LONDON METROPOLITAN HOUSING AUTHORITY

MADISON COUNTY

REGULAR AUDIT

OCTOBER 1, 2017 – SEPTEMBER 30, 2018

WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER

Board of Directors
London Metropolitan Housing Authority
179 South Main Street
London, OH 43140

We have reviewed the *Independent Auditor's Report* of the London Metropolitan Housing Authority, Madison County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 1, 2017 through September 30, 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 London Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

April 8, 2019

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LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY

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WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

London Metropolitan Housing Authority
Madison County
179 South Main Street
London, Ohio 43140

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the London Metropolitan Housing Authority, Madison County, Ohio (the Authority), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the London Metropolitan Housing Authority, Madison County as of September 30, 2018, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 13, 2019

UNAUDITED

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

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

FINANCIAL HIGHLIGHTS

- Net Position was $1,439,148 and $1,508,723 for fiscal year ending September 30, 2018 and 2017 (as restated), respectively. The Authority-wide statements reflect a decrease of $69,575 during 2018. This decrease is reflective of the fiscal year's activities.

- The business-type activity revenue decreased by $48,241 during 2018, and was $705,006 and $753,247 for 2018 and 2017, respectively. The decrease was due to the Operating Grant Revenue earned for the fiscal year.

- The total expenses of all Authority programs decreased by $79,613. Total expenses were $774,581 and $854,194 for 2018 and 2017, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

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

The primary focus of the Authority's financial statements is on the Authority as a whole. The Authority operates as a single enterprise fund and this presentation allows the user to address relevant questions, broaden basis for comparison (fiscal year-to-fiscal year or Authority to Authority), and enhance the Authority's accountability.

Government-Wide Financial Statements

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

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

The focus of the Statement of Net Position (the "Unrestricted portion") 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, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

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

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

THE AUTHORITY'S FUND

The Authority consists exclusively of an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector. The fund maintained by the Authority is required by the Department of Housing and Urban Development (HUD).

Business Type Activities:

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

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

HOME Investment Partnerships Program – represents HUD resources developed from contracts with Madison County to provide assistance with housing for eligible residents.

Business Activity (BA) – The Business Activity Program was set-up to separate the HUD funded programs with non-HUD activities. This program is used to account for the financial activities of the operation of a 4-unit apartment building known as South Oak Place.

New GASB 75 Reporting

The net pension liability (NPL) is the largest single liability reported by the Authority at September 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 costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net pension and subtracting deferred outflows related to pension and OPEB.

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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 healthcare recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

As a result of implementing GASB 75, the Authority is reporting net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at September 30, 2017 from, $1,593,629 to $1,508,723.

Statement of Net Position

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

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STATEMENT OF NET POSITION

	2018	Restated 2017
Current and Other Noncurrent Assets	$ 612,838	$ 560,019
Capital Assets	1,710,257	1,837,243
Total Assets	2,323,095	2,397,262
Deferred Outflows of Resources	42,962	81,277
Current Liabilities	65,237	72,786
Non-Current Liabilities	817,709	889,173
Total Liabilities	882,946	961,959
Deferred Inflows of Resources	43,963	7,857
Net Position		
Net Investment in Capital Assets	1,130,257	1,257,243
Unrestricted	308,891	251,480
Total Net Position	$1,439,148	$1,508,723

Major Factors Affecting the Statement of Net Position

Current and other Non-Current (primarily cash and cash equivalents) increased by $52,819 mainly due to change in cash resulting from current fiscal year activities. The decrease in current liabilities of $7,549 was due to change in outstanding vendor payable at fiscal year end. The decrease in non-Current Liabilities of $71,464 was due to change in accrued Pension and OPEB liability at fiscal year end.

Capital assets net change between 2018 and 2017 resulted in a decrease of $126,986. This change is the net result of current year additions less depreciation expense. See "Capital Assets and Debt Administration" on page 12.

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

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CHANGE IN UNRESTRICTED NET POSITION

Unrestricted Net Position September 30, 2017 - Restated	$	251,480
Results of Operation		(69,575)
Adjustments:		
Depreciation (1)		126,986
Unrestricted Net Position September 30, 2018	$	308,891

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

CHANGE IN NET INVESTMENT IN CAPITAL ASSETS

Net Investment in Capital Assets September 30, 2017	$	1,257,243
Results of Current Fiscal Year Activity:		
Depreciation (1)		(126,986)
Restricted Net Position September 30, 2018	$	1,130,257

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

	2018	2017
Revenues		
Tenant Revenue	$ 234,055	$ 224,469
Government Operating Grants	436,454	503,583
Interest	9	9
Other Revenues	34,488	25,186
Total Revenue	705,006	753,247
Expenses		
Administrative	160,989	175,368
Utilities	121,649	113,935
Maintenance	285,612	350,268
Protective Services	4,321	-
General and Insurance	40,130	42,509
Housing Assistance Payments	34,894	32,280
Depreciation	126,986	139,834
Total Expenses	774,581	854,194
Change in Net Position	(69,575)	(100,947)
Net Position at October 1 – Restated	1,508,723	N/A
Net Position at September 30	$ 1,439,148	$ 1,508,723

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

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

Operating Grant Funds decreased by $67,129 during the fiscal year. The change in Operating Grant Funds is due to current year operating subsidy received. The Authority incurred no costs that met the definition of a capital improvement. As such those activities were reported as maintenance expense and therefore classified as Operating Grant Funds.

Tenant revenue increased by $9,586. The increase was primarily due to family income and additional utilities allowances paid out.

The increase in Other Revenue is due mainly due to administration fee earned from the HOME program, operated on behalf of the Madison County Commissioners.

Expenses decreased during the fiscal year 2018 by $79,613. The decrease was mainly due to maintenance expense. All other expense categories remained stabled for the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year-end, the Authority had $1,710,257 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (due to depreciation expense) of $126,986 from the end of last fiscal year.

CAPITAL ASSETS AT FISCAL YEAR END (NET OF DEPRECIATION)

	Business-type Activities	
	2018	2017
Land	$ 408,948	$ 408,948
Building and Improvements	3,892,852	3,892,852
Furniture, Equipment and Vehicles	321,129	321,129
Leasehold Improvements	1,638,859	1,638,859
Accumulated Depreciation	(4,551,531)	(4,424,545)
Total	$1,710,257	$1,837,243

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

CHANGE IN CAPITAL ASSETS

Beginning Balance	$1,837,243
Depreciation	(126,986)
Ending Balance	$1,710,257

The Authority had no additions or disposals of capital assets in fiscal year 2018.

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Debt Outstanding

In prior fiscal years, the Authority received a loan from Ohio Housing Finance Agency (OHFA) totaling $580,000 for the construction of a four-unit apartment building referred to as South Oak Place. The debt becomes due upon specific events as detailed in the loan agreement, none of which have occurred as of fiscal year end 2018. More information over Debt can be found in Note 9 in the notes to the basic financial statements.

Condensed Statement of Changes in Debt Outstanding

Beginning Balance - September 30, 2017	$	580,000
Current Year Debt Proceeds/Retirements		-
Ending Balance - September 30, 2018	$	580,000

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Sal Consiglio, Executive Director of the London Metropolitan Housing Authority. Specific requests may be submitted to London Metropolitan Housing Authority, 179 S Main Street, London, OH 43140.

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY

STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 569,182
Restricted Cash and Cash Equivalents	19,582
Accounts Receivable, net	15,138
Prepaid Items	8,936
Total Current Assets	612,838
Non-Current Assets:	
Capital Assets:	
Nondepreciable Capital Assets	408,948
Depreciable Capital Assets	5,852,840
Accumulated Depreciation	(4,551,531)
Total Capital Assets	1,710,257
Total Non-Current Assets	1,710,257
Total Assets	2,323,095
Deferred Outflow of Resources	
Pension	36,169
OPEB	6,793
Total Deferred Outflow of Resources	42,962
Liabilities	
Current Liabilities:	
Accounts Payable	19,808
Accrued Wages and Payroll Taxes	7,842
Accrued Compensated Absences	6,798
Intergovernmental Payable	8,281
Tenant Security Deposits Payable	19,582
Tenant Security Deposits Payable	2,926
Unearned Revenue	
Total Current Liabilities	65,237
Non-Current Liabilities:	
Loan Liability	580,000
Accrued Compensated Absences	1,702
Net Pension Liability	143,703
Net OPEB Liability	92,304
Total Non-Current Liabilities	817,709
Total Liabilities	882,946
Deferred Inflow of Resources	
Pension	37,087
OPEB	6,876
Total Deferred Inflow of Resources	43,963
Net Position	
Net Investment in Capital Assets	1,130,257
Unrestricted	308,891
Total Net Position	$ 1,439,148

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

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Operating Revenues		
Tenant Revenue		$ 234,055
Government Operating Grants		436,454
Other Revenues		34,488
Total Operating Revenues		704,997
Operating Expenses		
Administrative	$ 160,989	
Utilities	121,649	
Maintenance	285,612	
Protective Services	4,321	
General and Insurance	40,130	
Housing Assistance Payments	34,894	
Depreciation	126,986	
Total Operating Expenses		774,581
Operating Loss		(69,584)
Nonoperating Revenues		
Interest		9
Total Nonoperating Revenues		9
Change in Net Position		(69,575)
Net Position at October 1, 2017, Restated		1,508,723
Net Position at September 30, 2018		$ 1,439,148

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

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

Cash flows from operating activities:		
Operating grants received	$	436,454
Tenant revenues received		227,937
Other revenue received		34,488
General and administrative expenses paid		(617,264)
Housing assistance payments paid		(34,894)
Net cash provided by operating activities		46,721
Cash flows from investing activities:		
Interest		9
Net cash provided by investing activities		9
Net change in cash		46,730
Cash at October 1, 2017		542,034
Cash at September 30, 2018	$	588,764
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$	(69,584)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		126,986
Changes in:		
Accounts receivable, net		(6,118)
Prepaid items		29
Deferred outflows of resources		38,315
Accounts payable		(883)
Accrued wages and payroll taxes		(726)
Other liabilities		(6,153)
Net pension liability		(77,702)
Net OPEB liability		6,451
Deferred inflows of resources		36,106
Net cash provided by operating activities	$	46,721

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units,* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

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

<u>Excluded Entity</u>

The following entity is excluded from the Reporting Entity; because there were no activities conducted during the fiscal year. In addition, the Madison Housing Development Corporation has no assets or liabilities.

> **Madison Housing Development Corporation (MHDC)** - This organization was formed as an instrumentality of the Authority to assist in the development and financing of housing projects. MHDC is legally separate from the Authority however, the Board of the organization consists of the Board members of the Authority.

The Madison Housing Development Corporation was created in June of 2010 and received its 501(c)(3) status letter on August 21, 2011. The responsibility of the Authority was to make application to the State of Ohio to establish the organization and to obtain section 501(c)(3) non-profit exemption status. For fiscal year-end 2018, Madison Housing Development Corporation has no assets, liabilities, revenues, or expenses. It has been excluded from reporting because it has no financial activity.

<u>Fund Accounting</u>

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

Proprietary Fund Type:

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

Enterprise Fund - The Authority accounts for and reports all receipts on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflow of resources, liabilities and deferred inflow of resources associated with the operation of the Authority are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

The Authority accounts for and reports all operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Accounting and Reporting for Nonexchange Transactions

The Authority accounts for nonexchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Nonexchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight-line method over the estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold used by the Authority is $1,000. The following are the useful lives used for depreciation purposes:

Description	Estimated Useful Lives - Years
Building & Improvements	15 - 40
Leasehold Improvements	5 - 15
Furniture, Equipment & Vehicles	5 - 7

Cash and Cash Equivalents

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

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal year.

Estimates

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

Accounts Receivable

Management considers all accounts receivable (excluding the tenant accounts receivable) to be collected in full.

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are reported as prepaid items via the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the fiscal year which services are consumed.

Compensated Absences

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

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

Deferred Outflows / Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 6 and 7.

Pensions / Other Post-Employment Benefits

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.

Capital Grants

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The authority did not have net position restricted by enabling legislature at September 30, 2018.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Tenant Security Deposits of $19,582.

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

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

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

GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported September 30, 2017:

Net Position - September 30, 2017	$1,593,629
Adjustments:	
Net OPEB Liability	(85,853)
Deferred Outflows	947
Restated Net Position - September 30, 2017	$1,508,723

NOTE 3: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Funds are deposited into non-interest bearing checking accounts or interest bearing savings accounts. All monies are deposited into banks as determined by the Authority. Security shall be furnished for all accounts in the Authority's name.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At fiscal year end, the carrying amount of the Authority's deposits was $588,764 and the bank balance was $597,787. In addition, $125 was maintained in petty cash funds which is included in cash and cash equivalents presented on the statement of net position. Federal deposit insurance covered $250,000 of the bank balance and $347,787 was uninsured. Of the uninsured bank balance, the Authority was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held in the Ohio Pooled Collateral System	$347,787
Total Balance	$347,787

Based on the Authority having only demand deposits at September 30, 2018, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

NOTE 4: INSURANCE AND 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. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP.

The Authority also participates in Wayne County's health insurance program through a commercial insurance carrier. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred.

The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior fiscal year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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NOTE 5: CAPITAL ASSETS

The following is a summary of capital assets at September 30, 2018:

	Balance 10/1/17	Increase	Decrease	Balance 9/30/18
Capital Assets Not Depreciated				
Land	$ 408,948	$ -	$ -	$ 408,948
Capital Assets Depreciated				
Building and Improvements	3,892,852	-	-	3,892,852
Furniture, Equipment, and Vehicles	321,129	-	-	321,129
Leasehold Improvements	1,638,859	-	-	1,638,859
Total Capital Assets Depreciated	5,852,840	-	-	5,852,840
Accumulated Depreciation				
Building and Improvements	(3,318,822)	(18,195)	-	(3,337,017)
Furniture, Equipment, and Vehicles	(306,958)	(7,734)	-	(314,692)
Leasehold Improvements	(798,765)	(101,057)	-	(899,822)
Total Accumulated Depreciation	(4,424,545)	(126,986)	-	(4,551,531)
Total Capital Assets Depreciated, Net	1,428,295	(126,986)	-	1,301,309
Total Capital Assets, Net	$ 1,837,243	$ (126,986)	$ -	$ 1,710,257

NOTE 6: DEFINED BENEFIT PENSION PLANS

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

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

The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

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

OPERS provides retirement, disability, survivor and death benefits, and annual costs-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 OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-7377.

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

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

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

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

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

	State and Local
2017-2018 Statutory Maximum Contribution Rates:	
- Employer	14.0%
- Employee	10.0%
2017 Actual Contribution Rates:	
Employer: October 1, 2017 through December 31, 2017	
- Pension	13.0%
- Post-employment Health Care Benefits	1.0%
Total Employer Contributions	14.0%
2018 Actual Contribution Rates:	
Employer: January 1, 2018 through September 30, 2018	
- Pension	14.0%
- Post-employment Health Care Benefits	0.0%
Total Employer Contributions	14.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for the traditional plan was $16,013 for the fiscal year ended September 30, 2018. Of this amount $1,439 was included in the accrued wages and payroll taxes.

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

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

Proportion Share of Net Pension Liability	$143,703
Proportion of Net Pension Liability	.000916%
Change in Proportion from Prior Measurement Date	(0.000059%)
Pension Expense	$30,853

At September 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional Plan
Deferred Outflows of Resources	
Assumption Changes	$17,173
Difference between expected and actual experience	147
Change in proportionate share and difference between Employer contribution and proportionate share of	6,262
Authority contributions subsequent to the measurement date	12,587
Total Deferred Outflows of Resources	$36,169

	Traditional Plan
Deferred Inflows of Resources	
Net Difference between projected and actual earning on pension plan investments	$30,851
Difference between expected and actual experience	2,832
Change in proportionate share and difference between Employer contribution and proportionate share of	3,404
Total Deferred Inflows of Resources	$37,087

Amount of $12,587 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 fiscal year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional Plan
Fiscal Year Ending September 30:	
2019	($12,980)
2020	223
2021	13,585
2022	12,677
Total	$13,505

Actuarial Assumptions – PERS

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

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

Actuarial Information	Traditional Plan
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25 - 10.75 %
Cost-of-Living Adjustment	Pre 01/07/13 Retirees: 3% Simple Post 01/07/13 Retirees: 3% Simple through 2018, then 2.15% Simple
Investment Rate of Return	7.50%
Actuarial Cost Method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality table. For males, Employees 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, Employees 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.

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 plan 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 adjusting for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 following table displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return.

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

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent. 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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	$255,179	$143,703	$50,765

NOTE 7 – DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

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

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

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

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

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

Plan Description – OPERS

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS. OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member-directed plan is a defined contribution plan and the combined plan is a cost sharing, multiple-employer defined benefit plan with defined contribution features.

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

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

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. 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 fiscal year 2018, Authority contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of employer contributions allocated to healthcare was 1.0% for calendar year 2017. As recommended by OPERSs actuary, the portion of employer contributions allocated to healthcare beginning January 1, 2018 decrease to 0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Authority's contractually required contribution was $264 for the fiscal year 2018.

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

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

	Health Care Plan
Proportionate Share of Net OPEB Liability	$92,304
Proportion of the Net OPEB Liability	0.000850%
Change in Proportion from Prior Measurement date	0.000060%
Pension Expense	$7,481

At September 30, 2018, The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Health Care Plan
Deferred Outflows of Resources	
Assumption Changes	$6,721
Difference between expected and actual experience	72
Total Deferred Outflows of Resources	$6,793
Deferred Inflows of Resources	
Net Difference between projected and actual earning on pension plan investments	$6,876
Total Deferred Inflows of Resources	$6,876

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

	Health Care Plan
Fiscal Year Ending September 30:	
2019	($1,528)
2020	(1,528)
2021	1,420
2022	1,719
Total	$83

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Information	
Wage Inflation	3.25%
3.25%	3.25 - 10.75%
Single Discount Rate	3.85%
Investment Rate of Return	6.50%
Municipal Bond Rate	3.31%
Health Care Cost Trend Rate	7.5% initial, 3.25% ultimate in 2028
Actuarial Cost Method	Individual entry age

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

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit.

The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

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

Discount Rate: The single discount rate used to measure the total OPEB liability was 3.85 percent. 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 discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine the 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 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 current period discount rate assumption of 3.85 percent, as well as what The Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	$122,630	$92,304	$67,771

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% lower or 1.0% 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%. 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% in the most recent valuation.

	1% Decrease (6.50%)	Current Trent Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net OPEB liability	$88,315	$92,304	$96,424

NOTE 8: COMPENSATED ABSENCES

Employees earn annual vacation and sick leave per anniversary year, based on years of service. Annual vacation leave may be carried forward to the next fiscal year and paid upon termination or retirement. Employees are not paid out accumulated sick leave upon retirement. As of September 30, 2018, the accrual for compensated absences totaled $8,500 and has been included in the accompanying Statement of Net Position.

NOTE 9: LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended September 30, 2018:

Description	Restated Balance 10/01/17	Additions	Deletions	Balance 09/30/18	Due Within One Year
Promissory Note - OHFA	$580,000	$0	$0	$580,000	$0
Compensated Absence Payable	9,456	6,585	(7,541)	8,500	6,798
Net Pension Liability	221,405	0	(77,702)	143,703	0
Net OPEB Liability	85,853	6,451	0	92,304	0
Total	$896,714	$13,036	($85,243)	$824,507	$6,798

On February 2, 2011, the Authority entered into a promissory note with the Ohio Housing Finance Agency (OHFA) in the amount of $580,000 to build 4-unit apartment building (known as South Oak Place). The project was complete as of September 30, 2013. The note accrues interest at a rate of two percent per annum. The note shall become due if the Authority ceases to use the South Oak Place for low income housing, as detailed in the agreement; as of September 30, 2018, the Authority continues to use the property to provide low income housing, therefore the events have not occurred or are anticipated to occur which would result in repayment of the note. Therefore, no amortization schedules are provided.

NOTE 10: CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any such disallowed claims could have a material adverse effect on the overall financial position of the Authority at September 30, 2018.

B. Litigation

The Authority is unaware of any outstanding lawsuits or other contingencies.

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS (1)

	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.000916%	0.000975%	0.001052%	0.001039%	0.001039%
Authority's Proportionate Share of the Net Pension Liability	$ 143,703	$ 221,405	$ 182,219	$ 125,315	$ 122,485
Authority's Covered Employee Payroll	$121,029	$124,871	$ 130,875	$ 131,708	$ 130,360
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	118.73%	177.31%	139.23%	95.15%	93.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.
(2) The amounts presented are as of the Authority's plan measurement date, which is the prior calendar year.

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS (1)

	2018	**2017**
Authority's Proportion of the Net OPEB Liability	0.000850%	0.000910%
Authority's Proportionate Share of the Net OPEB Liability	$92,304	$85,853
Authority's Covered Payroll	$121,029	$124,871
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.27%	68.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	68.52%

(1) Information prior to 2017 is not available.
(2) The amounts presented is as of the Authority plan measurement date, which is the prior calendar year.

LONDON METROPOLITAN HOUSING AUTHORITY
MADISON COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required employer contribution										
Pension	$16,013	$15,931	$15,705	$15,805	$16,295	$14,015	$ 9,698	$11,914	$ 8,200	$ 6,177
OPEB	264	1,551	2,519	2,517	1,955	3,062	3,879	6,236	4,920	4,981
Contributions in Relation to the Contractually Required Contribution	($16,277)	($17,482)	($18,224)	($18,322)	($18,250)	($17,077)	($13,577)	($18,150)	($13,120)	($11,158)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Authority Covered-Employee Payroll	$116,263	$124,871	$130,171	$131,871	$130,360	$121,976	$96,980	$129,641	$93,714	$79,703
Contributions as a Percentage of Covered-Employee Payroll										
Pension	13.77%	12.76%	12.06%	12.08%	12.50%	11.49%	10.00%	9.19%	8.75%	7.75%
OPEB	0.23%	1.24%	1.94%	1.92%	1.50%	2.51%	4.00%	4.81%	5.25%	6.25%

Ohio Public Employees' Retirement System

Net Pension Liability

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

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

Net OPEB Liability

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

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

London Metropolitan Housing Authority
Madison County
Financial Data Schedules Submitted to HUD
For the Fiscal Year Ended September 30, 2018

	Project Total	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	Elimination	Total
111 Cash - Unrestricted	$446,529	$0	$122,653	$569,182	$0	$569,182
114 Cash - Tenant Security Deposits	$17,842	$0	$1,740	$19,582	$0	$19,582
115 Cash - Restricted for Payment of Current Liabilities	$0	$0	$0	$0	$0	$0
100 Total Cash	$464,371	$0	$124,393	$588,764	$0	$588,764
124 Accounts Receivable - Other Government	$0	$13,357	$0	$13,357	$0	$13,357
126 Accounts Receivable - Tenants	$2,275	$0	$0	$2,275	$0	$2,275
126.1 Allowance for Doubtful Accounts -Tenants	($494)	$0	$0	($494)	$0	($494)
120 Total Receivables, Net of Allowances for Doubtful Accounts	$1,781	$13,357	$0	$15,138	$0	$15,138
142 Prepaid Expenses and Other Assets	$5,589	$3,239	$108	$8,936	$0	$8,936
144 Inter Program Due From	$0	$0	$16,596	$16,596	($16,596)	$0
150 Total Current Assets	$471,741	$16,596	$141,097	$629,434	($16,596)	$612,838
161 Land	$340,739	$0	$68,209	$408,948	$0	$408,948
162 Buildings	$3,310,538	$0	$582,314	$3,892,852	$0	$3,892,852
163 Furniture, Equipment & Machinery - Dwellings	$142,778	$0	$0	$142,778	$0	$142,778
164 Furniture, Equipment & Machinery - Administration	$178,351	$0	$0	$178,351	$0	$178,351
165 Leasehold Improvements	$1,638,859	$0	$0	$1,638,859	$0	$1,638,859
166 Accumulated Depreciation	($4,464,184)	$0	($87,347)	($4,551,531)	$0	($4,551,531)
160 Total Capital Assets, Net of Accumulated Depreciation	$1,147,081	$0	$563,176	$1,710,257	$0	$1,710,257
180 Total Non-Current Assets	$1,147,081	$0	$563,176	$1,710,257	$0	$1,710,257

London Metropolitan Housing Authority
Madison County
Financial Data Schedules Submitted to HUD
For the Fiscal Year Ended September 30, 2018

	Project Total	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	Elimination	Total
200 Deferred Outflow of Resources	$42,962	$0	$0	$42,962	$0	$42,962
290 Total Assets and Deferred Outflow of Resources	$1,661,784	$16,596	$704,273	$2,382,653	($16,596)	$2,366,057
312 Accounts Payable <= 90 Days	$11,139	$0	$0	$11,139	$0	$11,139
321 Accrued Wage/Payroll Taxes Payable	$7,842	$0	$0	$7,842	$0	$7,842
322 Accrued Compensated Absences - Current Portion	$6,798	$0	$0	$6,798	$0	$6,798
333 Accounts Payable - Other Government	$8,281	$0	$0	$8,281	$0	$8,281
341 Tenant Security Deposits	$17,842	$0	$1,740	$19,582	$0	$19,582
342 Unearned Revenue	$2,701	$0	$225	$2,926	$0	$2,926
346 Accrued Liabilities - Other	$8,669	$0	$0	$8,669	$0	$8,669
347 Inter Program - Due To	$0	$16,596	$0	$16,596	($16,596)	$0
310 Total Current Liabilities	$63,272	$16,596	$1,965	$81,833	($16,596)	$65,237
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$0	$0	$580,000	$580,000	$0	$580,000
354 Accrued Compensated Absences - Non Current	$1,702	$0	$0	$1,702	$0	$1,702
357 Accrued Pension and OPEB Liabilities	$236,007	$0	$0	$236,007	$0	$236,007
350 Total Non-Current Liabilities	$237,709	$0	$580,000	$817,709	$0	$817,709
300 Total Liabilities	$300,981	$16,596	$581,965	$899,542	($16,596)	$882,946
400 Deferred Inflow of Resources	$43,963	$0	$0	$43,963	$0	$43,963
508.4 Net Investment in Capital Assets	$1,147,081	$0	($16,824)	$1,130,257	$0	$1,130,257

London Metropolitan Housing Authority
Madison County
Financial Data Schedules Submitted to HUD
For the Fiscal Year Ended September 30, 2018

	Project Total	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	Elimination	Total
511.4 Restricted Net Position	$0	$0	$0	$0	$0	$0
512.4 Unrestricted Net Position	$169,759	$0	$139,132	$308,891	$0	$308,891
513 Total Equity - Net Assets / Position	$1,316,840	$0	$122,308	$1,439,148	$0	$1,439,148
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$1,661,784	$16,596	$704,273	$2,382,653	($16,596)	$2,366,057
70300 Net Tenant Rental Revenue	$213,331	$0	$20,724	$234,055	$0	$234,055
70500 Total Tenant Revenue	$213,331	$0	$20,724	$234,055	$0	$234,055
70600 HUD PHA Operating Grants	$400,060	$0	$0	$400,060	$0	$400,060
70800 Other Government Grants	$0	$36,394	$0	$36,394	$0	$36,394
71100 Investment Income - Unrestricted	$9	$0	$0	$9	$0	$9
71500 Other Revenue	$15,980	$0	$18,508	$34,488	$0	$34,488
70000 Total Revenue	$629,380	$36,394	$39,232	$705,006	$0	$705,006
91100 Administrative Salaries	$36,168	$0	$499	$36,667	$0	$36,667
91200 Auditing Fees	$5,479	$0	$0	$5,479	$0	$5,479
91500 Employee Benefit contributions - Administrative	$18,984	$0	$0	$18,984	$0	$18,984
91600 Office Expenses	$4,221	$0	$0	$4,221	$0	$4,221
91700 Legal Expense	$1,453	$0	$0	$1,453	$0	$1,453
91800 Travel	$242	$0	$0	$242	$0	$242
91900 Other	$91,443	$1,500	$1,000	$93,943	$0	$93,943
91000 Total Operating - Administrative	$157,990	$1,500	$1,499	$160,989	$0	$160,989

London Metropolitan Housing Authority
Madison County
Financial Data Schedules Submitted to HUD
For the Fiscal Year Ended September 30, 2018

	Project Total	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	Elimination	Total
93100 Water	$37,043	$0	$9	$37,052	$0	$37,052
93200 Electricity	$12,726	$0	$694	$13,420	$0	$13,420
93300 Gas	$43,338	$0	$0	$43,338	$0	$43,338
93600 Sewer	$27,836	$0	$3	$27,839	$0	$27,839
93000 Total Utilities	$120,943	$0	$706	$121,649	$0	$121,649
94100 Ordinary Maintenance and Operations - Labor	$65,160	$0	$1,000	$66,160	$0	$66,160
94200 Ordinary Maintenance and Operations - Materials and Other	$29,764	$0	$0	$29,764	$0	$29,764
94300 Ordinary Maintenance and Operations Contracts	$74,967	$0	$1,744	$76,711	$0	$76,711
94500 Employee Benefit Contributions - Ordinary Maintenance	$34,253	$0	$0	$34,253	$0	$34,253
94000 Total Maintenance	$204,144	$0	$2,744	$206,888	$0	$206,888
95300 Protective Services - Other	$4,321	$0	$0	$4,321	$0	$4,321
95000 Total Protective Services	$4,321	$0	$0	$4,321	$0	$4,321
96110 Property Insurance	$16,475	$0	$724	$17,199	$0	$17,199
96120 Liability Insurance	$0	$0	$0	$0	$0	$0
96100 Total insurance Premiums	$16,475	$0	$724	$17,199	$0	$17,199
96200 Other General Expenses	$0	$0	$0	$0	$0	$0
96210 Compensated Absences	$14,236	$0	$0	$14,236	$0	$14,236
96300 Payments in Lieu of Taxes	$8,201	$0	$0	$8,201	$0	$8,201
96400 Bad debt - Tenant Rents	$494	$0	$0	$494	$0	$494
96000 Total Other General Expenses	$22,931	$0	$0	$22,931	$0	$22,931

London Metropolitan Housing Authority
Madison County
Financial Data Schedules Submitted to HUD
For the Fiscal Year Ended September 30, 2018

	Project Total	14.239 HOME Investment Partnerships Program	1 Business Activities	Subtotal	Elimination	Total
96900 Total Operating Expenses	$526,804	$1,500	$5,673	$533,977	$0	$533,977
97000 Excess of Operating Revenue over Operating Expenses	$102,576	$34,894	$33,559	$171,029	$0	$171,029
97100 Extraordinary Maintenance	$78,724	$0	$0	$78,724	$0	$78,724
97300 Housing Assistance Payments	$0	$34,894	$0	$34,894	$0	$34,894
97400 Depreciation Expense	$112,428	$0	$14,558	$126,986	$0	$126,986
90000 Total Expenses	$717,956	$36,394	$20,231	$774,581	$0	$774,581
10010 Operating Transfer In	$22,784	$0	$0	$22,784	($22,784)	$0
10020 Operating transfer Out	($22,784)	$0	$0	($22,784)	$22,784	$0
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	($88,576)	$0	$19,001	($69,575)	$0	($69,575)
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$1,490,322	$0	$103,307	$1,593,629	$0	$1,593,629
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	($84,906)	$0	$0	($84,906)	$0	($84,906)
11190 Unit Months Available	1,200	0	48	1,248	0	1,248
11210 Number of Unit Months Leased	1,181	0	48	1,229	0	1,229

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

London Metropolitan Housing Authority
Madison County
179 South Main Street
London, Ohio 43140

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the London Metropolitan Housing Authority, Madison County, (the Authority) as of and for the fiscal year ended September 30, 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 March 13, 2019, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 13, 2019

OHIO AUDITOR OF STATE
KEITH FABER

LONDON METROPOLITAN HOUSING AUTHORITY

MADISON 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
APRIL 18, 2019