLC	1,035,765	-	(251,273)	784,492	256,317
<i>Total Component Units</i>	\$ 3,848,730	\$ -	\$ (301,607)	\$ 3,547,123	\$ 304,830

Akron Metropolitan Housing Authority
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 17 – Component Units (continued)

On November 1, 2004, Eastland Woods, LLC obtained a mortgage loan in the amount of \$2,424,200 to acquire and rehabilitate a 100 unit affordable rental housing project in Akron, Ohio. The loan is payable in monthly installments of \$15,323 from December 1, 2004 to November 1, 2034 at an interest rate of 6.50%. The note was refinanced with P/R Mortgage at an interest rate of 3.48% on October 20, 2015 with a current monthly payment of \$10,859 and will mature October 20, 2045.

A note payable is due to Edgewood Village Development Corporation on a \$492,000 construction loan secured by a mortgage from the Ohio Housing Finance Agency to fund construction of the Edgewood Village Phase 4 Project. This project debt is at an interest rate of 2.00% compounded semi-annually. Principal and interest are payable from cash flow and due December 10, 2049.

Edgewood Village South, LLC obtained a Construction bridge loan from Ohio Housing Finance Agency in the amount of \$2,000,000. The bridge loan bears no interest for the first two years and then bears interest at 2.00% for the remainder of the term. Principal and interest are payable in eight annual installments in the amount of \$273,020 beginning on April 15, 2014 and continuing through April 15, 2021.

F. Contingencies

Management believes there are no pending legal matters which would materially affect the component units' financial statements.

G. Condensed Financial Statement Information

	Akron Edgewood Homes, LLC	Edgewood Village, LLC	Edgewood Village South, LLC	Marian Hall Building, LLC	Eastland Woods, LLC	Total Discretely Presented Component Units
<u>Balance Sheet</u>						
Current Assets	\$ 1,399,110	\$ 742,230	\$ 1,254,300	\$ 781,247	\$ 1,223,845	\$ 5,400,732
Capital Assets, Net	13,372,514	6,741,056	6,537,195	6,914,874	9,648,090	43,213,729
Other Non-Current Assets	71,997	132,806	148,023	198,681	21,929	573,436
Current Liabilities	1,658,785	1,428,543	397,932	92,605	639,548	4,217,413
Non-Current Liabilities	11,489,282	4,101,512	3,935,743	7,136,332	7,495,055	34,157,924
Net Position	1,695,554	2,086,037	3,605,843	665,865	2,759,261	10,812,560
<u>Revenues, Expenses and Changes in Equity</u>						
Revenues	586,983	437,542	643,557	337,915	1,370,571	3,376,568
Expenses	1,521,331	885,098	674,459	778,492	1,628,664	5,488,044
Excess of Revenue over Expenses	\$ (934,348)	\$ (447,556)	\$ (30,902)	\$ (440,577)	\$ (258,093)	\$ (2,111,476)

Akron Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Akron Metropolitan Housing Authority Proportionate Share of the Net Pension Liability
 Last Five Years (1)

	2018	2017	2016	2015	2014
Ohio Public Employees Retirement System (OPERS) - Traditional Plan					
Authority's proportion of the net pension liability	0.099888%	0.102165%	0.106723%	0.113183%	0.113183%
Authority's proportionate share of the net pension liability	\$ 15,670,491	\$ 23,199,934	\$ 18,485,769	\$ 13,651,135	\$ 13,342,801
Authority's covered payroll	\$ 13,493,892	\$ 13,117,567	\$ 13,535,725	\$ 13,852,992	\$ 13,335,338
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	116.13%	176.86%	136.57%	98.54%	100.06%
Plan fiduciary net position as a percentage of total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available and the amounts presented are as of the Authority's measurement date which is the prior year end.

Akron Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Akron Metropolitan Housing Authority Contributions - Pension
 Last Six Years (1)

	2018	2017	2016	2015	2014	2013
Ohio Public Employees Retirement System (OPERS) - Traditional Plan						
Contractually required contribution	\$ 1,838,076	\$ 1,754,206	\$ 1,574,108	\$ 1,624,287	\$ 1,662,359	\$ 1,733,594
Contributions in relation to contractually required contribution	<u>(1,838,076)</u>	<u>(1,754,206)</u>	<u>(1,574,108)</u>	<u>(1,624,287)</u>	<u>(1,662,359)</u>	<u>(1,733,594)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered payroll	\$ 13,129,114	\$ 13,493,892	\$ 13,117,567	\$ 13,535,725	\$ 13,852,992	\$ 13,335,338
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

Akron Metropolitan Housing Authority

Required Supplementary Information

Schedule of Akron Metropolitan Housing Authority Proportionate Share of the Net OPEB Liability Last Two Years (1)

	<u>2018</u>	<u>2017</u>
Ohio Public Employees Retirement System (OPERS)		
Authority's proportion of the net OPEB liability	0.101120%	0.103262%
Authority's proportionate share of the net OPEB liability	\$ 10,980,887	\$ 10,429,813
Authority's covered payroll	\$ 14,509,600	\$ 14,258,200
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	75.68%	73.15%
Plan fiduciary net position as a percentage of total OPEB liability	54.14%	54.05%

(1) Information prior to 2017 is not available and the amounts presented are as of the Authority's measurement date which is the prior year end.

Akron Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Akron Metropolitan Housing Authority Contributions - OPEB
 Last Six Years (1)

	2018	2017	2016	2015	2014	2013
Ohio Public Employees Retirement System (OPERS)						
Contractually required contribution	\$ -	\$ 145,096	\$ 285,164	\$ 287,994	\$ 308,802	\$ 141,865
Contributions in relation to contractually required contribution	<u>-</u>	<u>(145,096)</u>	<u>(285,164)</u>	<u>(287,994)</u>	<u>(308,802)</u>	<u>(141,865)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered payroll	\$ -	\$ 14,509,600	\$ 14,258,200	\$ 14,399,700	\$ 15,440,100	\$ 14,186,500
Contributions as a percentage of covered payroll	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

(1) Information prior to 2013 is not available.

Akron Metropolitan Housing Authority

Notes to Required Supplementary Information

For the Year Ended December 31, 2018

Net Pension Liability

Ohio Public Employees Retirement System (OPERS) - Traditional Plan

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

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

Net OPEB Liability

Ohio Public Employees Retirement System (OPERS)

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

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

Akron Metropolitan Housing Authority
Summit County
Combining Schedule of Net Position
Primary Government
December 31, 2018

	Low Income Public Housing Program	PIH Family Self-Sufficiency Program	Resident Opportunity and Supportive Services	Housing Choice Voucher Program	N/C S/R Section 8 Programs
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 795,052	\$ -	\$ -	\$ 975,826	\$ 1,038,660
Investments - Unrestricted	6,068,559	-	-	-	3,898,691
Restricted Cash and Cash Equivalents	1,019,698	-	16,173	271,395	-
Investments - Restricted	-	-	-	-	-
Accrued Interest Receivable	27,099	-	-	-	26,051
Other Receivables, Net	914,515	18,006	10,077	44,663	-
Inventories, Net	504,862	-	-	-	-
Prepaid Expenses and Other Assets	784,798	-	-	16,309	-
Interprogram Receivables	-	-	-	-	-
Total Current Assets	10,114,583	18,006	26,250	1,308,193	4,963,402
Noncurrent Assets					
Capital Assets, Not Being Depreciated	35,043,643	-	-	-	-
Capital Assets, Net of Depreciation	80,722,837	-	-	-	-
Notes Receivables from Component Units and Other	-	-	-	-	-
Other Noncurrent Assets	-	-	-	-	-
Total Noncurrent Assets	115,766,480	-	-	-	-
Deferred Outflows of Resources	2,196,485	-	-	425,399	-
Total Assets and Deferred Outflows of Resources	128,077,548	18,006	26,250	1,733,592	4,963,402
Liabilities					
Current Liabilities					
Accounts Payable	830,435	-	-	5,136	-
Accrued Liabilities	391,188	5,399	-	63,811	-
Tenant Security Deposits	257,226	-	-	-	-
Unearned Revenue	66,338	-	-	-	-
Bonds, Notes and Loans Payable	2,018,649	-	-	-	-
Interprogram Liabilities	-	12,607	10,077	-	-
Other Current Liabilities	799,480	-	-	-	-
Total Current Liabilities	4,363,316	18,006	10,077	68,947	-
Noncurrent Liabilities					
Bonds, Notes and Loans Payable	8,986,514	-	-	-	-
Accrued Compensated Absences, Noncurrent	402,109	-	-	111,681	-
Other Noncurrent Liabilities	156,663	-	16,173	148,849	-
Net Pension/Net OPEB Liability	12,908,656	-	-	2,500,063	-
Total Noncurrent Liabilities	22,453,942	-	16,173	2,760,593	-
Deferred Inflows of Resources	2,478,460	-	-	480,011	-
Total Deferred Inflows of Resources	2,478,460	-	-	480,011	-
Total Liabilities and Deferred Inflows of Resources	29,295,718	18,006	26,250	3,309,551	-
Net Position					
Net Investment in Capital Assets	104,761,317	-	-	-	-
Restricted	605,809	-	-	122,546	-
Unrestricted	(6,585,296)	-	-	(1,698,505)	4,963,402
Total Net Position	\$ 98,781,830	\$ -	\$ -	\$ (1,575,959)	\$ 4,963,402

Amounts may vary from financial statements due to elimination entries found in the Financial Data Schedules.

Shelter Plus Care	State/Local	Business Activities	Twenty-First Century Community Learning Centers	Temporary Assistance for Needy Families	Section 8 Moderate Rehab	COCC
\$ -	\$ 47,236	\$ 5,760,048	\$ -	\$ -	\$ 132,467	\$ 3,115,149
-	-	3,112,556	-	-	-	-
-	-	1,076,868	-	-	-	-
-	-	8,662,468	-	-	-	-
-	-	7,301,872	-	-	-	-
-	-	14,176,941	-	-	-	910
-	-	14,075	-	-	-	23,884
-	-	53,757	-	-	-	30,103
-	-	22,684	-	-	-	-
-	47,236	40,181,269	-	-	132,467	3,170,046
-	-	6,770,128	-	-	-	14,154
-	-	9,336,182	-	-	-	1,302,968
-	-	39,389,072	-	-	-	-
-	-	-	-	-	-	-
-	-	55,495,382	-	-	-	1,317,122
-	-	738,508	-	-	-	1,174,494
-	47,236	96,415,159	-	-	132,467	5,661,662
-	-	87,532	-	-	356	23,766
-	-	266,807	-	-	-	438,309
-	-	57,190	-	-	-	-
-	47,236	51,326	-	-	-	-
-	-	25,000	-	-	-	-
-	-	-	-	-	-	-
-	-	141,346	-	-	-	3,127
-	47,236	629,201	-	-	356	465,202
-	-	3,349,822	-	-	-	-
-	-	15,700	-	-	-	289,456
-	-	-	-	-	-	-
-	-	4,340,188	-	-	-	6,902,467
-	-	7,705,710	-	-	-	7,191,923
-	-	833,314	-	-	-	1,325,271
-	-	833,314	-	-	-	1,325,271
-	47,236	9,168,225	-	-	356	8,982,396
-	-	12,731,488	-	-	-	1,317,122
-	-	9,682,146	-	-	-	-
-	-	64,833,300	-	-	132,111	(4,637,856)
\$ -	\$ -	\$ 87,246,934	\$ -	\$ -	\$ 132,111	\$ (3,320,734)

Akron Metropolitan Housing Authority
Summit County
Combining Schedule of Net Position
Blended Component Units
December 31, 2018

	Wilbeth-Arlington Homes, LP	Building for Tomorrow	Summit Akron Development Corporation	Green Retirement Partnership
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 2,378,228	\$ 328,250	\$ 66,400	\$ 56,196
Restricted Cash and Cash Equivalents	60,384	-	600	239,888
Receivables, Net	65,925	87,591	800	-
Prepaid Expenses and Other Assets	-	5,294	1,242	22,195
Total Current Assets	2,504,537	421,135	69,042	318,279
Noncurrent Assets				
Capital Assets, Not Being Depreciated	100,065	-	551,021	90
Capital Assets, Net of Depreciation	4,145,586	-	1,638,081	3,232,445
Other Noncurrent Assets	582,594	-	-	5,932
Total Noncurrent Assets	4,828,245	-	2,189,102	3,238,467
Total Assets	7,332,782	421,135	2,258,144	3,556,746
Liabilities				
Current Liabilities				
Accounts Payable	96,346	-	1,537	15,400
Accrued Liabilities	213,763	-	200	824,609
Tenant Security Deposits	51,029	-	600	38,919
Unearned Revenue	3,423	-	383	-
Bonds, Notes and Loans Payable	-	-	-	50,003
Notes Payable to Primary Government	9,586,450	20,000	2,456,703	1,617,323
Other Current Liabilities	288,405	-	114	5
Total Current Liabilities	10,239,416	20,000	2,459,537	2,546,259
Noncurrent Liabilities				
Bonds, Notes and Loans Payable	-	-	-	497,000
Accrued Compensated Absences, Noncurrent	-	-	134	-
Total Noncurrent Liabilities	-	-	134	497,000
Total Liabilities	10,239,416	20,000	2,459,671	3,043,259
Net Position				
Net Investment in Capital Assets	(5,340,799)	-	(267,601)	1,068,209
Restricted	-	-	-	201,169
Unrestricted	2,434,165	401,135	66,074	(755,891)
Total Net Position	\$ (2,906,634)	\$ 401,135	\$ (201,527)	\$ 513,487

Amounts may vary from financial statements due to elimination entries found in the Financial Data Schedules.

Akron Metropolitan Housing Authority
Summit County
Combining Schedule of Net Position
Discretely Presented Component Units
December 31, 2018

	Akron Edgewood Homes	Edgewood Village	Edgewood Village South, LLC	Marian Hall Building, LLC	Eastland Woods
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 234,009	\$ 91,884	\$ 299,269	\$ 240,047	\$ 259,455
Restricted Cash and Cash Equivalents	1,155,894	646,950	951,608	541,200	919,663
Receivables, Net	9,207	3,396	3,423	-	34,596
Prepaid Expenses and Other Assets	-	-	-	-	10,131
Total Current Assets	1,399,110	742,230	1,254,300	781,247	1,223,845
Noncurrent Assets					
Capital Assets, Not Being Depreciated	-	-	-	-	1,009,800
Capital Assets, Net of Depreciation	13,372,514	6,741,056	6,537,195	6,914,874	8,638,290
Other Noncurrent Assets	71,997	132,806	148,023	198,681	21,929
Total Noncurrent Assets	13,444,511	6,873,862	6,685,218	7,113,555	9,670,019
Total Assets	14,843,621	7,616,092	7,939,518	7,894,802	10,893,864
Liabilities					
Current Liabilities					
Accounts Payable	248,397	198,974	48,268	22,374	60,702
Accrued Liabilities	1,373,224	401,032	70,255	50,473	501,664
Tenant Security Deposits	37,164	23,194	22,800	19,502	26,695
Unearned Revenue	-	805,343	292	256	1,974
Bonds, Notes and Loans Payable	-	-	256,317	-	48,513
Total Current Liabilities	1,658,785	1,428,543	397,932	92,605	639,548
Noncurrent Liabilities					
Bonds, Notes and Loans Payable	-	492,000	528,175	-	2,125,833
Notes Payable to Primary Government	11,489,282	3,609,512	3,407,568	7,136,332	5,369,222
Total Noncurrent Liabilities	11,489,282	4,101,512	3,935,743	7,136,332	7,495,055
Total Liabilities	13,148,067	5,530,055	4,333,675	7,228,937	8,134,603
Net Position					
Net Investment in Capital Assets	1,883,232	2,639,544	2,345,135	(221,458)	2,104,522
Restricted	1,117,417	622,138	927,188	521,004	892,263
Unrestricted	(1,305,095)	(1,175,645)	333,520	366,319	(237,524)
Total Net Position	\$ 1,695,554	\$ 2,086,037	\$ 3,605,843	\$ 665,865	\$ 2,759,261

Amounts may vary from financial statements due to elimination entries found in the Financial Data Schedules.

Akron Metropolitan Housing Authority
Summit County
Combining Schedules of Revenues, Expenses and Changes in Net Position
Primary Government
For the Year Ended December 31, 2018

	Low Income Public Housing Program	PIH Family Self-Sufficiency Program	Resident Opportunity and Supportive Services	Housing Choice Voucher Program	N/C S/R Section 8 Programs
<u>Operating Revenue</u>					
Tenant Revenue	\$ 9,875,360	\$ -	\$ -	\$ -	\$ -
Government Operating Grants	21,169,734	316,600	231,955	32,305,609	-
Other Revenue	964,087	-	-	117,969	-
Total Operating Revenue	32,009,181	316,600	231,955	32,423,578	-
<u>Operating Expenses</u>					
Administrative	9,427,564	-	23,241	2,944,821	1,547
Tenant Services	727,967	316,088	208,714	74,496	-
Utilities	4,467,336	-	-	-	-
Maintenance	11,305,841	-	-	50,708	-
Protective Services	1,530,550	-	-	142,866	-
General	2,664,575	-	-	323	-
Housing Assistance Payments	-	-	-	29,036,244	-
Insurance	931,249	512	-	60,093	-
Depreciation and Amortization	10,106,757	-	-	-	-
Total Operating Expenses	41,161,839	316,600	231,955	32,309,551	1,547
Operating Income (Loss)	(9,152,658)	-	-	114,027	(1,547)
<u>Nonoperating Revenues (Expenses)</u>					
Interest and Investment Revenue	143,785	-	-	837	74,000
Casualty Gain (Loss)	(266,483)	-	-	(1,966)	-
Interest Expense and Amortization Cost	(291,101)	-	-	-	-
Gain (Loss) on Sale of Capital Assets	13,013	-	-	405	-
Interprogram Transfer	46,156	-	-	-	-
Total Nonoperating Revenues (Expenses)	(354,630)	-	-	(724)	74,000
Income (Loss) Before Capital Contributions	(9,507,288)	-	-	113,303	72,453
<u>Capital Revenue</u>					
Capital Contributions	4,064,658	-	-	-	-
Total Capital Revenue	4,064,658	-	-	-	-
Change in Net Position	(5,442,630)	-	-	113,303	72,453
Net Position, Beginning of Period, restated	104,224,460	-	-	(1,689,262)	4,890,949
Net Position, End of Period	\$ 98,781,830	\$ -	\$ -	\$ (1,575,959)	\$ 4,963,402

Amounts may vary from financial statements due to elimination entries found in the Financial Data Schedules.

Shelter Plus Care	State/Local	Business Activities	Twenty-First Century Community Learning Centers	Temporary Assistance for Needy Families	Section 8 Moderate Rehab	COCC
\$ -	\$ -	\$ 1,808,293	\$ -	\$ -	\$ -	\$ -
569,425	1,635	-	575,415	14,258	41,104	-
-	15,877	1,090,801	-	-	-	8,060,045
569,425	17,512	2,899,094	575,415	14,258	41,104	8,060,045
50,773	380	915,768	-	-	5,946	5,377,575
-	17,136	178,051	575,415	-	-	13,279
-	-	398,831	-	-	-	31,586
-	-	1,053,653	-	-	-	1,722,215
-	-	102,717	-	-	-	14,454
-	-	129,873	-	14,258	-	369,717
518,652	-	-	-	-	35,188	-
-	-	73,827	-	-	-	160,559
-	-	543,855	-	-	-	76,183
569,425	17,516	3,396,575	575,415	14,258	41,134	7,765,568
-	(4)	(497,481)	-	-	(30)	294,477
-	4	1,349,021	-	-	30	1,165
-	-	(35,263)	-	-	-	-
-	-	(8,429)	-	-	-	-
-	-	(171,268)	-	-	-	-
-	-	(46,156)	-	-	-	-
-	4	1,087,905	-	-	30	1,165
-	-	590,424	-	-	-	295,642
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	590,424	-	-	-	295,642
-	-	86,656,510	-	-	132,111	(3,616,376)
\$ -	\$ -	\$ 87,246,934	\$ -	\$ -	\$ 132,111	\$ (3,320,734)

Akron Metropolitan Housing Authority
Summit County
Combining Schedules of Revenues, Expenses and Changes in Net Position
Blended Component Units
For the Year Ended December 31, 2018

	Wilbeth-Arlington Homes, LP	Building for Tomorrow	Summit Akron Development Corporation	Green Retirement Partnership
<u>Operating Revenue</u>				
Tenant Revenue	\$ 3,138,798	\$ -	\$ 65,973	\$ 99,730
Other Revenue	21,424	994,129	698	535,235
Total Operating Revenue	3,160,222	994,129	66,671	634,965
<u>Operating Expenses</u>				
Administrative	635,990	170,688	17,586	31,119
Tenant Services	9,601	641,857	2,506	-
Utilities	442,219	-	18,819	11,887
Maintenance	1,014,249	473	23,001	4,935
Protective Services	136,474	-	4,869	-
General	319,814	110,001	861	10,730
Insurance	184,963	6,412	1,451	5,194
Depreciation and Amortization	625,203	-	82,546	29,769
Total Operating Expenses	3,368,513	929,431	151,639	93,634
Operating Income (Loss)	(208,291)	64,698	(84,968)	541,331
<u>Nonoperating Revenues (Expenses)</u>				
Interest and Investment Revenue	4,385	455	123	-
Casualty Gain (Loss)	(4,835)	-	(9)	-
Interest Expense and Amortization Cost	(288,405)	-	-	(27,844)
Gain (Loss) on Sale of Capital Assets	(1,607)	-	-	-
Total Nonoperating Revenues (Expenses)	(290,462)	455	114	(27,844)
Change in Net Position	(498,753)	65,153	(84,854)	513,487
Net Position, Beginning of Period	(2,407,881)	335,982	(116,673)	-
Net Position, End of Period	\$ (2,906,634)	\$ 401,135	\$ (201,527)	\$ 513,487

Amounts may vary from financial statements due to elimination entries found in the Financial Data Schedules.

Akron Metropolitan Housing Authority
Summit County
Combining Statements of Revenues, Expenses and Changes in Net Position
Discretely Presented Component Units
For the Year Ended December 31, 2018

	Akron Edgewood Homes, LLC	Edgewood Village, LLC	Edgewood Village South, LLC	Marian Hall Building, LLC	Eastland Woods, LLC
<u>Operating Revenue</u>					
Tenant Revenue	\$ 573,451	\$ 351,555	\$ 337,848	\$ 333,532	\$ 1,332,538
Other Revenue	9,692	83,878	302,470	2,355	34,937
Total Operating Revenue	583,143	435,433	640,318	335,887	1,367,475
<u>Operating Expenses</u>					
Administrative	144,840	93,643	100,407	106,363	293,521
Utilities	90,165	49,025	55,884	61,097	144,152
Maintenance	217,053	123,141	133,784	122,710	274,098
General	33,527	20,652	24,707	6,206	163,823
Insurance	37,773	29,523	24,100	22,127	68,168
Depreciation and Amortization	845,797	541,226	302,823	452,853	510,315
Total Operating Expenses	1,369,155	857,210	641,705	771,356	1,454,077
Operating Income (Loss)	(786,012)	(421,777)	(1,387)	(435,469)	(86,602)
<u>Nonoperating Revenues (Expenses)</u>					
Interest and Investment Revenue	3,840	2,109	3,239	2,028	3,096
Interest Expense and Amortization Cost	(144,486)	(27,888)	(32,754)	(7,136)	(170,988)
Debt Issuance Costs	(7,690)	-	-	-	(3,599)
Total Nonoperating Revenues (Expenses)	(148,336)	(25,779)	(29,515)	(5,108)	(171,491)
Change in Net Position	(934,348)	(447,556)	(30,902)	(440,577)	(258,093)
Net Position, Beginning of Period	2,629,902	2,533,593	3,636,745	1,106,442	3,017,354
Net Position, End of Period	\$ 1,695,554	\$ 2,086,037	\$ 3,605,843	\$ 665,865	\$ 2,759,261

Amounts may vary from financial statements due to elimination entries found in the Financial Data Schedules.

*Akron Metropolitan Housing Authority
Summit County
Statement of Modernization Grant Costs - Completed
For the Year Ended December 31, 2018*

Annual Contributions Contract C-959

1. The total amount of modernization costs of the Capital Fund Program are shown below:

OH12P00750114

Funds Approved	\$ 6,393,687
Funds Expended	<u>6,392,499</u>
Excess (Deficiency) of Funds Approved	\$ <u><u>1,188</u></u>

2. All work in connection with the Capital Fund Program has been completed.
3. The entire actual grant cost or liabilities incurred by the Authority have been fully paid.
4. There are no discharged mechanics, laborers, contractors, or material-mens liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

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Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Year Ended December 31, 2018

	Low Rent 14.850 and Capital Fund 14.872	PIH Family Self- Sufficiency Program 14.896	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238
Assets						
<i>Cash and Cash Equivalents</i>						
Unrestricted	\$ 795,052	\$ -	\$ -	\$ 975,826	\$ 1,038,660	\$ -
Other Restricted	605,809	-	16,173	241,625	-	-
Tenant Security Deposits	257,226	-	-	-	-	-
Restricted for Payment of Current Liabilities	156,663	-	-	29,770	-	-
Total Cash and Cash Equivalents	1,814,750	-	16,173	1,247,221	1,038,660	-
<i>Accounts and Notes Receivable</i>						
Accounts Receivable - HUD Other Projects	464,975	18,006	10,077	44,663	-	-
Accounts Receivable - Miscellaneous	221,383	-	-	-	-	-
Accounts Receivable - Tenants	67,143	-	-	-	-	-
Allowance for Doubtful Accounts - Tenants	(2,276)	-	-	-	-	-
Notes, Loans and Mortgages Receivable - Current	163,290	-	-	-	-	-
Accrued Interest Receivable	27,099	-	-	-	26,051	-
Total Accounts and Notes Receivable - Net of Allowance	941,614	18,006	10,077	44,663	26,051	-
<i>Investments</i>						
Unrestricted	6,068,559	-	-	-	3,898,691	-
Restricted	-	-	-	-	-	-
Total Investments	6,068,559	-	-	-	3,898,691	-
<i>Other Current Assets</i>						
Prepaid Expenses and Other Assets	784,798	-	-	16,309	-	-
Inventories	524,096	-	-	-	-	-
Allowance for Obsolete Inventories	(19,234)	-	-	-	-	-
Interprogram Due From	-	-	-	-	-	-
Total Other Current Assets	1,289,660	-	-	16,309	-	-
<i>Capital Assets</i>						
Land	18,960,524	-	-	-	-	-
Buildings	324,571,026	-	-	-	-	-
Furniture, Equipment and Machinery - Dwellings	1,324,456	-	23,159	83,740	-	-
Furniture, Equipment and Machinery - Administration	-	-	-	-	-	-
Accumulated Depreciation	(245,172,645)	-	(23,159)	(83,740)	-	-
Construction in Progress	16,083,119	-	-	-	-	-
Total Capital Assets, Net of Accumulated Depreciation	115,766,480	-	-	-	-	-
<i>Other Non-Current Assets</i>						
Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total Other Non-Current Assets	-	-	-	-	-	-
Total Assets	125,881,063	18,006	26,250	1,308,193	4,963,402	-
<i>Deferred Outflows of Resources</i>						
	2,196,485	-	-	425,399	-	-
Total Assets and Deferred Outflows of Resources	\$ 128,077,548	\$ 18,006	\$ 26,250	\$ 1,733,592	\$ 4,963,402	\$ -

State/Local	Other Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	Twenty-First Century Community Learning Centers 84.287	Temporary Assistance for Needy Families 93.558	Lower income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
\$ 47,236	\$ 5,760,048	\$ 1,124,664	\$ 2,829,074	\$ -	\$ -	\$ 132,467	\$ 3,115,149	\$ -	\$ 15,818,176
-	1,019,678	4,080,010	201,169	-	-	-	-	-	6,164,464
-	57,190	135,305	99,703	-	-	-	-	-	549,424
-	-	-	-	-	-	-	-	-	186,433
47,236	6,836,916	5,339,979	3,129,946	-	-	132,467	3,115,149	-	22,718,497
-	-	-	-	-	-	-	-	-	537,721
-	473,032	11,765	87,591	-	-	-	910	(57,906)	736,775
-	24,313	40,023	60,552	-	-	-	-	-	192,031
-	(880)	(1,166)	(1,764)	-	-	-	-	-	(6,086)
-	13,680,476	-	7,937	-	-	-	-	(13,680,476)	171,227
-	7,301,872	-	-	-	-	-	-	(288,405)	7,066,617
-	21,478,813	50,622	154,316	-	-	-	910	(14,026,787)	8,698,285
-	3,112,556	-	-	-	-	-	-	-	13,079,806
-	8,662,468	-	-	-	-	-	-	-	8,662,468
-	11,775,024	-	-	-	-	-	-	-	21,742,274
-	53,757	10,131	28,731	-	-	-	30,103	-	923,829
-	16,973	-	-	-	-	-	27,202	-	568,271
-	(2,898)	-	-	-	-	-	(3,318)	-	(25,450)
-	22,684	-	-	-	-	-	-	(22,684)	-
-	90,516	10,131	28,731	-	-	-	53,987	(22,684)	1,466,650
-	6,770,128	1,009,800	551,111	-	-	-	14,154	-	27,305,717
-	20,647,114	65,552,232	23,106,243	-	-	-	2,167,461	-	436,044,076
-	1,757,249	-	787,694	-	-	-	-	-	3,976,298
13,102	-	1,594,560	-	-	-	-	1,020,199	-	2,627,861
(13,102)	(13,068,181)	(24,942,863)	(14,877,825)	-	-	-	(1,884,692)	-	(300,066,207)
-	-	-	100,065	-	-	-	-	-	16,183,184
-	16,106,310	43,213,729	9,667,288	-	-	-	1,317,122	-	186,070,929
-	39,389,072	-	-	-	-	-	-	-	39,389,072
-	-	573,436	588,526	-	-	-	-	-	1,161,962
-	39,389,072	573,436	588,526	-	-	-	-	-	40,551,034
47,236	95,676,651	49,187,897	13,568,807	-	-	132,467	4,487,168	(14,049,471)	281,247,669
-	738,508	-	-	-	-	-	1,174,494	-	4,534,886
\$ 47,236	\$ 96,415,159	\$ 49,187,897	\$ 13,568,807	\$ -	\$ -	\$ 132,467	\$ 5,661,662	\$ (14,049,471)	\$ 285,782,555

Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Year Ended December 31, 2018

	Low Rent 14.850 and Capital Fund 14.872	PIH Family Self- Sufficiency Program 14.896	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238
Liabilities						
<i>Current Liabilities</i>						
Accounts Payable <= 90 Days	\$ 140,949	\$ -	\$ -	\$ 5,136	\$ -	\$ -
Accrued Wages and Payroll Taxes Payable	258,056	4,391	-	32,098	-	-
Accrued Compensated Absences	64,676	-	-	18,956	-	-
Accrued Interest Payable	70,600	-	-	-	-	-
Accounts Payable - HUD	-	-	-	-	-	-
Accounts Payable - Other Government	618,886	-	-	-	-	-
Tenant Security Deposits	257,226	-	-	-	-	-
Unearned Revenue	66,338	-	-	-	-	-
Capital Projects and Mortgage Revenue - Current Portion	2,018,649	-	-	-	-	-
Other Current Liabilities	799,480	-	-	-	-	-
Other Accrued Liabilities	68,456	1,008	-	12,757	-	-
Inter Program - Due To	-	12,607	10,077	-	-	-
Total Current Liabilities	4,363,316	18,006	10,077	68,947	-	-
<i>Non-Current Liabilities</i>						
Long-Term Debt, Non-Current	8,986,514	-	-	-	-	-
Other Non-Current Liabilities	156,663	-	16,173	148,849	-	-
Accrued Compensated Absences - Non-Current	402,109	-	-	111,681	-	-
Accrued Pension and OPEB Liabilities	12,908,656	-	-	2,500,063	-	-
Total Non-Current Liabilities	22,453,942	-	16,173	2,760,593	-	-
Total Liabilities	26,817,258	18,006	26,250	2,829,540	-	-
Deferred Inflows of Resources	2,478,460	-	-	480,011	-	-
<i>Net Position</i>						
Net Investment in Capital Assets	104,761,317	-	-	-	-	-
Restricted	605,809	-	-	122,546	-	-
Unrestricted	(6,585,296)	-	-	(1,698,505)	4,963,402	-
Total Net Position	98,781,830	-	-	(1,575,959)	4,963,402	-
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 128,077,548	\$ 18,006	\$ 26,250	\$ 1,733,592	\$ 4,963,402	\$ -

State/Local	Other Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	Twenty-First Century Community Learning Centers 84.287	Temporary Assistance for Needy Families 93.558	Lower income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
\$ -	\$ 68,993	\$ 578,715	\$ 106,425	\$ -	\$ -	\$ -	\$ 21,368	\$ -	\$ 921,586
-	100,871	-	15,194	-	-	-	342,161	-	752,771
-	2,743	-	23	-	-	-	49,409	-	135,807
-	-	-	-	-	-	-	-	-	70,600
-	-	-	-	-	-	356	-	-	356
-	18,539	-	6,858	-	-	-	2,398	-	646,681
-	57,190	129,355	90,548	-	-	-	-	-	534,319
47,236	51,326	807,865	3,806	-	-	-	-	-	976,571
-	25,000	304,830	13,730,479	-	-	-	-	(13,738,382)	2,340,576
-	141,346	-	288,524	-	-	-	3,127	(288,405)	944,072
-	163,193	2,396,648	1,023,355	-	-	-	46,739	-	3,712,156
-	-	-	-	-	-	-	-	(22,684)	-
47,236	629,201	4,217,413	15,265,212	-	-	356	465,202	(14,049,471)	11,035,495
-	3,349,822	34,157,924	497,000	-	-	-	-	-	46,991,260
-	-	-	-	-	-	-	-	-	321,685
-	15,700	-	134	-	-	-	289,456	-	819,080
-	4,340,188	-	-	-	-	-	6,902,467	-	26,651,374
-	7,705,710	34,157,924	497,134	-	-	-	7,191,923	-	74,783,399
47,236	8,334,911	38,375,337	15,762,346	-	-	356	7,657,125	(14,049,471)	85,818,894
-	833,314	-	-	-	-	-	1,325,271	-	5,117,056
-	12,731,488	8,750,975	(4,540,191)	-	-	-	1,317,122	-	123,020,711
-	9,682,146	4,080,010	201,169	-	-	-	-	-	14,691,680
-	64,833,300	(2,018,425)	2,145,483	-	-	132,111	(4,637,856)	-	57,134,214
-	87,246,934	10,812,560	(2,193,539)	-	-	132,111	(3,320,734)	-	194,846,605
\$ 47,236	\$ 96,415,159	\$ 49,187,897	\$ 13,568,807	\$ -	\$ -	\$ 132,467	\$ 5,661,662	\$ (14,049,471)	\$ 285,782,555

Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Year Ended December 31, 2018

	Low Rent 14.850 and Capital Fund 14.872	PIH Family Self- Sufficiency Program 14.896	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238
Operating Revenues						
<i>Tenant Revenues</i>						
Tenant Rental Revenue, Net	\$ 9,342,268	\$ -	\$ -	\$ -	\$ -	\$ -
Other Tenant Revenue	533,092	-	-	-	-	-
Total Tenant Revenues	9,875,360	-	-	-	-	-
<i>Fee Revenues</i>						
HUD PHA Operating Grants	21,169,734	316,600	231,955	32,305,609	-	569,425
Capital Grants	4,064,658	-	-	-	-	-
Management Fee	-	-	-	-	-	-
Asset Management Fee	-	-	-	-	-	-
Bookkeeping Fee	-	-	-	-	-	-
Front Line Service Fee	-	-	-	-	-	-
Total Fee Revenues	25,234,392	316,600	231,955	32,305,609	-	569,425
<i>Other Revenues</i>						
Other Intergovernmental Revenue	-	-	-	-	-	-
Investment Income - Unrestricted	121,097	-	-	837	74,000	-
Mortgage Interest Income	-	-	-	-	-	-
Fraud Recovery	-	-	-	81,833	-	-
Other Revenue	964,087	-	-	36,136	-	-
Gain or Loss on Sale of Capital Assets	13,013	-	-	405	-	-
Investment Income - Restricted	22,688	-	-	-	-	-
Total Other Revenues	1,120,885	-	-	119,211	74,000	-
Total Operating Revenues	\$ 36,230,637	\$ 316,600	\$ 231,955	\$ 32,424,820	\$ 74,000	\$ 569,425

State/Local	Other Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	Twenty-First Century Community Learning Centers 84.287	Temporary Assistance for Needy Families 93.558	Lower income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
\$ -	\$ 1,792,704	\$ 2,928,924	\$ 3,240,693	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,304,589
-	15,589	-	63,808	-	-	-	-	-	612,489
-	1,808,293	2,928,924	3,304,501	-	-	-	-	-	17,917,078
-	-	-	-	-	-	41,104	-	-	54,634,427
-	-	-	-	-	-	-	-	-	4,064,658
-	-	-	-	-	-	-	3,509,211	(3,509,211)	-
-	-	-	-	-	-	-	420,240	(420,240)	-
-	-	-	-	-	-	-	363,788	(363,788)	-
-	-	-	-	-	-	-	3,297,319	(3,297,319)	-
-	-	-	-	-	-	41,104	7,590,558	(7,590,558)	58,699,085
1,635	-	-	-	575,415	14,258	-	-	-	591,308
4	1,081,102	14,312	3,346	-	-	30	1,165	(316,249)	979,644
-	105,041	-	-	-	-	-	-	-	105,041
-	-	-	-	-	-	-	-	-	81,833
15,877	1,090,801	433,332	1,551,486	-	-	-	469,487	(14,258)	4,546,948
-	(171,268)	-	(1,607)	-	-	-	-	-	(159,457)
-	162,878	-	1,617	-	-	-	-	-	187,183
17,516	2,268,554	447,644	1,554,842	575,415	14,258	30	470,652	(330,507)	6,332,500
\$ 17,516	\$ 4,076,847	\$ 3,376,568	\$ 4,859,343	\$ 575,415	\$ 14,258	\$ 41,134	\$ 8,061,210	\$ (7,921,065)	\$ 82,948,663

Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Year Ended December 31, 2018

	Low Rent 14.850 and Capital Fund 14.872	PIH Family Self- Sufficiency Program 14.896	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238
Operating Expenses						
<i>Administrative</i>						
Administrative Salaries	\$ 1,903,895	\$ -	\$ -	\$ 1,139,182	\$ -	\$ 35,541
Auditing Fees	19,505	-	-	9,613	-	-
Management Fee	2,542,873	-	-	500,004	-	-
Bookkeeping Fee	362,715	-	-	-	-	-
Advertising and Marketing	5,851	-	-	488	-	-
Employee Benefit Contributions	2,223,501	-	-	904,582	-	15,232
Office Expenses	413,522	-	16,537	111,938	-	-
Legal Expense	155,560	-	-	80,798	-	-
Travel	21,563	-	4,818	1,108	-	-
Other	1,359,779	-	1,886	197,108	1,547	-
Total Administrative Expenses	9,008,764	-	23,241	2,944,821	1,547	50,773
<i>Tenant Services</i>						
Asset Management Fee	418,800	-	-	-	-	-
Tenant Services-Salaries	432,610	172,923	128,729	49,883	-	-
Employee Benefit Contributions	212,578	138,823	57,443	24,182	-	-
Other Tenant Services	82,779	4,342	22,542	431	-	-
Total Tenant Services Expenses	1,146,767	316,088	208,714	74,496	-	-
<i>Utilities</i>						
Water	692,283	-	-	-	-	-
Electricity	1,438,816	-	-	-	-	-
Gas	333,095	-	-	-	-	-
Sewer	1,886,406	-	-	-	-	-
Other Utilities Expense	116,736	-	-	-	-	-
Total Utilities Expenses	4,467,336	-	-	-	-	-
<i>Maintenance</i>						
Ordinary Maintenance and Operations Labor	3,201,274	-	-	-	-	-
Ordinary Maintenance and Operations Materials and Other	1,621,281	-	-	5,986	-	-
Ordinary Maintenance and Operations Contracts	4,423,912	-	-	44,722	-	-
Employee Benefits Contributions	2,059,374	-	-	-	-	-
Total Maintenance Expenses	11,305,841	-	-	50,708	-	-
<i>Protective Services</i>						
Protective Services Labor	1,102,426	-	-	112,552	-	-
Protective Services Contract Costs	252,285	-	-	3,845	-	-
Protective Services Other	7,938	-	-	1,266	-	-
Employee Benefits Contributions	167,901	-	-	25,203	-	-
Total Protective Services Expenses	\$ 1,530,550	\$ -	\$ -	\$ 142,866	\$ -	\$ -

State/Local	Other Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	Twenty-First Century Community Learning Centers 84.287	Temporary Assistance for Needy Families 93.558	Lower income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
\$ -	\$ 176,710	\$ 327,480	\$ 249,681	\$ -	\$ -	\$ 3,462	\$ 2,591,870	\$ -	\$ 6,427,821
-	3,227	52,310	16,850	-	-	1,000	3,423	-	105,928
-	130,560	151,471	184,303	-	-	-	-	(3,509,211)	-
-	-	-	1,073	-	-	-	-	(363,788)	-
-	2,419	-	13,673	-	-	-	7,151	-	29,582
-	304,630	130,987	135,706	-	-	1,484	2,014,187	-	5,730,309
336	41,390	-	46,684	-	-	-	205,763	-	836,170
-	61,190	10,813	38,310	-	-	-	7,532	(235,931)	118,272
8	11,172	-	8,616	-	-	-	60,762	-	108,047
36	184,470	65,713	160,487	-	-	-	486,887	(471,227)	1,986,686
380	915,768	738,774	855,383	-	-	5,946	5,377,575	(4,580,157)	15,342,815
-	-	-	1,440	-	-	-	-	(420,240)	-
10,870	124,505	-	367,017	-	-	-	7,735	-	1,294,272
4,740	46,539	-	173,991	-	-	-	5,521	-	663,817
1,526	7,007	-	111,516	575,415	-	-	23	-	805,581
17,136	178,051	-	653,964	575,415	-	-	13,279	(420,240)	2,763,670
-	56,964	337,496	77,630	-	-	-	1,163	-	1,165,536
-	173,229	56,666	48,410	-	-	-	21,903	-	1,739,024
-	34,276	6,161	30,912	-	-	-	6,117	-	410,561
-	134,362	-	304,086	-	-	-	2,403	-	2,327,257
-	-	-	11,887	-	-	-	-	-	128,623
-	398,831	400,323	472,925	-	-	-	31,586	-	5,771,001
-	184,607	156,683	305,125	-	-	-	874,170	-	4,721,859
-	95,313	214,723	132,480	-	-	-	229,353	-	2,299,136
-	682,835	444,540	431,012	-	-	-	172,932	(2,590,161)	3,609,792
-	90,898	54,840	174,041	-	-	-	445,760	-	2,824,913
-	1,053,653	870,786	1,042,658	-	-	-	1,722,215	(2,590,161)	13,455,700
-	61,444	-	108,557	-	-	-	-	-	1,384,979
-	31,571	-	14,354	-	-	-	11,220	-	313,275
-	401	-	987	-	-	-	3,234	-	13,826
-	9,301	-	17,445	-	-	-	-	-	219,850
\$ -	\$ 102,717	\$ -	\$ 141,343	\$ -	\$ -	\$ -	\$ 14,454	\$ -	\$ 1,931,930

Akron Metropolitan Housing Authority
Summit County
Financial Data Schedules
For the Year Ended December 31, 2018

	Low Rent 14.850 and Capital Fund 14.872	PIH Family Self- Sufficiency Program 14.896	Resident Opportunity and Supportive Services 14.870	Housing Choice Vouchers 14.871	N/C S/R Section 8 Programs 14.182	Shelter Plus Care 14.238
Operating Expenses (continued)						
<i>Insurance</i>						
Property Insurance	\$ 810,786	\$ -	\$ -	\$ 20,789	\$ -	\$ -
Workman's Compensation	119,714	512	-	21,612	-	-
Other Insurance	749	-	-	17,692	-	-
Total Insurance Expenses	931,249	512	-	60,093	-	-
<i>General</i>						
Other General Expenses	1,439,083	-	-	-	-	-
Compensated Absences	358,573	-	-	323	-	-
Payments in Lieu of Taxes	549,072	-	-	-	-	-
Bad Debt - Tenant Services	317,847	-	-	-	-	-
Bad Debt - Other	-	-	-	-	-	-
Total General Expenses	2,664,575	-	-	323	-	-
Interest of Mortgage or Bonds Payable	154,276	-	-	-	-	-
Interest on Notes Payable	133,152	-	-	-	-	-
Amortization of Bond Issue Costs	3,673	-	-	-	-	-
Total Expense and Amortization Cost	291,101	-	-	-	-	-
Total Operating Expenses	31,346,183	316,600	231,955	3,273,307	1,547	50,773
Excess of Operating Revenues Over (Under) Operating Expenses	4,884,454	-	-	29,151,513	72,453	518,652
Other Financing Sources (Uses)						
<i>Non-Operating Expenses</i>						
Non-Capitalized Casualty Losses	(266,483)	-	-	(1,966)	-	-
Housing Assistance Payments	-	-	-	(29,036,244)	-	(518,652)
Depreciation Expense	(10,106,757)	-	-	-	-	-
Total Non-Operating Expenses	(10,373,240)	-	-	(29,038,210)	-	(518,652)
<i>Transfers</i>						
Operating Transfer In	1,417,920	-	-	-	-	-
Operating Transfer Out	(1,417,920)	-	-	-	-	-
Inter Project Excess Cash Transfer In	591,270	-	-	-	-	-
Inter Project Excess Cash Transfer Out	(591,270)	-	-	-	-	-
Transfer In between Program and Project	46,156	-	-	-	-	-
Transfer Out between Program and Project	-	-	-	-	-	-
Total Transfers	46,156	-	-	-	-	-
Total Other Financing Sources (Uses)	(10,327,084)	-	-	(29,038,210)	-	(518,652)
Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (5,442,630)	\$ -	\$ -	\$ 113,303	\$ 72,453	\$ -

State/Local	Other Business Activities	Component Unit - Discretely Presented	Component Unit - Blended	Twenty-First Century Community Learning Centers 84.287	Temporary Assistance for Needy Families 93.558	Lower income Housing Assistance Program - Section 8 Moderate 14.856	Central Office	Eliminations	Total
\$ -	\$ 61,839	\$ 171,331	\$ 186,998	\$ -	\$ -	\$ -	\$ 90,467	\$ -	\$ 1,342,210
-	11,988	-	11,020	-	-	-	70,000	-	234,846
-	-	10,360	2	-	-	-	92	-	28,895
-	73,827	181,691	198,020	-	-	-	160,559	-	1,605,951
-	3,110	-	107,767	-	14,258	-	-	(14,258)	1,549,960
-	91,418	-	30	-	-	-	369,717	-	820,061
-	-	190,126	206,006	-	-	-	-	-	945,204
-	35,345	58,789	117,602	-	-	-	-	-	529,583
-	-	-	10,001	-	-	-	-	-	10,001
-	129,873	248,915	441,406	-	14,258	-	369,717	(14,258)	3,854,809
-	8,429	-	-	-	-	-	-	-	162,705
-	-	383,252	316,249	-	-	-	-	(316,249)	516,404
-	-	11,289	-	-	-	-	-	-	14,962
-	8,429	394,541	316,249	-	-	-	-	(316,249)	694,071
17,516	2,861,149	2,835,030	4,121,948	575,415	14,258	5,946	7,689,385	(7,921,065)	45,419,947
-	1,215,698	541,538	737,395	-	-	35,188	371,825	-	37,528,716
-	(35,263)	-	(4,844)	-	-	-	-	-	(308,556)
-	-	-	-	-	-	(35,188)	-	-	(29,590,084)
-	(543,855)	(2,653,014)	(737,518)	-	-	-	(76,183)	-	(14,117,327)
-	(579,118)	(2,653,014)	(742,362)	-	-	(35,188)	(76,183)	-	(44,015,967)
-	-	-	-	-	-	-	-	(1,417,920)	-
-	-	-	-	-	-	-	-	1,417,920	-
-	-	-	-	-	-	-	-	(591,270)	-
-	-	-	-	-	-	-	-	591,270	-
-	-	-	-	-	-	-	-	(46,156)	-
-	(46,156)	-	-	-	-	-	-	46,156	-
-	(46,156)	-	-	-	-	-	-	-	-
-	(625,274)	(2,653,014)	(742,362)	-	-	(35,188)	(76,183)	-	(44,015,967)
\$ -	\$ 590,424	\$ (2,111,476)	\$ (4,967)	\$ -	\$ -	\$ -	\$ 295,642	\$ -	\$ (6,487,251)

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Statistical
Section

Akron Metropolitan Housing Authority
Summit County
For the Year Ended December 31, 2018

Statistical Section

This part of the Authority’s CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the Authority’s overall financial health.

Title	Page
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Financial Trends

These schedules contain trend information to help the reader understand how the Authority’s financial performance and well-being have changed over time.

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Changes in Net Position	80

Revenue Capacity

These schedules contain information to help the reader assess the Authority’s most significant revenue sources.

Operating Revenues by Source	82
Non-Operating Revenues by Source	83

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority’s current levels of outstanding debt and ability to issue additional debt in the future.

Debt Service Coverage	85
Ratio of Debt to Capital Assets	87

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority’s financial activities take place.

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Operating Information

These schedules contain data to help the reader understand how the information in the Authority’s financial report relates to the services the Authority provides and the activities it performs.

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Property Characteristics and Unit Composition (Includes Non-Dwelling Units)	96
Staff Headcount by Division	97
Principal Employers	98

Akron Metropolitan Housing Authority

NET POSITION

LAST TEN FISCAL YEARS¹

(Unaudited)

Fiscal Year	Invested in Capital Assets	Restricted	Unrestricted	Total
6/30/2009	\$ 157,696,607	\$ 4,858,250	\$ 58,592,099	\$ 221,146,956
6/30/2010	162,348,725	13,087,444	50,542,904	225,979,073
6/30/2011	145,515,006	20,779,229	75,859,585	242,153,820
6/30/2012	149,634,355	16,240,933	88,120,967	253,996,255
6/30/2013	143,376,188	15,435,199	86,728,212	245,539,599
12/31/2014	139,822,375	12,068,741	79,863,626	231,754,742
12/31/2015	129,815,914	12,251,490	70,388,017	212,455,421
12/31/2016	123,154,377	13,047,254	70,693,772	206,895,403
12/31/2017	115,605,270	13,242,089	69,847,178	198,694,537
12/31/2018	114,249,736	10,611,670	59,172,639	184,034,045

¹AMHA switched to a 12/31 fiscal year on 7/1/2013 and reported an 18-month year ending 12/31/14.

Source: Prior audited financial statements and current year unaudited Financial Data Schedule

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Akron Metropolitan Housing Authority

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS¹

(Unaudited)

	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2012</u>
Changes in Net Position				
<u>Operating Revenue:</u>				
Tenant Revenue	\$ 8,523,333	\$ 8,838,093	\$ 8,179,935	\$ 8,874,586
Government Operating Grants	49,311,390	53,475,854	60,009,549	57,842,339
Other Revenue	5,010,916	4,744,591	6,433,189	9,682,340
Total Operating Revenue	62,845,639	67,058,538	74,622,673	76,399,265
<u>Operating Expenses:</u>				
Administrative	11,421,493	12,768,661	17,974,987	15,239,945
Tenant Services	2,056,453	1,465,489	1,982,562	3,232,447
Utilities	3,907,065	3,885,657	4,002,768	3,840,008
Maintenance	10,621,840	11,790,886	11,177,581	12,714,615
Protective Services	1,596,924	1,570,191	1,212,411	1,597,272
General	2,192,971	1,996,971	1,685,773	1,703,337
Housing Assistance Payment	29,212,999	30,549,740	30,739,386	30,326,594
Insurance	-	-	1,003,318	941,366
Other Operating Expenses	309,195	17,553	-	-
Depreciation and Amortization	10,625,595	11,062,290	10,271,206	13,553,100
Total Operating Expenses	71,944,535	75,107,438	80,049,992	83,148,684
Operating Income (Loss)	(9,098,896)	(8,048,900)	(5,427,319)	(6,749,419)
<u>Non-Operating Revenues(Expenses):</u>				
Interest and Investment Revenue	1,140,141	1,132,673	2,337,529	2,133,940
Casualty Gain/(Loss)	-	-	-	13,061
Extraordinary Maintenance	-	-	-	(5,731)
Interest Expense and Amortization Cost	(696,359)	(724,203)	(1,349,382)	(1,540,360)
Special Item - Contributions	-	-	-	2,167,737
Debt Issuance Costs	-	-	-	-
Collection of Member Receivables	-	-	-	-
Gain (Loss) on Sale of Capital Assets	9,280,748	-	(1,008,661)	18,394
Miscellaneous Non-Operating	-	-	-	-
Total Non-Operating Revenues (Expenses)	9,724,530	408,470	(20,514)	2,787,041
Income(Loss) Before Capital Contributions	625,634	(7,640,430)	(5,447,833)	(3,962,378)
<u>Capital Revenue</u>				
Capital Grants	9,441,412	11,714,408	16,790,494	15,689,309
Capital Contributions	5,481,957	758,139	-	-
Total Capital Revenue	14,923,369	12,472,547	16,790,494	15,689,309
Change in Net Position	15,549,003	4,832,117	11,342,661	11,726,931
Net Position, Beginning of Period, Restated	206,056,382	221,146,956	230,811,159	242,269,324
Equity Transfer	(458,429)	-	-	-
Total Net Position, End of Period	\$ 221,146,956	\$ 225,979,073	\$ 242,153,820	\$ 253,996,255

¹AMHA switched to a 12/31 fiscal year on 7/1/2013 and reported an 18-month year ending 12/31/2014.

Source: Prior audited financial statements and current year unaudited Financial Data Schedule

	<u>6/30/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
\$	9,468,774	\$ 14,452,453	\$ 13,331,805	\$ 14,269,067	\$ 14,647,403	\$ 14,988,154
	52,989,009	75,458,024	49,797,066	51,409,578	54,769,466	55,225,735
	6,994,509	9,500,197	6,990,723	4,452,862	2,967,498	4,195,449
	<u>69,452,292</u>	<u>99,410,674</u>	<u>70,119,594</u>	<u>70,131,507</u>	<u>72,384,367</u>	<u>74,409,338</u>
	12,263,281	20,167,983	14,636,423	15,343,439	15,914,427	14,604,041
	3,769,772	3,371,236	2,086,327	2,579,753	2,589,183	2,763,670
	3,757,812	6,029,976	5,369,611	5,496,676	5,359,576	5,370,678
	12,587,783	21,329,770	15,131,702	12,455,071	13,220,975	12,584,914
	2,028,335	2,701,493	1,733,699	1,864,752	1,669,015	1,931,930
	4,676,137	7,929,395	2,328,282	2,946,518	2,516,995	3,605,894
	30,484,279	44,077,365	29,311,022	29,522,423	29,931,106	29,590,084
	940,931	1,614,788	1,150,324	1,256,495	1,328,639	1,424,260
			-	-	-	-
	<u>12,158,960</u>	<u>17,933,945</u>	<u>12,494,059</u>	<u>12,510,404</u>	<u>12,221,902</u>	<u>11,464,313</u>
	<u>82,667,290</u>	<u>125,155,951</u>	<u>84,241,449</u>	<u>83,975,531</u>	<u>84,751,818</u>	<u>83,339,784</u>
	(13,214,998)	(25,745,277)	(14,121,855)	(13,844,024)	(12,367,451)	(8,930,446)
	2,118,164	4,001,153	1,385,550	1,372,016	1,382,248	1,257,556
	(202,418)	(449,453)	(392,875)	(291,296)	(238,064)	(308,556)
	(14,363)	(41,318)	-	-	-	-
	<u>(1,163,771)</u>	<u>(1,487,943)</u>	<u>(1,198,523)</u>	<u>(1,126,064)</u>	<u>(1,045,794)</u>	<u>(299,530)</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	(441,217)	30,148	65,719	223,763	761,813	(159,457)
	-	-	-	-	-	-
	<u>296,395</u>	<u>2,052,587</u>	<u>(140,129)</u>	<u>178,419</u>	<u>860,203</u>	<u>490,013</u>
	(12,918,603)	(23,692,690)	(14,261,984)	(13,665,605)	(11,507,248)	(8,440,433)
	5,448,340	-	-	-	-	-
	-	9,900,837	8,123,083	8,105,587	3,306,382	4,064,658
	<u>5,448,340</u>	<u>9,900,837</u>	<u>8,123,083</u>	<u>8,105,587</u>	<u>3,306,382</u>	<u>4,064,658</u>
	(7,470,263)	(13,791,853)	(6,138,901)	(5,560,018)	(8,200,866)	(4,375,775)
	253,009,862	245,546,595	218,594,322	212,455,421	206,895,403	188,409,820
	-	-	-	-	-	-
\$	<u><u>245,539,599</u></u>	<u><u>231,754,742</u></u>	<u><u>212,455,421</u></u>	<u><u>206,895,403</u></u>	<u><u>198,694,537</u></u>	<u><u>184,034,045</u></u>

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Akron Metropolitan Housing Authority
OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS¹
(Unaudited)

Fiscal Year	Tenant Revenue		Governmental Operating Grants		Other Revenue		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
6/30/2009	\$ 8,523,333	14%	\$ 49,311,390	78%	\$ 5,010,916	8%	\$ 62,845,639	100.00%
6/30/2010	8,838,093	13%	53,475,854	80%	4,744,591	7%	67,058,538	100.00%
6/30/2011	8,179,935	11%	60,009,549	80%	6,433,189	9%	74,622,673	100.00%
6/30/2012	8,874,586	12%	57,842,339	76%	9,682,340	13%	76,399,265	100.00%
6/30/2013	9,468,774	14%	52,989,009	76%	6,994,509	10%	69,452,292	100.00%
12/31/2014	14,452,453	15%	75,458,024	76%	9,500,197	10%	99,410,674	100.00%
12/31/2015	13,331,805	19%	49,797,066	71%	6,990,723	10%	70,119,594	100.00%
12/31/2016	14,269,067	20%	51,409,578	73%	4,452,862	6%	70,131,507	100.00%
12/31/2017	14,647,403	20%	54,769,466	76%	2,967,498	4%	72,384,367	100.00%
12/31/2018	14,988,154	20%	55,225,735	74%	4,195,449	6%	74,409,338	100.00%

¹AMHA switched to a 12/31 fiscal year on 7/1/2013 and reported an 18-month year ending 12/31/2014.

Source: Prior years audited financial statements and current year unaudited Financial Data Schedule

Akron Metropolitan Housing Authority
NONOPERATING REVENUES BY SOURCE

LAST TEN FISCAL YEARS¹

(Unaudited)

Fiscal Year	Interest and Investment Revenue		Casualty Gain (Loss)		Special Item - Contributions		Gain (Loss)
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount
6/30/2009	\$ 1,140,141	4%	\$ -	0%	\$ -	0%	\$ 9,280,748
6/30/2010	1,132,673	8%	-	0%	-	0%	-
6/30/2011	2,337,529	13%	-	0%	-	0%	(1,008,661)
6/30/2012	2,133,940	11%	13,061	0%	2,167,737	11%	18,394
6/30/2013	2,118,164	31%	(202,418)	-3%	-	0%	(441,217)
12/31/2014	4,001,153	30%	(449,453)	-3%	-	0%	30,148
12/31/2015	1,385,550	15%	(392,875)	-4%	-	0%	65,719
12/31/2016	1,372,016	15%	(291,296)	-3%	-	0%	223,763
12/31/2017	1,382,248	27%	(238,064)	-5%	-	0%	761,813
12/31/2018	1,257,556	26%	(308,556)	-6%	-	0%	(159,457)

¹AMHA switched to a 12/31 fiscal year on 7/1/2013 and reported an 18-month year ending 12/31/2014.

Source: Prior years audited financial statements and current year unaudited Financial Data Schedule

on Assets		Capital Grants		Capital Contributions		Total	
% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	
37%	\$ 9,441,412	37%	\$ 5,481,957	22%	\$ 25,344,258	100.00%	
0%	11,714,408	86%	758,139	6%	13,605,220	100.00%	
-6%	16,790,494	93%	-	0%	18,119,362	100.00%	
0%	15,689,309	78%	-	0%	20,022,441	100.00%	
-6%	5,448,340	79%	-	0%	6,922,869	100.00%	
0%	-	0%	9,900,837	73%	13,482,685	100.00%	
1%	-	0%	8,123,083	88%	9,181,477	100.00%	
2%	-	0%	8,105,587	86%	9,410,070	100.00%	
15%	-	0%	3,306,382	63%	5,212,379	100.00%	
-3%	-	0%	4,064,658	84%	4,854,201	100.00%	

Akron Metropolitan Housing Authority

DEBT SERVICE COVERAGE

LAST TEN FISCAL YEARS¹

(Unaudited)

	<u>6/30/2009</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2012</u>
Revenue	\$ 87,493,538	\$ 79,939,555	\$ 91,392,653	\$ 94,875,615
Expenses (excluding depreciation)	<u>61,318,940</u>	<u>64,045,148</u>	<u>69,778,786</u>	<u>69,595,584</u>
Revenue Available for Debt Service	26,174,598	15,894,407	21,613,867	25,280,031
Debt Service Requirements:				
Principal	1,843,816	9,820,767	1,845,044	1,818,719
Interest	<u>696,359</u>	<u>724,203</u>	<u>863,677</u>	<u>1,540,360</u>
Total	\$ 2,540,175	\$ 10,544,970	\$ 2,708,721	\$ 3,359,079
Debt Service Coverage	10.30%	1.51%	7.98%	7.53%

¹AMHA switched to a 12/31 fiscal year on 7/1/2013 and reported an 18-month year ending 12/31/2014.

Source: Prior years audited financial statements and current year unaudited Financial Data Schedule

6/30/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
\$ 75,197,027	\$ 111,364,098	\$ 78,102,548	\$ 78,415,513	\$ 76,500,952	\$ 78,964,009
70,508,330	107,222,006	71,747,390	71,465,127	72,529,916	71,875,471
4,688,697	4,142,092	6,355,158	6,950,386	3,971,036	7,088,538
1,961,549	2,710,362	2,111,343	2,138,774	2,208,507	2,043,649
849,971	1,487,943	841,187	810,402	695,094	347,479
\$ 2,811,520	\$ 4,198,305	\$ 2,952,530	\$ 2,949,176	\$ 2,903,601	\$ 2,391,128
1.67%	0.99%	2.15%	2.36%	1.37%	2.96%

Akron Metropolitan Housing Authority

RATIO OF DEBT TO CAPITAL ASSETS

LAST TEN FISCAL YEARS¹

(Unaudited)

Fiscal Year	Total Debt (Bonds, Notes & Loans Payable)	Capital Assets	Ratio of Total Debt to Capital Assets
6/30/2009	\$ 12,520,406	\$ 170,217,013	7.36%
6/30/2010	16,360,437	178,709,162	9.15%
6/30/2011	29,009,260	174,524,266	16.62%
6/30/2012	26,455,290	176,089,645	15.02%
6/30/2013	25,425,725	168,801,913	15.06%
12/31/2014	25,072,164	164,894,539	15.20%
12/31/2015	22,939,705	164,027,915	13.99%
12/31/2016	21,816,795	156,869,930	13.91%
12/31/2017	19,550,999	147,327,620	13.27%
12/31/2018	14,876,985	142,857,200	10.41%

¹AMHA switched to a 12/31 fiscal year on 7/1/2013 and reported an 18-month year ending 12/31/2014.

Source: Prior years audited financials and current year unaudited Financial Data Schedule

Akron Metropolitan Housing Authority
RESIDENT DEMOGRAPHICS POPULATION STATISTICS¹
LOW-INCOME PUBLIC HOUSING PROGRAM
HEAD OF HOUSEHOLD INFORMATION

December 31, 2018

(Unaudited)

Racial Composition			By Gender		
Categories	By Unit	Percent	Categories	By Unit	Percent
Asian/Pacific Islander	60	1.4%	Number of Female	3,188	76.7%
Black	2,309	55.5%	Number of Male	971	23.3%
Hispanic	68	1.6%			
White	1,695	40.8%			
Unknown	27	0.6%			
Total	<u><u>4,159</u></u>	<u><u>100.0%</u></u>	Total	<u><u>4,159</u></u>	<u><u>100.0%</u></u>

¹Statistics only include the units owned and managed by AMHA and exclude non-dwelling units.

Source: Akron Metropolitan Housing Authority's Statistics

Akron Metropolitan Housing Authority

RESIDENT DEMOGRAPHICS POPULATION STATISTICS¹

LOW-INCOME PUBLIC HOUSING PROGRAM

HEAD OF HOUSEHOLD INFORMATION

December 31, 2018

(Unaudited)

Resident Members Per Household			Number Bedrooms Per Household		
Categories	Households	Percent	Categories	Households	Percent
1 Member	2,059	49.5%	Efficiency	104	2.5%
2 Members	884	21.3%	1 Bedroom	1,669	40.1%
3 Members	588	14.1%	2 Bedroom	1,281	30.8%
4 Members	361	8.7%	3 Bedroom	882	21.2%
5 Members	156	3.8%	4 Bedroom	207	5.0%
6 Members	79	1.9%	5 Bedroom	16	0.4%
7 Members	25	0.6%			
8 Members	5	0.1%			
9+ Members	2	0.0%			
Total	<u>4,159</u>	<u>100.0%</u>	Total	<u>4,159</u>	<u>100.0%</u>

¹Statistics only include the units owned and managed by AMHA and exclude non-dwelling units.

Source: Akron Metropolitan Housing Authority's Statistics

Akron Metropolitan Housing Authority
RESIDENT DEMOGRAPHICS POPULATION STATISTICS¹
LOW-INCOME PUBLIC HOUSING PROGRAM

December 31, 2018

(Unaudited)

<u>Age Categories</u>	<u>Household Ages</u>				<u>Annual Income</u>		
	<u>Family Members Excluding Head of Household</u>		<u>Head of Household</u>		<u>Annual Income Range</u>	<u>No. of Households</u>	<u>Percent</u>
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>			
Total members under 18	3,656	83.8%	-	0.0%	\$0.00-99	368	8.8%
Total members 18 and over	708	16.2%	4,159	100.0%	\$1.00-3,999	432	10.4%
Total	4,364	100.0%	4,159	100.0%	\$4,000-7,999	266	6.4%
					\$8,000-15,999	2,077	49.9%
					\$16,000-27,999	748	18.0%
					\$28,000-35,999	157	3.8%
					\$36,000+	111	2.7%
Grand Total All Members			8,523	100.0%	Total	4,159	100.0%

¹Statistics only include the units owned and managed by AMHA and exclude non-dwelling units.

Source: Akron Metropolitan Housing Authority's Statistics

Akron Metropolitan Housing Authority
RESIDENT DEMOGRAPHICS POPULATION STATISTICS
HOUSING CHOICE VOUCHER (SECTION 8) PROGRAMS¹
HEAD OF HOUSEHOLD INFORMATION

December 31, 2018

(Unaudited)

Resident Members Per Household			Number Bedrooms Per Household		
Categories	Households	Percent	Categories	Households	Percent
1 Member	2,461	49.1%	Efficiency	36	0.7%
2 Members	1,000	19.9%	1 Bedroom	1,377	27.4%
3 Members	771	15.4%	2 Bedroom	1,648	32.8%
4 Members	460	9.2%	3 Bedroom	1,420	28.3%
5 Members	204	4.1%	4 Bedroom	470	9.4%
6 Members	74	1.5%	5 Bedroom	66	1.3%
7 Members	30	0.6%			
8 Members	15	0.3%			
9+ Members	2	0.0%			
Total	<u>5,017</u>	<u>100.0%</u>	Total	<u>5,017</u>	<u>100.0%</u>

¹Includes Housing Choice Voucher, Shelter Plus Care, Veteran Affairs Supportive Housing (VASH), Project Based Voucher and Moderate Rehab programs.

Source: Akron Metropolitan Housing Authority's Statistics

Akron Metropolitan Housing Authority
RESIDENT DEMOGRAPHICS POPULATION STATISTICS
HOUSING CHOICE VOUCHER (SECTION 8) PROGRAMS¹
HEAD OF HOUSEHOLD INFORMATION

December 31, 2018

(Unaudited)

Racial Composition			By Gender		
Categories	By Unit	Percent	Categories	By Unit	Percent
Asian/Pacific Islander	17	0.3%	Number of Female	3,930	78.3%
Black	3,300	65.8%	Number of Male	1,087	21.7%
Hispanic	64	1.3%			
White	1,588	31.7%			
Unknown	48	1.0%			
Total	<u>5,017</u>	<u>100.0%</u>	Total	<u>5,017</u>	<u>100.0%</u>

¹Includes Housing Choice Voucher, Shelter Plus Care, Veteran Affairs Supportive Housing (VASH), Project Based Voucher and Moderate Rehab programs.

Source: Akron Metropolitan Housing Authority's Statistics

Akron Metropolitan Housing Authority
RESIDENT DEMOGRAPHICS POPULATION STATISTICS
HOUSING CHOICE VOUCHER (SECTION 8) PROGRAMS¹

December 31, 2018

(Unaudited)

Age Categories	Household Ages				Annual Income		
	Family Members Excluding Head of Household		Head of Household		Annual Income Range	No. of Households	Percent
	Number	Percent	Number	Percent			
Total members under 18	4,560	84.3%	-	0.0%	\$0.00-.99	494	9.8%
Total members 18 and over	849	15.7%	5,017	100.0%	\$1.00-3,999	582	11.6%
Total	<hr/>		<hr/>		\$4,000-7,999	285	5.7%
	5,409	100.0%	5,017	100.0%	\$8,000-15,999	2,365	47.1%
					\$16,000-27,999	1,018	20.3%
					\$28,000-35,999	183	3.6%
					\$36,000+	90	1.8%
Grand Total All Members			10,426	100.0%	Total	5,017	100.0%

¹Includes Housing Choice Voucher, Shelter Plus Care, Veteran Affairs Supportive Housing (VASH), Project Based Voucher and Moderate Rehab programs.

Source: Akron Metropolitan Housing Authority's Statistics

Akron Metropolitan Housing Authority

OTHER DEMOGRAPHIC STATISTICS

LAST TEN YEARS

(Unaudited)

Year	Akron Population¹	Personal Income¹	Per Capita Personal Income¹	School Enrollment¹	Akron Unemployment Rate²
2009	217,074	3,819,634,104	17,596	59,258	11.40%
2010	199,110	3,915,299,040	19,664	56,760	9.50%
2011	199,110	3,915,299,040	19,664	56,760	9.40%
2012	199,110	3,915,299,040	19,664	56,760	7.60%
2013	199,110	3,915,299,040	19,664	56,760	7.60%
2014	199,110	3,915,299,040	19,664	56,760	6.60%
2015	199,110	3,915,299,040	19,664	56,760	5.70%
2016	199,110	3,915,299,040	19,664	56,760	6.20%
2017	199,110	3,915,299,040	19,664	56,760	4.80%
2018	199,110	3,915,299,040	19,664	56,760	4.90%

Sources: ¹U. S. Census Bureau

²Ohio Department of Jobs and Family Services

Akron Metropolitan Housing Authority
NUMBER OF DWELLING RENTAL UNITS

LAST TEN FISCAL YEARS¹

(Unaudited)

Fiscal Year	Low-Income Public Housing²	Section 8	LHA Business Activities	Tax Credit Units²
6/30/2009	4,314	4,641	199	595
6/30/2010	4,326	4,975	199	595
6/30/2011	4,345	4,975	228	620
6/30/2012	4,284	4,975	242	632
6/30/2013	4,307	4,975	242	662
12/31/2014	4,309	4,975	247	662
12/31/2015	4,288	4,975	573	334
12/31/2016	4,308	4,981	573	334
12/31/2017	4,308	4,981	573	334
12/31/2018	4,304	4,977	573	334

¹AMHA switched to a 12/31 fiscal year on 7/1/2013 and reported an 18-month year ending 12/31/2014.

²Public Housing and Tax Credit Units include the units operated and managed by a third party management company.

Sources: Prior and current years HUD PIH Information Center reports and Financial Data Schedules

Akron Metropolitan Housing Authority
PROPERTY CHARACTERISTICS AND UNIT COMPOSITION
December 31, 2018
(Unaudited)

Name of Development	Property Type	Address	Number of Units ¹	Year Built or Acquired
Public Housing Units:				
Akron Edgewood Homes	Family	491 Vernon Odom Boulevard	49	2008
Allen Dickson	Senior	21 23rd Street	83	1970
Alpeter Towers	Senior	130 5th Street SE	185	1974
Bon Sue	Family	65 Susan Court	83	1970
Paul E. Belcher North & South	Senior	400 Locust Street	229	1968-1970
Buchtel Apartments (Cotter House)	Senior	770 E. Buchtel Avenue	143	1969
Cascade Village North ²	Family	212 E. North Street	47	2009
Cascade Village South ²	Family	212 E. North Street	39	2009
Cascade Village East/West ²	Family	212 E. North Street	15	2009
Colonial Hills Apartments	Family	27 Colonial Hills Drive	149	1967
Crimson Terrace	Family	408 Herms Court	88	Various
Edgewood Village	Family	491 Vernon Odom Boulevard	23	2010
Edgewood Village South	Family	491 Vernon Odom Boulevard	20	2012
William E. Fowler Apartments	Senior	65 Byers Avenue	180	1973
Honey Locust Apartments	Family	3299 Prange Drive	137	1981
Joy Park Homes	Family	524 Fuller Street	163	1970
Stephanie S. Keys Towers	Senior	4133 Fishcreek Road	99	1982
Martin P. Lauer	Senior	666 N. Howard Street	94	1970
Maplewood Gardens	Family	500 Hardman Drive	104	1981
Marian Hall (Edgewood Village V)	Senior	491 Vernon Odom Boulevard	36	2012
Mohawk Apartments	Family	22 Safer Plaza	101	1970
Fred W. Nimmer Place	Senior	1600 Brittan Road	237	1970
Pinewood Gardens	Family	8788 Ray Court	125	1980
Saferstein Towers I & II	Senior	525 Diagonal Road	338	1969 -1972
Seward	Family	9 Plato Avenue	1	2018
Scattered Sites	Family	524 Fuller Street	630	Various
Spicer	Family	502 Spicer Street	12	2016
Summit Lake Apartments	Family	9 Plato Avenue	297	1965-2016
Ray C. Sutliff Towers	Senior	1850 2nd Street	185	1974
Van Buren Homes	Family	410 Pasadena Place	200	1972
Willow Run Apartments	Family	1367 Doty Drive	112	1981
Valley View	Family	943 Springdale Street	100	1970
Total Public Housing Units			4,304	
Tax Credit Units:				
Akron Edgewood Homes	Family	491 Vernon Odom Boulevard	31	2008
Eastland Woods Apartments	Family	Various Addresses	100	1981
Edgewood Village	Family	491 Vernon Odom Boulevard	25	2010
Edgewood Village South	Family	491 Vernon Odom Boulevard	30	2012
Marian Hall (Edgewood Village V)	Senior	491 Vernon Odom Boulevard	12	2012
Cascade Village North ²	Family	212 E. North Street	49	2009
Cascade Village South ²	Family	212 E. North Street	38	2009
Cascade Village East/West ²	Family	212 E. North Street	49	2009
Total Tax Credit Units			334	
LHA Business Activities Units:				
Akron 14	Family	95 Chinook	14	1978
Akron 73	Family	600 Darrow Road	73	1979
Hilltop House	Senior	303 East Tuscarawas	76	1968
LHA Scattered Sites	Family	Various Addresses	24	Various
Thornton Terrace	Family	125 Bowdoin Lane	36	1980
Washington Square	Family	428 South Van Buren Avenue	24	1993
Wilbeth-Arlington Homes	Family	910 Eller Avenue	326	1943
Total LHA Business Activities Units			573	
Total Units			5,211	

¹ Excludes non-dwelling units.

² Operated and managed by a third party management company

Akron Metropolitan Housing Authority

STAFF HEADCOUNT BY DIVISION

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Executive	Central Office Cost Center	Housing Management	Resident Services	Section 8	Part Time Employees & Live In's	Total
6/30/2009	6	58	151	21	28	101	365
6/30/2010	8	59	147	21	29	102	366
6/30/2011	8	58	160	23	29	100	378
6/30/2012	8	60	160	24	29	106	387
6/30/2013	10	55	159	25	26	109	384
12/31/2014	10	58	158	26	25	107	384
12/31/2015	8	60	153	22	24	106	373
12/31/2016	8	60	156	25	25	104	378
12/31/2017	8	52	154	26	24	103	367
12/31/2018	7	53	156	30	24	130	400

Source: The agency's prior and current years organizational charts

Akron Metropolitan Housing Authority
PRINCIPAL EMPLOYERS IN SUMMIT COUNTY¹

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

2018				2009			
Employer	Full-Time Employees	Rank	Percentage of Total County Employment	Employer	Full-Time Employees	Rank	Percentage of Total County Employment
Summa Health System	7,000	1	2.67%	Summa Health System	10,000	1	3.74%
Cleveland Clinic Akron General	4,383	2	1.67%	Akron General Health System	4,277	2	1.60%
Kent State University	4,114	3	1.57%	County of Summit, Ohio	3,468	3	1.30%
Akron Children's Hospital	3,959	4	1.51%	Akron City School District	3,095	4	1.16%
Goodyear Tire & Rubber Company	3,000	5	1.14%	Goodyear Tire & Rubber Company	3,000	5	1.12%
Summit County	2,969	6	1.13%	The University of Akron	2,845	6	1.06%
Signet Jewelers, Inc.	2,900	7	1.11%	Akron General Medical Center	2,820	7	1.05%
Akron Public Schools	2,774	8	1.06%	First Energy Corporation	2,708	8	1.01%
The University of Akron	2,622	9	1.00%	FirstMerit Corporation	2,695	9	1.01%
FirstEnergy Corp.	2,500	10	0.95%	Akron Children's Hospital	2,500	10	0.93%
	<u>36,221</u>		<u>13.81%</u>		<u>37,408</u>		<u>13.54%</u>
Total Employed in County²	<u>262,300</u>				<u>267,500</u>		

Sources: ¹Greater Akron Chamber of Commerce and County of Summit, Ohio CAFR

²Ohio Job & Family Services, Office of Workforce Development-Labor Market Information

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Single Audit Report

For the Year Ended December 31, 2018



Akron Metropolitan Housing Authority
Summit County
For the Year Ended December 31, 2018

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Akron Metropolitan Housing Authority
Summit County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
<u>Direct Programs:</u>		
Public and Indian Housing	14.850	\$ 18,642,914
Resident Opportunity and Supportive Services - Service Coordinators	14.870	231,955
Public Housing Capital Fund	14.872	6,591,478
Family Self-Sufficiency Program	14.896	316,600
<u>Section 8</u>		
<u>Housing Voucher Cluster</u>		
Section 8 Housing Choice Vouchers	14.871	32,305,609
<i>Total Housing Voucher Cluster</i>		<u>32,305,609</u>
<u>Section 8 Project-Based Cluster</u>		
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	41,104
<i>Total Section 8 Project-Based Cluster</i>		<u>41,104</u>
Shelter Plus Care	14.238	<u>569,425</u>
Total Section 8		<u>32,916,138</u>
Total U.S. Department of Housing and Urban Development		58,699,085
<u>U.S. Department of Education</u>		
<u>Passed through the Ohio Department of Education:</u>		
Twenty-First Century Community Learning Centers	84.287	<u>575,415</u>
Total U.S. Department of Education		<u>575,415</u>
<u>U.S. Department of Health and Human Services</u>		
<u>Passed through the Summit County Department of Job and Family Services:</u>		
Temporary Assistance for Needy Families	93.558	<u>14,258</u>
Total U.S. Department of Health and Human Services		<u>14,258</u>
<i>Total Expenditures of Federal Awards</i>		<u><u>\$ 59,288,758</u></u>

This schedule is prepared on the accrual basis of accounting.

Akron Metropolitan Housing Authority
Summit County
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Year Ended December 31, 2018

Note A – Basis of Presentation

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

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note C – Indirect Costs

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

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

Akron Metropolitan Housing Authority
Summit County
100 West Cedar Street
Akron, OH 44307

Regional Inspector General of Audit
U. S. Department of Housing and Urban
Development

To the Board of Directors:

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

Our report refers to other auditors who audited the financial statements of Eastland Woods, LLC, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC, and Marian Hall Building, LLC, all of the Authority's discretely presented component units, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Independent Auditor's Report on Internal Control Over
Financial Report and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
Page 2

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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
June 14, 2019

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Cleveland OH 44113-1306
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Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Akron Metropolitan Housing Authority
Summit County
100 West Cedar Street
Akron, OH 44307

Regional Inspector General of Audit
U. S. Department of Housing and Urban
Development

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited the Akron Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2018. The Authority's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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


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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Akron Metropolitan Housing Authority, Summit 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. We issued our report thereon dated June 14, 2019, which contained an unmodified opinion on those financial statements. Our report refers to other auditors who audited the financial statements of Eastland Woods, LLC, Akron Edgewood Homes, LLC, Edgewood Village, LLC, Edgewood Village South, LLC, and Marian Hall Building, LLC, all of the Authority's discretely presented component units, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Charles E. Harris and Associates, Inc.
June 14, 2019

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Akron Metropolitan Housing Authority

Summit County

Schedule of Findings

2 CFR § 200.515

December 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies reported at the financial statement level statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs:	Low Rent Public Housing Program - CFDA #14.850 Capital Fund Program - CFDA #14.872
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$1,778,663 Type B: all others
(d)(1)(ix)	Low Risk Auditee 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



AKRON METROPOLITAN HOUSING AUTHORITY

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 10, 2019**