LUCAS METROPOLITAN HOUSING AUTHORITY
LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2017

Dave Yost • Auditor of State

LUCAS METROPOLITAN HOUSING AUTHORITY
LUCAS COUNTY
DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Lucas Metropolitan Housing Authority
Lucas County
435 Nebraska Avenue
Toledo, Ohio 43604

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of Lucas Metropolitan Housing Authority, Lucas County, Ohio (the Authority), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484
www.ohioauditor.gov

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lucas Metropolitan Housing Authority, Lucas County, Ohio as of December 31, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the 2017 financial statements have been restated to correct two misstatements. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Financial Data Schedules present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2018, 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.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

September 13, 2018

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Introduction

This Management's Discussion and Analysis (MD&A) of the Lucas Metropolitan Housing Authority (Authority) provides an introduction and overview to the financial statements of the Lucas Metropolitan Housing Authority for the year ended December 31, 2017. The Lucas Metropolitan Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2017, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Lucas Metropolitan Housing Authority. The information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows or resources, liabilities, and deferred inflows of resources with the differences between them being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- Restricted component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.
- Unrestricted component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the year ended December 31, 2017, to determine the net change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2017.

Program Information

Low Income Public Housing: The Authority owns 2,643 units in Lucas County, Ohio. Under the low income public housing program, the Authority rents units that it owns to low-income households. The program is operated under an annual contributions contract with HUD, and HUD provides operating subsidy and capital funding to enable the Authority to provide housing at a rent that is based on a percentage of household income. The conventional public housing program includes the capital fund program, which is the primary funding source for physical improvements to the Authority's properties.

Section 8 Housing Choice Vouchers: The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family. The objective of the program is to assist in making tenant-based rental assistance more successful by helping increase housing choices for low-income families and assisting them in obtaining affordable housing. The Authority currently administers 4,663 vouchers among the various Section 8 Programs, including Housing Choice Voucher, Mainstream, Mod Rehab and Veterans Affairs Supportive Housing (VASH) programs.

Capital Funds Grants: The Authority receives additional funding from HUD for physical and management improvements to its units within the Low Income Public Housing Program, under the same Annual Contributions Contract. This program provides funding for large-scale improvements or unplanned emergencies that are not covered by the operating subsidy amount previously mentioned.

Resident Service Grants: The Authority administers this program through funding awarded by HUD to provide additional assistance to residents with special needs. The Authority also provides community outreach connections that provide such assistance, for improved quality of life within the Low Income Public Housing community.

Shelter Plus Care Grant: The Authority administers this program through funding awarded by HUD to assist community organizations that provide transitional housing for chronically homeless individuals with disabilities or special needs. The Authority administers the program for a sponsored service provider, assisting with the cost of housing, and allowing them to provide supportive services by coordinating their efforts with other organizations for the homeless, to improve their quality of life.

Home Improvement Partnership Program: The Authority administers this program through funding awarded by the City of Toledo that passed through funding from HUD. The grant from the City of Toledo provided a portion of the mixed financing agreement related to the Collingwood Green Phase I construction project. The objective of the Home Improvement Partnership Program is to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans.

Non-HUD/Business Activities Programs: This area includes programs such as: contract administration, a consortium with other housing authorities in Ohio to manage site-based properties for HUD; the Veterans Fund, a discretionary pool of funding from a variety of activities; the Homeownership Funds, proceeds from the old Turnkey III program, utilized to provide opportunities for low-income families to become homeowners; and the Central Office Cost Center, the management entity related to the operation of the Housing Authority created through the implementation of the asset management program.

Health Profession Opportunity Grants (HPOG): The HPOG is administered by the Administration for Children and Families, U.S. Department of Health & Human Services, was created to provide education and training to TANF recipients and other low-income individuals for occupations in the health care field that pay well and are expected to either experience labor shortages or be in high demand. The LMHA has partnered with a third party to implement and manage a Northwest Ohio Pathways to Healthcare Careers Project, which utilizes the grant to fund Community and Success Coach positions that facilitate "Bridges Out of Poverty" trainings for LMHA resident clients participating in the Project.

Component Units:
Westridge Apartments Development Corporation: Through the Westridge Apartments Development Corporation, the Authority owns and operates a 190-unit apartment complex as a component unit of the Agency. This is a market rate rental site.

Collingwood Green Phase I: Through the Collingwood Green Phase I, LP, a 65 unit mixed-finance and mixed income apartment community was constructed in 2013. The development includes 65 units of housing owned by Collingwood Green Phase I, LP, of which 33 units are public housing units developed using Capital Funds received by the Authority from HUD, and a mixed-finance amendment to the Annual Contributions Contract.

Collingwood Green Phase II: Through the Collingwood Green Phase II, LP, another mixed-finance and mixed income townhome community was constructed in 2015. This development consists of 66 housing units, owned by Collingwood Green Phase II, LP, of which 33 units are public housing and were developed using Capital Funds received by the Authority from HUD, and mixed-finance amendment to the Annual Contributions Contract.

Lucas Housing Services Corporation: Through the Lucas Housing Services Corporation, a wholly owned non-profit corporation, the Authority acquired 53 parcels in 2013, from the Lucas County Land Reutilization company for the purpose of rehabilitating the single family dwellings to be resold to buyers who are unable to obtain conventional mortgages.

Parqwood Apartments LP: In October 2014, the Authority was awarded a new Rental Assistance Demonstration (RAD) project from HUD. This was the first award made with this new funding source, which allowed the Authority to renovate a former public housing development and lease it under the PBRA Section 8 housing assistance program. The Parqwood Apartments LP was created to manage this newly renovated 136 unit apartment building.

Financial Highlights

The Lucas Metropolitan Housing Authority's net position decreased from $61,812,755 to $59,927,879, a decrease of $1,884,876 or 3%. Total assets also decreased by $5,990,112 or 6%.

Total revenue increased from $51,670,781 to $53,633,160, an increase of $1,962,379 or 4%.

Total expenses increased by $2,770,519 or 5%, from $54,031,715 to $56,802,234 for the current year.

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the summary of net position for the year ended December 31, 2017, and December 31, 2016.

Summary Statement of Net Position
As of December 31, 2017 and 2016

Category	12/31/2017	12/31/2016	Change $	Change %
Current Assets	$ 14,936,273	$ 18,343,361	$ (3,407,088)	-19%
Noncurrent Assets	$ 84,845,730	$ 87,428,754	$ (2,583,024)	-3%
Total Assets	$ 99,782,003	$ 105,772,115	$ (5,990,112)	-6%
Deferred Outflow of Resources	$ 4,191,545	$ 2,347,502	$ 1,844,043	79%
Current Liabilities	$ 4,893,846	$ 10,383,352	$ (5,489,506)	-53%
Non Current Liabilities	$ 39,087,880	$ 35,747,929	$ 3,339,951	9%
Total Liabilities	$ 43,981,726	$ 46,131,281	$ (2,149,555)	-5%
Deferred Inflow of Resources	$ 63,943	$ 175,581	$ (111,638)	-64%
Unrestricted	$ (1,247,573)	$ (8,974,711)	$ 7,727,138	-86%
Restricted	$ 4,036,934	$ 2,755,165	$ 1,281,769	47%
Net Investment in Capital Assets	$ 57,138,518	$ 68,032,301	$ (10,893,783)	-16%
Total Net Position	$ 59,927,879	$ 61,812,755	$ (1,884,876)	-3%

Current Assets
Current assets decreased by $3,407,088 during the current year. The majority of the decrease was related to the redemption of investments which decreased from $5,263,340 to $1,557,231, a decrease of $3,706,109.

Noncurrent Assets
Noncurrent assets decreased from $87,428,754 to $84,845,730 during the current year. This will be discussed in further sections.

Current Liabilities
Current liabilities decreased by $5,489,506 from the previous year. Major items explaining the variance includes:

- Unearned revenue decreased by $2,130,038 due to the receipt of January 2017 HAP disbursement from HUD in the previous year.
- Accounts Payable & Accrued Liabilities decreased from a balance of $4,356,743 reported in 2016 to a balance of $1,567,468 for 2017, a net difference of $2,789,275.

Noncurrent Liabilities
Noncurrent liabilities increased from a 2016 balance of $35,747,929 to a 2017 balance of $39,087,880, a net variance of $3,339,951. The majority of the net increase relates to the pension liability that changed from a 2016 balance of $8,083,379 to a 2017 balance of $10,744,203.

Net Position
The net position of the Authority decreased by $1,884,876, or 3%, from the previous fiscal year.

The Authority's unrestricted component of net position changed from $(8,974,711) to $(1,247,573), an increase of $7,727,138. It should be noted that a large portion of the increase was the result of the capital lease obligation balance related to the EPC Contract being applied against Net Investment in Capital Assets. The obligation balance reclassified as of December 31, 2016 was $7,216,866. The unrestricted component of net position is the amount available for future appropriations.

The restricted component of net position increased by $1,281,769 or 47% during the current year.

Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2017 and 2016

Category	12/31/2017	12/31/2016	Change $	Change %
Program Revenues:				
Tenant Revenue	$ 7,609,394	$ 7,899,127	$ (289,733)	-4%
Government Operating Grants	$ 41,728,891	$ 38,760,761	$ 2,968,130	8%
Capital Grants	$ 2,414,584	$ 2,205,493	$ 209,091	9%
Other Revenue	$ 1,830,357	$ 2,751,796	$ (921,439)	-33%
Interest Income	$ 49,934	$ 53,604	$ (3,670)	-7%
Total Revenue	$ 53,633,160	$ 51,670,781	$ 1,962,379	4%
Expenses:				
Administration	$ 10,329,429	$ 9,439,512	$ 889,917	9%
Tenant Services	$ 1,284,596	$ 807,211	$ 477,385	59%
Utilities	$ 3,585,387	$ 3,772,959	$ (187,572)	-5%
Ordinary Maintenance	$ 8,539,685	$ 8,126,074	$ 413,611	5%
Protective Services	$ 289,979	$ 1,081,189	$ (791,210)	-73%
General/Insurance Expense	$ 2,518,937	$ 2,469,823	$ 49,114	2%
Nonroutine Maintenance	$ -	$ 3,669	$ (3,669)	-100%
Depreciation	$ 5,942,803	$ 5,427,456	$ 515,347	9%
Housing Assistance Payments	$ 23,117,252	$ 21,859,912	$ 1,257,340	6%
Interest Expense	$ 1,194,166	$ 1,043,910	$ 150,256	14%
Total Expenses	$ 56,802,234	$ 54,031,715	$ 2,770,519	5%
Excess (Deficiency) Before Specia	$ (3,169,074)	$ (2,360,934)	$ (808,140)	34%
Special Item/Casualty Losses	$ 198,372	$ 120,423	$ 77,949	65%
Change in Net Position	$ (3,367,446)	$ (2,481,357)	$ (886,089)	36%
Net Position, Beginning of Year	$ 61,812,755	$ 63,344,074	$ (1,531,319)	-2%
Prior Period Adjustment	$ 1,482,570	$ 950,038	$ 532,532	56%
Net Position, End of Year	$ 59,927,879	$ 61,812,755	$ (1,884,876)	-3%

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD grants. The Authority's revenue increased by $1,962,379 or 4% compared to the previous fiscal year. Significant changes in revenue accounts consist of the following items:

- Tenant revenue decreased $289,733, from $7,899,127 in 2016 to $7,609,394 in 2017. This represents a decrease of 4%.

- Government operating grants increased by $2,968,130 or 8%. The Authority received $38,760,761 in grants during 2016 and $41,728,891 in 2017.

- Other revenue decreased from $2,751,796 to $1,830,357, a decrease of 33%.

Total expenses increased by $2,770,519. As part of the overall increase in expenses, it should be noted that the Pension Plan actuarially calculated retirement expense increased from the 2016 level of $1,141,545 to the 2017 level of $2,281,018, an increase of $1,139,473. Significant variances between the years include the following:

- Administration increased by $889,917 or 9%, from $9,439,512 in 2016 to $10,329,429 in 2017. This increase was due primarily to the increase in other administrative costs of $948,326 as a result of additional administrative contracts incurred during the transitional period.

- Tenant Services increased by $477,385 or 59% during the current year, due primarily to an increase in employee benefits for the amount of $260,628. During the fiscal year, vacant positions were filled, increasing salary and benefit costs, and additional program costs for the increased activity.

- Utilities decreased by $187,572, or 5%. This was due primarily to decreased water costs. Water costs decreased by $256,720 from the previous year. The Authority completed its energy savings improvements under the Energy Performance Contract (EPC) that was completed at the end of FY 2016, which resulted in reduced utility consumptions during the heating and cooling seasons for the fiscal year.

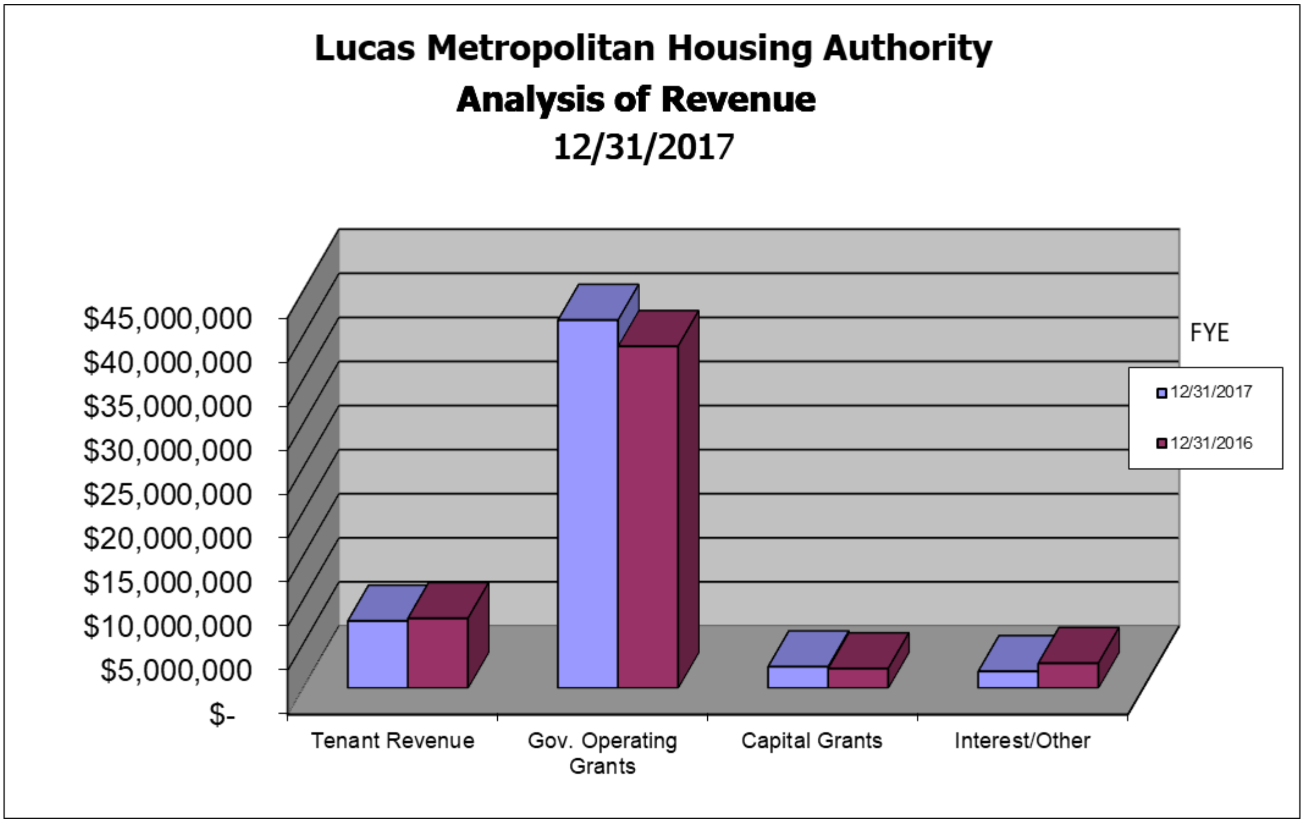
- Ordinary Maintenance increased by $413,611, from $8,126,074 to $8,539,685 during the current year. The majority of the increase was related to employee benefits. Benefit cost increased by $649,827.

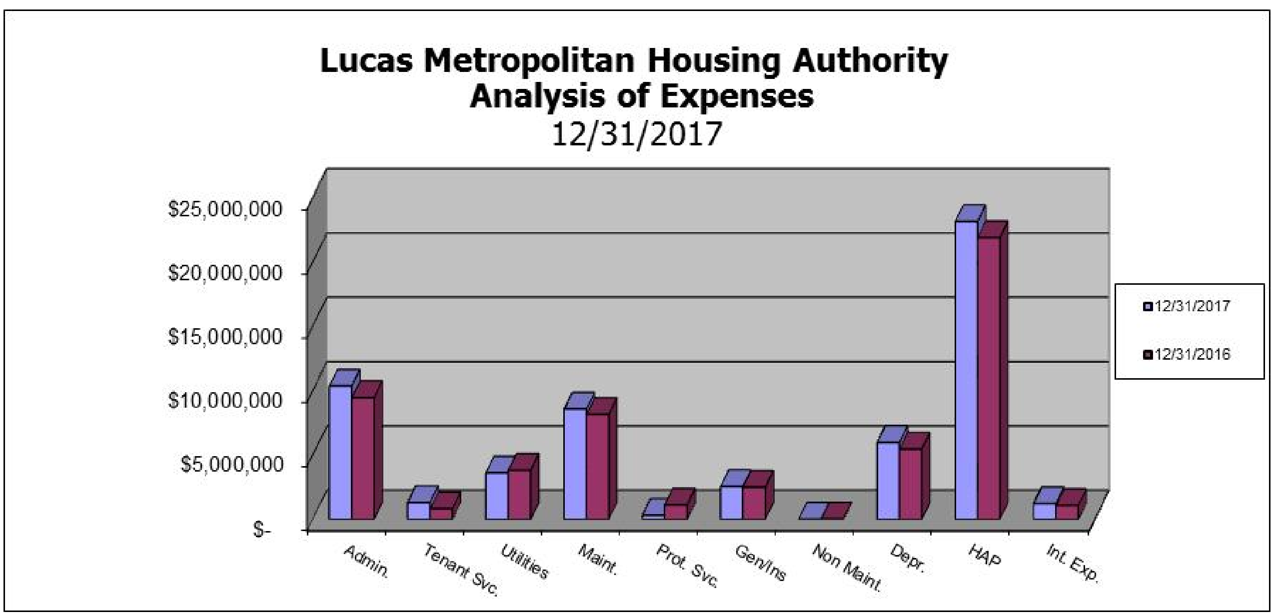
- Protective services decreased by $791,210 or 73%, due to a reduction in contracted service providers.

- Housing assistance payments increased by $1,257,340, or 6%. This was due to a concerted effort to lease additional units within the HCV Program. Unit months leased increased by 852 from the previous year.

- Interest expense increased 14%, from $1,043,910 to $1,194,166 during the current year. The Authority completed its energy saving improvements under the EPC that was completed at the end of the 2016 fiscal year. This increase in interest expense relates to the first full year of debt servicing for the loan to complete these improvements.

The following presentations have been provided to demonstrate the revenues and expenses by summarized account category:





Capital Assets

As of December 31, 2017, the Authority's net investment in capital assets was $57,138,518. This investment includes land, building improvements, equipment, and construction in progress, net of accumulated depreciation and related debt.

Category	12/31/2017	12/31/2016	Change $	Change %
Land	$ 8,032,695	$ 7,802,648	$ 230,047	3%
Buildings	$ 214,710,580	$ 200,665,355	$ 14,045,225	7%
Equipment	$ 2,777,658	$ 2,572,266	$ 205,392	8%
Construction in Progress	$ 2,305,728	$ 13,422,835	$ (11,117,107)	-83%
Accumulated Depreciation	$ (144,273,861)	$ (138,372,719)	$ (5,901,142)	4%
Total Net Capital Assets	$ 83,552,800	$ 86,090,385	$ (2,537,585)	-3%

- Land increased by $230,047 from the prior year due to an adjustment in the Parqwood Apartments, LP financial statements.
- Buildings increased by $14,045,225 during the current fiscal year. The majority of this increase represented the completion of building projects related to the EPC Contract and the Capital Fund Program.
- Equipment increased by $205,392 during the current fiscal year.
- Construction in progress decreased by $11,117,107, from $13,422,835 in 2016 to $2,305,728 during 2017, due to the completion of building projects related to the EPC Contract and the Capital Fund Program.

Long-Term Debt Activity

The Authority's component unit, Westridge Apartments Development Corporation, has notes and loans outstanding payable totaling $5,122,534 as of December 31, 2017.

The Authority's component unit, Collingwood Green Phase I LP, has a bond payable of $4,465,000 as of December 31, 2017.

The Authority's component unit, Collingwood Green Phase II LP, has notes, bonds and loans payable totaling $6,062,716 as of December 31, 2017.

The Authority's component unit, Parqwood Apartments LP, has notes and loans payable totaling $3,789,780 as of December 31, 2017. An additional draw in the amount of $50,000 was received in the 2017 fiscal year.

The Authority has a capital lease payable totaling $6,974,252

Balance outstanding	$26,414,282
Less portion classified as current	(1,037,309)
Long-term portion	$25,376,973

Subsequent Event

Due to the 2018 Congressional Appropriations, the Authority's operating subsidy provided by HUD for the Low Rent Housing Program is estimated to be 92% for the calendar year 2018.

The estimated amount of funding for the 2018 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at 82% and HAP funding at 99.7%.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Lucas Metropolitan Housing Authority
Attn: Director of Finance
435 Nebraska Avenue,
Toledo, OH 43697

LUCAS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2017

ASSETS		
Current Assets:		
Cash and Cash Equivalents:		
Unrestricted	$	5,898,660
Restricted		3,893,190
Investments - Restricted		1,557,231
Accounts Receivable (Net of Allowance)		3,167,080
Prepaid Items		406,249
Other current assets		13,863
Total Current Assets		14,936,273
Noncurrent Assets:		
Capital Assets:		
Land & Construction in Progress		10,338,423
Other Capital Assets, Net of Depreciation		73,214,377
Total Capital Assets		83,552,800
Other Non-Current Assets:		
Notes, Loans, and Mortgages Receivable		601,463
Other Assets		691,467
Total Other Non-Current Assets		1,292,930
Total Noncurrent Assets		84,845,730
Total Assets		99,782,003
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflow of Resources - Pension Plan		4,191,545
LIABILITIES		
Current Liabilities:		
Accounts Payable		1,567,468
Wages/Payroll Payable		700,505
Unearned Revenue		99,415
Accrued Employee Leave (current)		113,150
Interest Payable		28,179
Tenant Security Deposits		360,965
Bonds and Notes Payble (current)		1,037,309
Other Current Liabilities		986,855
Total Current Liabilities		4,893,846
Noncurrent Liabilities:		
Accrued Employee Leave (net of current)		711,220
Bonds and Notes Payable (net of current)		25,376,973
Pension Liability		10,744,203
Other Noncurrent Liabilities		2,255,484
Total Noncurrent Liabilities		39,087,880
Total Liabilities		43,981,726
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow of Resources - Pension Plan		63,943
NET POSITION		
Net Investment in Capital Assets		57,138,518
Restricted Net Position		4,036,934
Unrestricted Net Position		(1,247,573)
Total Net Position	$	59,927,879

See accompanying notes to the basic financial statements.

LUCAS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

OPERATING REVENUES	
Tenant Revenue	$ 7,609,394
Operating Grants	41,728,891
Other Revenue	1,736,144
Total Operating Revenues	51,074,429
OPERATING EXPENSES	
Administrative	10,329,429
Tenant Services	1,284,596
Utilities	3,585,387
Maintenance	8,539,685
Protective Services	289,979
Insurance/General	2,518,937
Housing Assistance Payments	23,117,252
Depreciation	5,942,803
Total Operating Expenses	55,608,068
Net Operating (Loss)	(4,533,639)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	49,934
Interest Expense	(1,194,166)
Gain or Loss on Disposition of Capital Assets	94,213
Casualty Losses	(198,372)
Net Nonoperating (Expenses)	(1,248,391)
Net (Loss) Before Contributions	(5,782,030)
Capital Contributions	2,414,584
Change in Net Position	(3,367,446)
Net Position-Beginning of Year	61,812,755
Prior Period Adjustments (Net)	1,482,570
Net Position-End of Year	$ 59,927,879

See accompanying notes to the basic financial statements.

LUCAS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Grantor	$ 39,423,914
Cash Received from Tenants	7,690,315
Cash Received from Misc. Sources	1,482,316
Cash Payments to Employees	(6,955,712)
Cash Payments to Vendors	(20,205,087)
Cash Payments for Rental Assistance	(23,117,252)
Prior Year Adjustment	1,482,570
Net Cash Used in Operating Activities	**(198,936)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	48,231
Cash Received from Mortgage Receivable	25,740
Redemption/(Purchase) of Investments	3,709,117
Net Cash Provided by Investing Activities	**3,783,088**
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grant Funding	2,040,051
Interest Paid on Long Term Debt	(1,165,471)
Addition of Mortgage	(1,308,802)
Sale on Disposition of Assets	94,213
Casualty Loss	(198,372)
Property and Equipment Purchased	(3,405,218)
Net Cash Used in Financing Activities	**(3,943,599)**
Net Increase (Decrease) in Cash	**(359,447)**
Cash and Cash Equivalents-Beginning of Year	10,151,297
Cash and Cash Equivalents-End of Year	**9,791,850**
Reconciliation to Cash Accounts:	
Cash Equivalents-Unrestricted	5,898,660
Cash Equivalents-Restricted	3,893,190
Total Cash Equivalents	**$ 9,791,850**

See accompanying notes to the basic financial statements.

LUCAS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS – CONT.
FOR THE YEAR ENDED DECEMBER 31, 2017

RECONCILIATION OF NET OPERATING LOSS TO CASH USED IN OPERATING ACTIVITIES:		
Net Operating Loss	$	(4,533,639)
Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities:		
Depreciation		5,942,803
Increase in Accounts Receivable		(91,108)
Increase in Prepaid Expenses		(192,163)
Decrease in Other Assets		19,035
Decrease in Accounts Payable		(4,003,557)
Increase in Wages/Payroll Payable		134,523
Increase in Compensated Absences		70,037
Increase in Tenant Security Deposits		23,773
Increase in Other Current Liabilities		510,227
Decrease in Unearned Revenue (Operations)		(2,130,038)
Increase in Other Noncurrent Liabilities		1,863,458
Decrease in Deferred Outflows		(1,844,043)
Increase in Pension Liability		2,660,824
Decrease in Deferred Inflows		(111,638)
Prior Year Adjustment		1,482,570
Net Cash Used in Operating Activities	**$**	**(198,936)**

See accompanying notes to the basic financial statements.

NOTE 1 – REPORTING ENTITY

The financial statements of the Lucas Metropolitan Housing Authority (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. The Governmental Accounting Standards Board ("GASB") is the governing standard-setting body for establishing governmental accounting and financial reporting standards. The most significant accounting policies of the Authority are described below.

Reporting Entity

The Authority was established under the Ohio Revised Code, Section 3735.27 and applicable federal laws established by the Department of Housing and Urban Development. The Mayor of the City of Toledo appoints the Chairman and the Vice Chairman of the five-member board of commissioners who have governance responsibility over all activities related to the Authority. Lucas County Probate Court appoints the Resident Commissioner. The other two Commissioners are appointed by the Lucas County Board and the Lucas County Court of Common Pleas. 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 Authority's basic financial statements include all organizations, activities, and functions that comprise the Housing Authority. Component units are legally separate entities for which the Housing Authority is financially accountable. The decision to include a component unit in the reporting entity is defined by applying the criteria identified by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 61, *The Financial Reporting Entity: Omnibus*.

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Board of Commissioners of the Housing Authority or the component unit provides services entirely to the Housing Authority. These component units are blended into those of the Housing Authority by appropriate activity type to compose the primary government presentation.

These financial statements present the Authority and its blended component units; entities for which the Authority is considered to be financially accountable and which serve as the Authority's instruments to enhance its purpose to build and maintain affordable housing to low- and moderate-income families. All inter-entity balances and transactions are eliminated in the blending of financials statements.

NOTE 1 – REPORTING ENTITY – Continued

Blended Component Units

The *Westridge Apartments Development Corporation* (WADC), was formed in 2006 for the purpose of owning and operating a mixed-income apartment complex. WADC maintains a separate office and staff. The fiscal year end of WADC is December 31, 2017.

Collingwood Green Phase I, LP, was established as a wholly owned for-profit corporation which began operations in 2012 for the purpose of arranging for the mixed financing and construction of the Collingwood Green Senior Complex, a 65 unit community of which 33 units will be public housing units developed using Capital Funds received by LMHA from HUD, and a mixed-finance amendment to the Annual Contributions Contract between HUD and LMHA. Collingwood Green Phase I, LP, is managed by a third party agent and has fiscal year end of December 31, 2017.

Collingwood Green Phase II, LP, was established as a wholly owned for-profit corporation which began operations in 2014 for the purpose of arranging for the mixed financing and construction of the Collingwood Green Townhouse Complex, a 66 unit community of which 33 units will be public housing units developed using Capital Funds received by LMHA from HUD, and a mixed-finance amendment to the Annual Contributions Contract between HUD and LMHA.

Parqwood Apartments, LP, was established in 2014. This development is the product of the Rental Assistance Demonstration program (RAD) transferring the public housing project to a Project Based Rental Assistance (PBRA) funding stream. Parqwood Apartments, LP, consists of 134 units and is managed by a third party managing agent. The component unit has a fiscal year end of December 31, 2017.

Lucas Housing Services Corporation was established as a wholly owned non-profit corporation of the Authority in 2013 primarily for the purpose of purchasing and rehabilitating 53 single family dwelling units for subsequent resale to buyers who are unable to obtain conventional mortgages.

Separate financial statements have been issued for Parqwood Apartments, LP, Collingwood Green Phase I, LP, and Collingwood Green Phase II, LP, and may be requested in writing at the Lucas Metropolitan Housing Authority, P.O. Box 477, Toledo, Ohio, 43697-0477, to the attention of the Chief Financial Officer.

Government-Wide Financial Statements

The Government-wide financial statements (the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows) report on the Authority as a whole. The statement of revenues, expenses, and the changes in net position demonstrates the degree to which the direct expenses of the Authority’s function are offset by program revenues. Direct expenses are those that are clearly identifiable with the Authority’s function. Program revenues include: 1) tenant revenue, 2) operating grants and contributions that are restricted to meeting the operational or capital requirements of the Authority’s programs, and 3) asset management fees. The statement of cash flows presents changes in cash resulting from operating, financing and investing activities.

NOTE 1 – REPORTING ENTITY – Continued

This report includes the financial statements of the funds required to be accounted for and those activities and functions that are related to the Authority and are controlled by or depend upon the Authority's governing body, the Board of Commissioners. The Authority is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14, *The Financial Reporting Entity*.

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.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

All of the activities of the Authority are reported as business-type activities as a proprietary fund. These funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through fees and user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Authority reports its various programs and activities as a single enterprise fund and its primary operations comprised a number of housing and grant programs. A summary of the significant programs administered by the Authority is provided below:

Public Housing Program – operates under HUD's Annual Contributions Contract and consists of the operations of low-rent public housing properties totaling 2,643 units. The purpose of the program is to provide decent, safe, and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. Funding of the program is provided by federal annual contributions and operating subsidies and tenant rentals.

NOTE 1 – REPORTING ENTITY – Continued

Section 8 Program – consists of different Section 8 housing programs including the Housing Choice Voucher (HCV) Program, Moderate Rehabilitation Program, and Mainstream. The HCV Program provides rental assistance payments on behalf of low-income families to units owned and managed by private landlords. Eligible units total 4,663 units.

Central Office Cost Center – consists of a business activity used to account for a fee-for-service model with the charging of management and bookkeeping fees based on rates established by HUD. Fees are charged to the various programs as a fee per unit leased or as a percentage of revenue.

Grant Programs - consists of various grants awarded to the Authority used to supplement services provided to residents related to self-sufficiency, resident services, and improvements of neighborhoods.

Component Units **-** The following component units have been blended into the Authority's overall financial statements.

- *Westridge Apartments Development Corporation (WADC);*
- *Parqwood Apartments, LP*
- *Collingwood Green Phase I, LP;*
- *Collingwood Green Phase II, LP; and*
- *Lucas Housing Services Corporation.*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus and Basis of Accounting
The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the grantor have been met and qualifying expenditures have occurred. Capital grant funds used to acquire or construct capital assets are recognized as a receivable and a capital contribution (revenues) in the period when all applicability requirements have been met. The principal operating revenues of the Authority's proprietary funds are tenant rental revenue, government operating grants such as HUD operating grants, and Housing Assistance Payments, since they are used to subsidize rents at Authority-owned properties.

B. Adopted GASB Statements
The Authority follows GASB Statement No. 61, *Financial Reporting Entity: Omnibus*. The objective of this statement is to amend GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* in order to better meet user needs and to address reporting issues that have arisen since the issuance of those statements. Specifically, this statement modifies previously existing requirements for the assessment of potential component units of a financial reporting entity. No changes in the reporting entity of the Authority were identified as a result of the guidance provided in this statement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Authority follows GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in pronouncements issued prior to November 30, 1989, by the Financial Accounting Standards Board, the Accounting Principles Board, and the American Institute of Certified Public Accountants. Prior to the issuance of this statement, the Authority applied the pronouncements codified in this statement, and therefore, the implementation of this statement had no impact on the Authority in 2017.

The Authority follows GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.* This statement provides financial reporting guidance for deferred outflows and inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. The Authority's statement of net position at December 31, 2017, has been presented in accordance with the guidance provided by this statement.

The Authority adopted GASB Statement No. 80, *Blending Requirements for Certain Component units-An Amendment of GASB Statement No. 14.* This statement amended the blending requirements for the financial statement presentation of component units in which the primary government is the sole corporate member.

C. <u>Cash and Cash Equivalent</u>
For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less at the time of purchase are reported as cash equivalents on the financial statements.

D. <u>Restricted Assets</u>
Restricted cash and investments include assets to be used for debt servicing related to the Capital Fund Financing Program and the Energy Performance Contract, tenant security deposits, excess HAP funding, and Family Self Sufficiency ("FSS") funds held in escrow for families who successfully fulfill the program requirements.

E. <u>Budget</u>
The Authority is not required to follow the budgetary requirements of the Ohio Revised Code. However, the Authority does maintain a budget for management purposes. Budgetary data is not required for financial statement presentation.

F. <u>Investments</u>
Investments are reported at fair value which is based on quoted market prices. For investments in open-end money market mutual funds, fair value is determined by the fund's current share price. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the statement of revenues, expenses, and changes in net position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

G. Tenant Receivables and Recognition of Bad Debts

Tenant receivables are stated at net rent amounts. Tenant accounts are generally collectible as long as the tenant is occupying the unit. Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year.

H. Capital Assets

Capital assets are recorded at cost. Costs in excess of $5,000 that materially add to the productive capacity and extend the life of an asset longer than one year are capitalized, while maintenance and repair costs are expensed as incurred. Donated capital assets are valued at acquisition cost. Capital assets are depreciated using the straight-line method over the following useful lives:

- Buildings and improvements 15-40 years
- Land improvements 10-20 years
- Furniture and fixtures, equipment, and moving vehicles 5-7 years

I. Capitalization of Interest

The Authority's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset.

J. Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1) The employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee, and

2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Compensated absences are expensed when earned with the amount reported as a liability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K. Deferred Inflow/Outflow of Resources

In addition to assets, the statement 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 or resources are reported for pension related activities.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the statement of net position.

L. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that have been 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 Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

M. Operating Revenues and Expenses

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

N. Capital Contributions

Capital contributions arise from the contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

O. Pensions

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

P. Use of Estimates

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

Q. Inter-Program Receivables and Payables

During the normal course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "inter-program due from" or "inter-program due to" on the balance sheet. Reimbursements between funds are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund being reimbursed.

NOTE 3 – CASH AND INVESTMENTS

Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

NOTE 3 – CASH AND INVESTMENTS - Continued

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

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

<u>Deposits</u>

At December 31, 2017, the carrying amount of the Authority’s deposits was $9,791,850 (including $3,225 of petty cash). Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures,* as of December 31, 2017, $1,930,609 of the Authority’s bank balance of $10,187,884 was covered by Federal Depository Insurance and $8,257,275 was collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Authority’s name.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned. The Authority’s policy is to place deposits with major local banks approved by the Board. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve Bank in the name of the Authority.

NOTE 3 – CASH AND INVESTMENTS - Continued

Investments

HUD, state statute and board resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority's investments at December 31, 2017 were as follows:

		Investment Maturities (in Years)	
Investment Type	Fair Value	Less than 1 Year	1 to 3 Years
Government Securities	$ 560,726	$ 560,726	$ -
Negotiable CDs	996,505	499,022	497,483
Total	$ 1,557,231	$ 1,059,748	$ 497,483

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The Authority's investment policy has no requirements beyond what the Ohio Revised Code requires.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has $560,726 of government agency securities that are invested in Federal Treasury Obligations, which are government-sponsored agencies, and of which the principal and interest are implicitly guaranteed by the United States government. The Standard and Poor's credit rating for the Federal Treasury Obligations securities held is AAA. The Authority also has $996,505 in long term certificates of deposit, which are FDIC insured.

Concentration of Credit Risk – The Authority places no limit on the amount the Authority may invest with one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Authority has no policy beyond what the Ohio Revised Code requires for custodial credit risk.

At December 31, 2017, $5,535,145 of the Authority's bank balance of $10,187,884 was exposed to custodial credit risk. Certain timing issues related to fluctuations in depository balances contributed to the uncollateralized balances. These insufficiencies were corrected the next business day.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable balance consists of the following items as of December 31, 2017. All receivables are considered collectible in full.

Accounts Receivable Item	Amount
Tenants	$ 139,583
HUD (Operating Grants)	879,503
Other Government Grants Rec.	405,681
HUD (Capital Contributions)	374,533
Interest Receivable	7,146
Other	1,360,634

NOTE 5 – NOTES/MORTGAGE RECEIVABLE

(a) Other Than from Blended Component Units

Item	Balance at December 31, 2017	Due within one year
The Authority loaned funds to the Neighborhood Housing Services of Toledo through a series of promissory notes dated August of 2005 through October, 2006 providing mortgage assistance to low income households.	$563,458	$21,920
The Authority loaned funds to the Neighborhood Housing Services of Toledo through a series of promissory notes dated August of 2005 through October, 2006 providing mortgage assistance to low income households.	$61,443	$1,518

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 is reported in the following table.

	Balance at 1/1/17	Additions	Retire.	Adjustments	Balance at 12/31/17
Capital assets not being depreciated					
Land	$ 7,802,648	$ -	$ -	$ 230,047	$ 8,032,695
Construction in Progress	13,422,835	1,349,709	12,466,815	-	2,305,729
Total capital assets not being depreciated	21,225,483	1,349,709	12,466,815	230,047	10,338,424
Capital assets being depreciated					
Buildings and Improvements	200,665,355	12,700,272	-	1,344,953	214,710,580
Furniture and Equipment	2,572,266	287,760	82,369	-	2,777,657
Total capital assets, being depreciated	203,237,621	12,988,032	82,369	1,344,953	217,488,237
Less Accumulated depreciation for:					
Buildings and Improvements	138,279,564	5,918,900	76,483	34,822	144,156,803
Furniture and Equipment	93,155	23,903	-	-	117,058
Total Accumulated Depreciation	138,372,719	-	76,483	34,822	144,273,861
Total capital assets, being depreciated, net	64,864,902	12,988,032	5,886	1,310,131	73,214,376
Net Capital Assets	$ 86,090,385	$ 14,337,741	$ 12,472,701	$ 1,540,178	$ 83,552,800

NOTE 7 – ACCRUED LEAVE

Vacation and sick leave policies are established by agreement between the Authority and the American Federation of State, County and Municipal Employees, AFL-CIO, for members of the bargaining unit, and by personnel policy for management employees not covered by the labor agreement.

For both union and nonunion employees, these agreements provide for two weeks of paid vacation after one year of service, with an additional week for every five years of service thereafter, to a maximum of six weeks per year. Vacation time relating to a maximum of two years of service may be accumulated before it is lost.

For union personnel, the labor agreement provides for sick leave pay to be credited at a rate of eight hours per month, up to a maximum of 249 days. By limiting the use of sick leave during the fiscal year, an employee may receive an incentive bonus, to a maximum of $500. Nonunion personnel have the same provisions under the personnel policies.

For union personnel, in the event of voluntary termination of employment after 10 consecutive years of service or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 204 days accumulated, with a maximum payout of 102 days). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

NOTE 7 – ACCRUED LEAVE - Continued

For employees not covered under the labor agreement, in the event of voluntary termination of employment after five consecutive years of service, or due to retirement, such employees are entitled to receive payment for one-half of their accumulated sick leave (maximum of 249 days accumulated, with a maximum payout of 124.5 days). All terminated employees are entitled to receive payment for any accrued and unused vacation time. In the event of the death of an employee, the designated beneficiary shall receive such payments.

All employees hired prior to December 1, 2001 became eligible for longevity pay at the end of five years of service, at which time longevity pay begins to accrue from their anniversary date. Union personnel hired on December 1, 2001 and thereafter are not eligible for longevity pay. Union personnel receive longevity pay at their 1995 pay levels at the rate of 2 percent, 4 percent, 6 percent, and 8 percent for five years, 10 years, 15 years, and 20 years, respectively, of service. All nonunion personnel are eligible for longevity pay and receive longevity pay at their current pay levels at the rate of 1 percent, 2 percent, 3 percent, and 4 percent for five years, 10 years, 15 years, and 20 years, respectively, of service.

At December 31, 2017, $824,370 of vested vacation, sick leave, and longevity was accrued by the Authority for both union and nonunion personnel. Of this amount, $113,150 is estimated as due within one year as and is reported as a current liability. Non-vested amounts are not material to the financial statements and have not been accrued. A change of $70,037 in the balance accrued at December 31, 2017 compared to December 31, 2016, represents amounts earned in 2017 less amounts paid out.

Balance as of 1/1/17	Earned	Taken	Balance as of 12/31/17	Due Within 1 Year
$ 754,331	$ 467,271	$397,232	$ 824,370	$ 113,150

NOTE 8 – UNEARNED REVENUE – OPERATING LEASES

The Authority leased land to the Parqwood Apartments, LP, beginning in the 2014 fiscal year. The lease term is 98 years. Assets held for lease include land of $1,575,000.

Unearned lease payments are shown as unearned revenue on the statement of net position. The following schedule shows related unearned rental revenue as of December 31, 2017.

Entity	**Original Lease Amount**	**Unearned Revenue**
Parqwood Apartments, L.P.	$1,575,000	$1,524,107

Of this amount, $16,071 was classified as an unearned revenue under current liabilities as of December 31, 2017. The remaining amount of $1,508,036 has been classified as a noncurrent liability.

Other unearned revenue balances reported as current liabilities consist of tenant prepaid rents in the amount of $27,567 and unearned grant revenue related to the FSS Coordinator Program in the amount of $4,300, prepaid income reported in the blended component units of $46,548, and misc. amount of $4,929.

NOTE 9 – OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities in the amount of $2,255,484 consist of the following items as of December 31, 2017.

Item	Amount
Parqwood Apartments, LP ground lease (noncurrent portion)	$ 1,524,107
FSS Escrow Liability	519,681
Long-Term Interest Payable on Parqwood Apartments	211,696

NOTE 10 – DEBT

Changes in long-term debt for the year ended December 31, 2017 are as follows:

Program/Component Unit	Balance as of Jan. 1, 2017	Additions	Retirements	Balance as of Dec. 31, 2017	Due Within 1 Year	Maturity	Interest Rate
Westridge Apartments Development Corporation							
Mortgage Payable	$ 4,766,000	$ -	$ (158,300)	$ 4,607,700	179,000	March, 2021	Libor Rate plus 2.3%
Mortgage Payable	591,687	-	(76,853)	514,834	102,471	March, 2023	Libor Rate plus 1.71%
Collingwood Green Phase I							
Capital Fund Financing Program - Revenue Bonds, Series 2012	4,655,000	-	(190,000)	4,465,000	200,000	Year 2031	5.25%
Collingwood Green Phase II							
Capital Fund Financing Program - Revenue Bonds, Series 2014	5,010,000		(165,000)	4,845,000	175,000	Year 2033	5.00%
Notes Payable, Ohio Housing Finance Agency	350,000		-	350,000	N/A	March, 2060	2.00%
Notes Payable, Ohio Housing Finance Agency	1,000,000		(132,284)	867,716	116,902	April, 2024	2.00%
Parqwood Apartments, LP							
Notes Payable, Red Capital	1,633,531	50,000	(18,751)	1,664,780	14,021	Year, 2052	4.45%
Notes Payable, Ohio Housing Finance Agency	1,500,000		(375,000)	1,125,000	-	Year 2024	0.00%
Notes Payable, Housing Development Assistance Program (HDAP)	1,000,000			1,000,000	N/A	Year 2054	2.00%
Public Housing Program							
Capital Lease Payable	7,065,834		(235,000)	6,830,834	242,300	Year 2036	4.73%
Premium on Capital Lease	151,032		(7,614)	143,418	7,615	Year 2036	N/A
Total	**$ 27,723,084**	**$ 50,000**	**$ (1,358,802)**	**$ 26,414,282**	**$ 1,037,309**		

Westridge Apartments Development Corporation

During 2006, the Westridge Apartments Development Corporation issued a note payable for $5,885,600 to fund the acquisition of the Westridge Apartments Development apartment complex. The note bears an interest rate of 5.99 percent and requires monthly payments of $35,249 through February 1, 2016. On February 29, 2016, the Westridge Apartments Development Corporation issued a term note payable in the amount of $4,905,000 to refinance the outstanding balance on a note issued during 2006 that funded the acquisition of the apartment complex (outstanding balance at December 31, 2015 of $5,021,254). The newly issued note carries a variable interest rate equal to the Libor rate plus 2.3%. The note matures on March 1, 2021 with the option of accelerated retirement by the Corporation.

NOTE 10 – DEBT - Continued

Future minimum principal and interest payments related to the Westridge Apartments Development Corporation note payable are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2018	$ 219,788	$ 203,200	$ 422,988
FY 2019	229,481	193,507	422,988
FY 2020	239,601	183,387	422,988
FY 2021	3,918,829	172,820	4,091,649
Total	$ 4,607,700	$ 752,914	$ 5,360,613

During 2013, the Authority obtained a loan for $925,545 to fund acquisition and improvements to the Westridge Apartments Development Corporation apartment complex. The loan maintains a floating variable interest rate equal to the Libor rate plus 1.65 percent, rounded up to the next 1/8 of 1 percent. The loan requires quarterly principal payments of $23,139 plus interest. On March 21, 2016, the Westridge Apartments Development Corporation issued a term note payable in the amount of $717,298 to refinance the outstanding balance on a loan issued during 2013 that funded the acquisition and improvements to the apartment complex. The newly issued note carries a variable interest rate equal to the Libor rate plus 1.71%. The note matures on March 21, 2023, with the option of accelerated retirement by the Corporation.

Future minimum principal and interest payments related to the Westridge Apartments Development Corporation loan payable are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2018	$ 72,889	$ 19,667	$ 92,556
FY 2019	75,674	16,882	92,556
FY 2020	78,564	13,992	92,556
FY 2021	81,566	10,990	92,556
FY 2022	84,681	7,875	92,556
FY 2023-2027	121,459	4,640	126,099
Total	$ 514,834	$ 74,045	$ 588,879

Collingwood Green Phase I, LP

During 2012, the Authority issued $5,475,000 of Capital Fund Housing Revenue Bonds, Series 2012, for the development of the Collingwood Green Senior Complex. The bonds mature on September 1, 2031, bear an interest rate of 5.25 percent and are secured with no more than 33 percent of LMHA's future capital funds, as addressed in Amendment 2012-01 to the Annual Contributions Contract (ACC) with HUD.

NOTE 10 – DEBT - Continued

Future minimum principal and interest payments related to the Collingwood Green Phase I, LP Capital Fund Housing Revenue Bonds, Series 2012, are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2018	$ 200,000	$ 234,413	$ 434,413
FY 2019	210,000	223,913	433,913
FY 2020	225,000	212,888	437,888
FY 2021	235,000	201,075	436,075
FY 2022	250,000	188,738	438,738
FY 2023-2027	1,450,000	733,688	2,183,688
FY 2028-2031	1,895,000	287,685	2,182,685
Total	$ 4,465,000	$ 2,082,398	$ 6,547,398

Collingwood Green Phase II, LP
During 2014, the Authority issued $5,315,000 of Capital Fund Housing Revenue Bonds, Series 2014, for the development of the Collingwood Green II project. The bonds mature on September 1, 2033, and bear an interest rate of 5.00 percent.

Future minimum principal and interest payments related to the Collingwood Green Phase II, LP Capital Fund Housing Revenue Bonds, Series 2014, are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2018	$ 175,000	$ 242,250	$ 417,250
FY 2019	185,000	233,500	418,500
FY 2020	195,000	224,250	419,250
FY 2021	205,000	214,500	419,500
FY 2022	220,000	204,250	424,250
FY 2023-2027	1,300,000	843,750	2,143,750
FY 2028-2032	1,675,000	479,000	2,154,000
FY 2033	890,000	44,500	934,500
Total	$ 4,845,000	$ 2,486,000	$ 7,331,000

The Authority secured a mortgage payable from Ohio Housing Finance Agency (OHFA) in the amount of $1,000,000 for the Collingwood Green II Project. The loan carries an interest rate of 2.00%, with payments being due in annual installments of $134,256, maturing in April of 2024.

NOTE 10 – DEBT-Continued

Future minimum principal and interest payments related to the Collingwood Green II project loan payable are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2018	$ 116,902	$ 17,354	$ 134,256
FY 2019	119,240	15,016	134,256
FY 2020	121,625	12,631	134,256
FY 2021	124,057	10,199	134,256
FY 2022	126,538	7,718	134,256
FY 2023-2024	259,355	9,157	268,512
Total	$ 867,716	$ 72,076	$ 939,792

During 2016, the Authority secured a mortgage payable from Ohio Housing Finance Agency (OHFA) in the amount of $350,000 for the Collingwood Green II project. The loan carries an interest rate of 2.00% with payments being due in the amount of 50% of net cash flow as defined by the Partnership Agreements beginning in 2016. The entire balance of principal plus accrued interest is due March 1, 2060. A projection of future principal payments has not been presented due to the inability to predict future project cash flows.

Parqwood Apartments LP
Parqwood Apartments, LP, entered into a first mortgage payable to provide financing during construction. The loan has a balance as of December 31, 2017, in the amount of $1,664,780. The loan bears an interest rate of 4.55 percent. Fixed monthly payments in the amount of $7,432 are scheduled until the maturity in 2052.

Future minimum principal and interest payments related to the Parqwood Apartment, LP project loan payable are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2018	$ 14,021	$ 74,083	$ 88,104
FY 2019	14,645	73,459	88,104
FY 2020	15,297	72,807	88,104
FY 2021	15,978	72,126	88,104
FY 2022	16,689	71,415	88,104
FY 2023-2027	95,266	345,254	440,520
FY 2028-2032	118,436	322,084	440,520
FY 2033-2037	147,240	293,280	440,520
FY 2038-2042	183,049	257,471	440,520
FY 2043-2047	227,567	212,953	440,520
FY 2048-2052	816,593	131,118	947,711
Total	$ 1,664,780	$ 1,926,051	$ 3,590,831

NOTE 10 – DEBT - Continued

During 2014, Parqwood Apartments, LP, issued a RTCAP note payable of $1,500,000 for the development of the Parqwood Apartments project. The interest free loan is payable in four equal installments through August 31, 2024.

Future minimum principal and interest payments related to the Parqwood Apartments, LP project loan payable are as follows:

Year	Principal Due	Interest Due	Total Payments
FY 2018	$ -	$ -	$ -
FY 2019	-	-	-
FY 2020	375,000	-	375,000
FY 2021	-	-	-
FY 2022	-	-	-
FY 2023-2027	750,000	-	750,000
Total	$ 1,125,000	$ -	$ 1,125,000

During 2016, Parqwood Apartments, LP, entered into a Housing Development Assistance Program (HDAP) note payable of $1,000,000. The note bears interest at 2% with payments permitted by cash flows as defined in the Partnership Agreement. The HDAP note payable does not have an amortization schedule, all remaining outstanding principal is due at maturity in 2054.

Public Housing Program

During 2015, the Authority entered into a capital lease agreement with Grant Capital Management for the development of energy efficiencies within public housing units. The total value of the lease is $7,105,000, with payments beginning in year 2017 and ending in year 2036. The annual interest rate applicable to the lease is 4.73%.

Year	Principal Due	Interest Due	Total Payments
FY 2018	$ 242,300	$ 310,354	$ 552,654
FY 2019	257,420	299,572	556,992
FY 2020	272,154	288,117	560,271
FY 2021	283,546	276,006	559,552
FY 2022	296,339	263,388	559,727
FY 2023-2027	1,678,542	1,108,437	2,786,979
FY 2028-2032	2,086,288	699,587	2,785,875
FY 2033-2037	1,857,662	276,963	2,134,625
Total	$ 6,974,252	$ 3,522,423	$ 10,496,675

As noted in the underwriting agreement, an original issue premium in the amount of $276,640 was recorded less a discount of $124,338 for a net premium amount of $152,302. The premium is amortized over a 20 year period. The balance reported as of December 31, 2017, is $143,418.

NOTE 11 – PENSION PLAN

Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental* payable 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 the combined plan, substantially all employee members are in the OPERS' traditional plan with a few employees being members of the combined or member-directed plans; therefore, the following disclosure focuses only on the traditional plan.

NOTE 11 – PENSION PLAN – Continued

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years 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 Requirement	**Age and Service Requirement**	**Age and Service Requirement**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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.

NOTE 11 – PENSION PLAN – Continued

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

2017 Statutory Maximum Contribution Rates	
Employer	14.00%
Employee	10.00%
2017 Actual Contribution Rates	
Employer:	
Pension	14.00%
Post-Employment Health Care Benefits	2.00%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $872,753 for 2017. The full amount was contributed during the year.

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, 2016, 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 the contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Proportionate Share of the Net Pension Liability	$ 10,744,203
Proportion of the Net Pension Liability	0.047314%
Pension Expense	$ 2,281,018

At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Item	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual earnings on pension plan investments	$ 1,600,060	$ ------
Changes of Assumptions	$ 1,704,162	$ ------
Net difference between expected and actual experience	$ 14,563	$ 63,943
Authority contributions subsequent to the measurement date	$ 872,760	$ ------
Total	$ 4,191,545	$ 63,943

NOTE 11 – PENSION PLAN – Continued

The $872,760 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017.

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Information	Traditional Plan
Valuation Date	December 31, 2016
Experience Study	5 Year Period Ended
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Wage Inflation	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%
Cost of Living Adjustments	3.0% Simple

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy Annuitant Mortality tables were used, adjusted for morality improvement back to the observation base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in

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

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

NOTE 11 – PENSION PLAN – Continued

OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit Financial Section Notes to Combining Financial Statements. The Comprehensive Annual Financial Report 2016 OPERS 77 component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	**Target Allocation**	**Expected Real Rate of Return**
Fixed Income	23.00%	2.75%
Domestic Equities	20.70%	6.34%
Real Estate	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equities	18.30%	7.95%
Other Investments	18.00%	4.92%
Total	**100.00%**	**5.66%**

Discount Rate

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

NOTE 11 – PENSION PLAN – Continued

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

Authority's proportionate share of the net pension liability (asset)	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Traditional Plan	$ 16,414,390	$ 10,744,203	$ 6,019,367

NOTE 12 - POST EMPLOYMENT BENEFITS

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issue a standalone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 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 post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014-2015, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

NOTE 12 - POST EMPLOYMENT BENEFITS – Continued

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to the health care plan was 2.0 percent during calendar 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Authority's actual employer contributions for December 31, 2017, 2016 and 2015 which were used to fund post- employment benefits were $124,679, $133,845, and $122,850, respectively; 100 percent has been contributed for 2017, 2016 and 2015.

Changes to the plan were adopted by OPERS Board of Trustees on Sept. 19, 2012, with transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contribution toward the health care fund after the end of the transition period.

NOTE 13 – OPERATING TRANSFERS

During the 2017 fiscal year the following adjustments were recorded between programs:

From	To	Amount	Purpose
Equity Transfers			
COCC	Public Housing	$ 369,580	To record costs incurred prior to the funding of the EPC contract from non-federal funds.
Business Activity Program	Public Housing	$ 257,970	To record costs incurred prior to the funding of the EPC contract from non-federal funds.
Operating Transfers			
Capital Fund Program	Public Operations	$1,924,983	To transfer funds from BLI Account # 1406 to Operations.
Business Activity Program	HCV Program – Admin	$ 494,910	To transfer funds for support of administrative funding.
Business Activity Program	COCC	$ 905,754	To transfer funds in support of the funding of the COCC.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

The total amount of $1,482,570 was recorded as prior year adjustments to account for the following items:

- A prior year adjustment in the amount of $936,927 was recorded to correct the deferred outflow balance as of December 31, 2016, to include employer payments made to the Ohio Public Employees Retirement System subsequent to the plan's measurement date.

- An adjustment in the amount of $545,643 was recorded to bring the debt servicing account balances to actual as of December 31, 2016.

NOTE 15 – RESTRICTED NET POSITION

A summary of restricted net position as of December 31, 2017 is as follows:

Restriction/Program	**Amount**
Homeownership Reserve	$ 2,010,795
Required Capital Reserves (CFFP Program)	1,000,818
Collingwood Green Phase I, LP – Operating, Replacement, and ACC Reserves	469,708
Collingwood Green Phase II, LP – Operating, and ACC Reserves	295,669
Parqwood Apartments, LP – Escrow, Replacement, and Operating Reserves	259,944
	$ 4,036,934

NOTE 16 – RISK MANAGEMENT

The Authority is exposed to various uncertainties for losses related to intentional and unintentional tort; theft or damage to and destruction of real and personal property, errors and omissions; catastrophes, medical and dental claims by employees; employee illnesses and injuries and pollution claims for which the Authority carries commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year. No negotiated settlements or jury awards have exceeded policy limits in the past.

NOTE 17 – CONTINGENT LIABILITIES

The Authority receives significant financial assistance from federal, state, and local agencies in the form of grants and operating subsidies. HUD provided approximately 82% of the Authority's operating revenue in the current year. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the agreements and are subject to audit by the grantor agencies; therefore, to the extent that the Authority has not complied with rules and regulations governing the grants, if any, refunds of any money received may be required. Management believes there are no significant contingent liabilities relating to compliance with grant rules and regulations.

NOTE 18 – SUBSEQUENT EVENTS

Due to the 2018 Congressional Appropriations, the Authority's operating subsidy provided by HUD for the Low Rent Housing Program is estimated to be 92% for the calendar year 2018.

The estimated amount of funding for the 2018 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at 82% and HAP funding at 99.7%.

In June 2018, the Finance Director was removed before the end of the probationary period. An interim was placed in her spot while the Authority begins the interview process.

REQUIRED SUPPLEMENTAL INFORMATION

LUCAS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Authority's proportion of the net pension liability	0.047%	0.05%	0.05%	0.05%	N/A	N/A	N/A	N/A	N/A	N/A
Authority's proportionate share of the net pension liability	$10,744,203	$8,195,381	$8,083,379	$5,754,842	N/A	N/A	N/A	N/A	N/A	N/A
Authority's covered employee payroll	$6,233,947	$6,692,267	$5,837,642	$5,573,475	N/A	N/A	N/A	N/A	N/A	N/A
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	172.35%	120.79%	138.47%	103.25%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%	N/A	N/A	N/A	N/A	N/A	N/A

* Previous year data was unavailable as 2014 was the first fiscal year that the Authority and the Public Employees Retirement Plan has implemented the reporting requirements of GASB Statement #68.

LUCAS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 872,753	$ 936,917	$ 700,517	$ 690,417	$ 775,679	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contributions	$ 872,753	$ 936,917	$ 700,517	$ 690,417	$ 775,679	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -----	$ -----	$ -----	$ -----	$ -----	N/A	N/A	N/A	N/A	N/A
Authority's covered-employee payroll	$6,233,947	$6,692,267	$5,837,642	$5,573,475	$5,966,762	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	12.00%	12.00%	13.00%	N/A	N/A	N/A	N/A	N/A

* Previous year data was unavailable as 2013 was the first fiscal year that the Authority and the Public Employees Retirement Plan has implemented the reporting requirements of GASB Statement #68.

SUPPLEMENTAL INFORMATION

(Financial Data Schedule)

LUCAS METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
	Balance Sheet							
111	Cash-unrestricted	4,180,813	1,118,050	374,184	225,613	5,898,660	0	5,898,660
112	Cash-restricted-modernization and development	0	0	0	0	0	0	0
113-010	Cash - Restricted - HAP Funds	0	0	0	0	0	0	0
113-020	Cash - Restricted - FSS Escrow Deposits	0	461,991	0	0	461,991	0	461,991
113-030	Cash - Restricted - Other	0	1,014,290	0	1,025,321	2,039,611	0	2,039,611
113	**Cash-other restricted**	**0**	**1,476,281**	**0**	**1,025,321**	**2,501,602**	**0**	**2,501,602**
114	Cash-tenant security deposits	238,636	0	0	119,047	357,683	0	357,683
115-010	Cash - Restricted - HAP Funds	0	0	0	0	0	0	0
115-020	Cash - Restricted - FSS Escrow Deposits	0	33,087	0	0	33,087	0	33,087
115-030	Cash - Restricted - Other	1,000,818	0	0	0	1,000,818	0	1,000,818
115	**Cash - Restricted for payment of current liability**	**1,000,818**	**33,087**	**0**	**0**	**1,033,905**	**0**	**1,033,905**
100	**Total Cash**	**5,420,267**	**2,627,418**	**374,184**	**1,369,981**	**9,791,850**	**0**	**9,791,850**
121	Accounts receivable - PHA projects	0	0	0	0	0	0	0
122-010	Accounts receivable - HUD other projects - Operating Subsidy	0	0	0	0	0	0	0
122-020	Accounts receivable - HUD other projects - Capital fund	374,533	0	0	0	374,533	0	374,533
122-030	Accounts receivable - HUD other projects - Other	0	0	0	0	0	0	0
122	**Accounts receivable - HUD other projects**	**374,533**	**355,812**	**0**	**523,691**	**1,254,036**	**0**	**1,254,036**
124	Account receivable - other government	0	405,681	0	0	405,681	0	405,681
125-010	Account receivable - miscellaneous - Not For Profit	0	0	0	0	0	0	0
125-020	Account receivable - miscellaneous - Partnership	0	0	0	0	0	0	0
125-030	Account receivable - miscellaneous - Joint Venture	0	0	0	0	0	0	0
125-040	Account receivable - miscellaneous - Tax Credit	0	0	0	0	0	0	0
125-050	Account receivable - miscellaneous - Other	3,596	0	4,845	0	8,441	0	8,441
125-060	Other - Comment	0	0	0	0	0	0	0
125	**Account receivable - miscellaneous**	**3,596**	**3,143,127**	**4,845**	**224,991**	**3,376,559**	**(2,039,363)**	**1,337,196**
126	Accounts receivable - tenants	107,279	0	0	319,654	426,933	0	426,933
126.1	Allowance for doubtful accounts - tenants	(44,953)	0	0	(278,774)	(323,727)	0	(323,727)
126.2	Allowance for doubtful accounts - other	0	0	0	0	0	0	0
127	Notes, Loans, & Mortgages Receivable - Current	0	23,438	0	0	23,438	0	23,438
128	Fraud recovery	16,438	87,731	0	0	104,169	0	104,169
128.1	Allowance for doubtful accounts - fraud	(8,219)	(59,573)	0	0	(67,792)	0	(67,792)
129	Accrued interest receivable	181,291	88,902	7,684	22,574	300,451	(293,305)	7,146
120	**Total receivables, net of allowance for doubtful accounts**	**629,965**	**4,045,118**	**12,529**	**812,136**	**5,499,748**	**(2,332,668)**	**3,167,080**
131	Investments - unrestricted	0	0	0	0	0	0	0
132-010	Investments - restricted - HAP Funds	0	0	0	0	0	0	0
132-020	Investments - restricted - FSS Escrow Deposits	0	0	0	0	0	0	0
132-030	Investments - restricted - Other	560,726	996,505	0	0	1,557,231	0	1,557,231
132	**Investments - restricted**	**560,726**	**996,505**	**0**	**0**	**1,557,231**	**0**	**1,557,231**
135-010	Investments - restricted - HAP Funds	0	0	0	0	0	0	0
135-020	Investments - restricted - FSS Escrow Deposits	0	0	0	0	0	0	0
135-030	Investments - restricted - Other	0	0	0	0	0	0	0
135	**Investments - Restricted for payment of current liability**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
142	Prepaid expenses and other assets	8,900	4,228	194,780	198,341	406,249	0	406,249
143	Inventories	0	0	0	0	0	0	0
143.1	Allowance for obsolete inventories	0	0	0	0	0	0	0
144	Inter program - due from	1,966,145	19,445	10,194	0	1,995,784	(1,995,784)	0
145	Assets held for sale	0	0	0	13,863	13,863	0	13,863
150	**Total Current Assets**	**8,586,003**	**7,692,714**	**591,687**	**2,394,321**	**19,264,725**	**(4,328,452)**	**14,936,273**

LUCAS METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
161	Land	6,614,318	11,000	47,320	1,360,057	8,032,695	0	8,032,695
162	Buildings	165,300,747	559,010	4,562,015	44,288,808	214,710,580	0	214,710,580
163	Furniture, equipment and machinery - dwellings	0	0	0	1,177,131	1,177,131	0	1,177,131
164	Furniture, equipment and machinery - administration	395,658	122,456	1,064,630	17,783	1,600,527	0	1,600,527
165	Leasehold improvements	0	0	0	0	0	0	0
166	Accumulated depreciation	(132,080,412)	(287,637)	(5,018,580)	(6,887,232)	(144,273,861)	0	(144,273,861)
167	Construction in progress	633,797	370,409	0	1,301,522	2,305,728	0	2,305,728
168	Infrastructure	0	0	0	0	0	0	0
160	**Total capital assets, net of accumulated depreciation**	**40,864,108**	**775,238**	**655,385**	**41,258,069**	**83,552,800**	**0**	**83,552,800**
171-010	Notes, Loans, & mortgages receivable - Non-current - Not For Profit	0	0	0	0	0	0	0
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	0	0	0	0	0	0	0
171-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	0	0	0	0	0	0	0
171-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	7,563,900	0	1,283,948	0	8,847,848	0	8,847,848
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	0	0	0	0	0	0	0
171-060	Other - Comment	0	0	0	0	0	0	0
171	**Notes, Loans, & mortgages receivable – Non-current**	**7,563,900**	**5,710,692**	**1,283,948**	**1,287,350**	**15,845,890**	**(15,244,427)**	**601,463**
172-010	Notes, Loans, & mortgages receivable - Non-current - past due - Not For	0	0	0	0	0	0	0
172-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	0	0	0	0	0	0	0
172-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	0	0	0	0	0	0	0
172-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	0	0	0	0	0	0	0
172-050	Notes, Loans, & mortgages receivable - Non-current - Other	0	0	0	0	0	0	0
172-060	Other - Comment	0	0	0	0	0	0	0
172	**Notes, Loans, & mortgages receivable – Non-current - past due**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
173	Grants receivable – Non-current	0	0	0	0	0	0	0
174-010	Other assets - Not For Profit	0	0	0	0	0	0	0
174-020	Other assets - Partnership	0	0	0	0	0	0	0
174-030	Other assets - Joint Venture	0	0	0	0	0	0	0
174-040	Other assets - Tax Credit	0	0	0	0	0	0	0
174-050	Other assets - Other	0	0	0	0	0	0	0
174-060	Other - Comment	0	0	0	0	0	0	0
174	**Other assets**	**0**	**0**	**0**	**691,467**	**691,467**	**0**	**691,467**
176-010	Investment in Joint venture - Not For Profit	0	0	0	0	0	0	0
176-020	Investment in Joint venture - Partnership	0	0	0	0	0	0	0
176-030	Investment in Joint venture - Joint Venture	0	0	0	0	0	0	0
176-040	Investment in Joint venture - Tax Credit	0	0	0	0	0	0	0
176-050	Investment in Joint venture - Other	0	0	0	0	0	0	0
176-060	Other - Comment	0	0	0	0	0	0	0
176	**Investment in joint venture**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
180	**Total Non-current Assets**	**48,428,008**	**6,485,930**	**1,939,333**	**43,236,886**	**100,090,157**	**(15,244,427)**	**84,845,730**
190	**Total Assets**	**57,014,011**	**14,178,644**	**2,531,020**	**45,631,207**	**119,354,882**	**(19,572,879)**	**99,782,003**

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
200	Deferred Outflow of Resources	1,914,423	530,290	1,746,832	0	4,191,545	0	4,191,545
290	**Total Assets and Deferred Outflow of Resources**	**58,928,434**	**14,708,934**	**4,277,852**	**45,631,207**	**123,546,427**	**(19,572,879)**	**103,973,548**
311	Bank overdraft	0	0	0	0	0	0	0
312	Accounts payable <= 90 days	656,247	268,781	337,549	442,990	1,705,567	**(1,068,231)**	637,336
313	Accounts payable > 90 days past due	0	0	0	0	0	0	0
321	Accrued wage/payroll taxes payable	130,691	56,623	507,846	5,345	700,505	0	700,505
322	Accrued compensated absences - current portion	54,111	15,883	43,156	0	113,150	0	113,150
324	Accrued contingency liability	0	0	0	0	0	0	0
325	Accrued interest payable	189,296	25,320	0	106,868	321,484	(293,305)	28,179
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy	0	0	0	0	0	0	0
331-020	Accounts payable - HUD PHA Programs - Capital fund	0	0	0	0	0	0	0
331-030	Accounts payable - HUD PHA Programs - Other	0	0	0	0	0	0	0
331	**Accounts payable - HUD PHA Programs**	**0**	**34,868**	**0**	**0**	**34,868**	**0**	**34,868**
332	Accounts payable - PHA Projects	0	0	0	0	0	0	0
333	Accounts payable - other government	86,581	4,162	0	130,710	221,453	0	221,453
341	Tenant security deposits	236,749	0	0	124,216	360,965	0	360,965
342-010	Unearned revenue - Operating Subsidy	0	0	0	0	0	0	0
342-020	Unearned revenue - Capital fund	0	0	0	0	0	0	0
342-030	Unearned revenue - Other	27,567	0	0	0	27,567	0	27,567
342	**Unearned revenue**	**27,567**	**4,300**	**0**	**67,548**	**99,415**	**0**	**99,415**
343-010	CFFP	375,000	0	0	0	375,000	0	375,000
343-020	Capital Projects/ Mortgage Revenue	249,915	0	0	0	249,915	0	249,915
343	**Current portion of long-term debt - capital projects/mortgage**	**624,915**	**0**	**0**	**412,394**	**1,037,309**	**0**	**1,037,309**
344	Current portion of long-term debt - operating borrowings	0	0	0	0	0	0	0
345	Other current liabilities	16,379	33,087	100,889	836,500	986,855	0	986,855
346	Accrued liabilities - other	648,828	21,882	0	3,101	673,811	0	673,811
347	Inter program - due to	54,857	975,911	320,673	644,343	1,995,784	(1,995,784)	0
348-010	Loan liability - current - Not For Profit	0	0	0	0	0	0	0
348-020	Loan liability - current - Partnership	0	0	0	0	0	0	0
348-030	Loan liability - current - Joint Venture	0	0	0	0	0	0	0
348-040	Loan liability - current - Tax Credit	0	0	0	0	0	0	0
348-050	Loan liability - current - Other	0	0	0	0	0	0	0
348-060	Other - Comment	0	0	0	0	0	0	0
348	**Loan liability - current**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
310	**Total Current Liabilities**	**2,726,221**	**1,440,817**	**1,310,113**	**2,774,015**	**8,251,166**	**(3,357,320)**	**4,893,846**

LUCAS METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
351-010	Long-term debt - CFFP	8,935,000	0	0	0	8,935,000	0	8,935,000
351-020	Long-term - Capital Projects/ Mortgage Revenue	6,724,337	0	0	0	6,724,337	0	6,724,337
351	**Capital Projects/ Mortgage Revenue Bonds**	**15,659,337**	**1,350,000**	**0**	**23,612,063**	**40,621,400**	**(15,244,427)**	**25,376,973**
352	Long-term debt, net of current - operating borrowings	0	0	0	0	0	0	0
353	Non-current liabilities - other	1,581,797	461,991	0	1,182,828	3,226,616	(971,132)	2,255,484
354	Accrued compensated absences- Non-current	327,556	75,367	308,297	0	711,220	0	711,220
355-010	Loan liability - Non-current - Not For Profit	0	0	0	0	0	0	0
355-020	Loan liability - Non-current - Partnership	0	0	0	0	0	0	0
355-030	Loan liability - Non-current - Joint Venture	0	0	0	0	0	0	0
355-040	Loan liability - Non-current - Tax Credit	0	0	0	0	0	0	0
355-050	Loan liability - Non-current - Other	0	0	0	0	0	0	0
355-060	Other - Comment	0	0	0	0	0	0	0
355	**Loan liability – Non-current**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
356	FASB 5 Liabilities	0	0	0	0	0	0	0
357-10	Pension Liability	5,058,374	1,411,369	4,274,460	0	10,744,203	0	10,744,203
357-20	OPEB Liability	0	0	0	0	0	0	0
357	**Accrued Pension and OPEB Liabilities**	5,058,374	1,411,369	4,274,460	0	10,744,203	0	10,744,203
350	**Total Non-current liabilities**	**22,627,064**	**3,298,727**	**4,582,757**	**24,794,891**	**55,303,439**	**(16,215,559)**	**39,087,880**
300	**Total Liabilities**	**25,353,285**	**4,739,544**	**5,892,870**	**27,568,906**	**63,554,605**	**(19,572,879)**	**43,981,726**
400	**Deferred Inflow of Resources**	39,254	11,654	13,035	0	63,943	0	63,943
508.4	Net Investment in Capital Assets	24,579,856	(574,762)	655,385	17,233,612	41,894,091	15,244,427	57,138,518
511.4	Restricted Net Position	1,000,818	2,010,795	0	1,025,321	4,036,934	0	4,036,934
512.4	Unrestricted Net Position	7,955,221	8,521,703	(2,283,438)	(196,632)	13,996,854	(15,244,427)	(1,247,573)
513	**Total Equity - Net Assets / Position**	**33,535,895**	**9,957,736**	**(1,628,053)**	**18,062,301**	**59,927,879**	**0**	**59,927,879**
600	**Total Liabilities, Deferred Inflow, and Equity - Net Assets**	**58,928,434**	**14,708,934**	**4,277,852**	**45,631,207**	**123,546,427**	**(19,572,879)**	**103,973,548**

LUCAS METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
	Income Statement							
70300	Net tenant rental revenue	4,978,372	0	0	2,406,304	7,384,676	0	7,384,676
70400	Tenant revenue - other	222,333	0	0	2,385	224,718	0	224,718
70500	Total Tenant Revenue	**5,200,705**	**0**	**0**	**2,408,689**	**7,609,394**	**0**	**7,609,394**
70600-010	Housing assistance payments	0	21,957,842	0	0	21,957,842	0	21,957,842
70600-020	Ongoing administrative fees earned	0	2,514,917	0	0	2,514,917	0	2,514,917
70600-030	Hard to house fee revenue	0	0	0	0	0	0	0
70600-031	FSS Coordinator	0	0	0	0	0	0	0
70600-040	Actual independent public accountant audit costs	0	0	0	0	0	0	0
70600-050	Total preliminary fees earned	0	0	0	0	0	0	0
70600-060	All other fees	0	0	0	0	0	0	0
70600-070	Admin fee calculation description	0	0	0	0	0	0	0
70600	**HUD PHA operating grants**	**14,595,909**	**26,233,458**	**0**	**0**	**40,829,367**	**0**	**40,829,367**
70610	Capital grants	1,325,595	0	0	0	1,325,595	0	1,325,595
70710	Management Fee	0	0	3,020,710	0	3,020,710	(3,020,710)	0
70720	Asset Management Fee	0	0	155,640	0	155,640	(155,640)	0
70730	Book-Keeping Fee	0	0	504,727	0	504,727	(504,727)	0
70740	Front Line Service Fee	0	0	1,769,517	0	1,769,517	(1,769,517)	0
70750-010	Other Fees - from PHA Administered Programs	0	0	0	0	0	0	0
70750-020	Other Fees - from Third / Outside Party	0	0	0	0	0	0	0
70750	**Other Fees**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
70700	**Total Fee Revenue**	**0**	**0**	**5,450,594**	**0**	**5,450,594**	**(5,450,594)**	**0**
70800	Other government grants	0	899,524	0	0	899,524	0	899,524
71100-010	Housing Assistance Payment	0	0	0	0	0	0	0
71100-020	Administrative Fee	0	1,781	0	0	1,781	0	1,781
71100	**Investment income - unrestricted**	**442**	**35,173**	**0**	**2,478**	**38,093**	**0**	**38,093**
71200	Mortgage interest income	55,920	28,199	7,483	16,120	107,722	(103,283)	4,439
71300	Proceeds from disposition of assets held for sale	0	0	0	86,596	86,596	0	86,596
71310	Cost of sale of assets	0	0	0	0	0	0	0
71400-010	Housing Assistance Payment	0	35,563	0	0	35,563	0	35,563
71400-020	Administrative Fee	0	35,563	0	0	35,563	0	35,563
71400	**Fraud recovery**	**0**	**71,126**	**0**	**0**	**71,126**	**0**	**71,126**
71500	Other revenue	349,833	292,341	87,448	844,361	1,573,983	0	1,573,983
71600	Gain or loss on disposition of capital assets	39,753	47,365	7,095	0	94,213	0	94,213
72000-010	Housing Assistance Payment	0	0	0	0	0	0	0
72000-020	Administrative Fee	0	0	0	0	0	0	0
72000	**Investment income - restricted**	**11,841**	**0**	**0**	**0**	**11,841**	**0**	**11,841**
70000	**Total Revenue**	**21,579,998**	**27,607,186**	**5,552,620**	**3,358,244**	**58,098,048**	**(5,553,877)**	**52,544,171**

LUCAS METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
91100	Administrative salaries	777,686	735,115	2,248,001	253,499	4,014,301	0	4,014,301
91200	Auditing fees	16,170	18,398	7,751	28,251	70,570	0	70,570
91300-010	Management Fee - from PHA Administered Programs	2,443,336	531,547	0	45,827	3,020,710	0	3,020,710
91300-020	Management Fee - from Third Party / Outside Entity	0	0	0	111,197	111,197	0	111,197
91300	**Management Fee**	**2,443,336**	**531,547**	**0**	**157,024**	**3,131,907**	**(3,020,710)**	**111,197**
91310	Book-Keeping Fee	224,947	279,780	0	0	504,727	(504,727)	0
91400	Advertising and Marketing	4,711	1,501	24,449	3,606	34,267	0	34,267
91500	Employee benefit contributions - administrative	440,580	460,152	1,183,869	27,130	2,111,731	0	2,111,731
91600	Office Expenses	404,260	234,660	609,605	36,813	1,285,338	(104,570)	1,180,768
91700	Legal Expense	46,754	0	14,048	23,841	84,643	0	84,643
91800	Travel	1,350	6,903	70,348	0	78,601	0	78,601
91810	Allocated Overhead	0	0	0	0	0	0	0
91900	Other	1,035,334	904,030	1,117,894	94,941	3,152,199	(508,848)	2,643,351
91000	**Total Operating-Administrative**	**5,395,128**	**3,172,086**	**5,275,965**	**625,105**	**14,468,284**	**(4,138,855)**	**10,329,429**
92000	Asset Management Fee	155,640	0	0	0	155,640	(155,640)	0
92100	Tenant services - salaries	0	578,905	286,607	5,587	871,099	0	871,099
92200	Relocation Costs	1,010	0	0	2,008	3,018	0	3,018
92300	Employee benefit contributions - tenant services	27,933	62,301	260,980	1,834	353,048	0	353,048
92400	Tenant services - other	464,621	33,149	11,419	0	509,189	(451,758)	57,431
92500	**Total Tenant Services**	**493,564**	**674,355**	**559,006**	**9,429**	**1,736,354**	**(451,758)**	**1,284,596**
93100	Water	1,278,735	4,568	14,302	177,891	1,475,496	0	1,475,496
93200	Electricity	1,186,607	23,427	78,525	98,730	1,387,289	0	1,387,289
93300	Gas	641,916	7,130	25,406	42,915	717,367	0	717,367
93400	Fuel	0	0	0	0	0	0	0
93500	Labor	0	0	0	0	0	0	0
93600	Sewer	0	0	0	5,235	5,235	0	5,235
93700	Employee benefit contributions - utilities	0	0	0	0	0	0	0
93800	Other utilities expense	0	0	0	0	0	0	0
93000	**Total Utilities**	**3,107,258**	**35,125**	**118,233**	**324,771**	**3,585,387**	**0**	**3,585,387**
94100	Ordinary maintenance and operations - labor	1,952,834	0	255,209	66,829	2,274,872	0	2,274,872
94200	Ordinary maintenance and operations - materials and other	774,674	2,468	146,915	53,791	977,848	0	977,848
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash	169,228	655	337,023	20,803	527,709	0	527,709
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling	561,256	1,768	385	8,789	572,198	(561,256)	10,942
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	337,577	0	1,231	1,304	340,112	0	340,112
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance	45,156	0	0	0	45,156	0	45,156
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds	491,727	0	460	0	492,187	0	492,187
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround	315,408	0	0	0	315,408	(126,278)	189,130
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	35,835	0	0	0	35,835	0	35,835
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	153,506	0	0	0	153,506	0	153,506
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	506,257	300	0	0	506,557	0	506,557
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	29,763	0	0	0	29,763	0	29,763
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance	27,154	0	0	35,698	62,852	0	62,852
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	1,078,293	39,436	8,246	378,628	1,504,603	(16,807)	1,487,796
94300	**Ordinary Maintenance and Operations Contracts**	**3,751,160**	**42,159**	**347,345**	**445,222**	**4,585,886**	**(704,341)**	**3,881,545**
94500	Employee benefit contribution - ordinary maintenance	1,217,552	0	159,054	28,814	1,405,420	0	1,405,420
94000	**Total Maintenance**	**7,696,220**	**44,627**	**908,523**	**594,656**	**9,244,026**	**(704,341)**	**8,539,685**

LUCAS METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
95100	Protective services - labor	0	0	0	0	0	0	0
95200	Protective services - other contract costs	0	0	0	0	0	0	0
95300	Protective services - other	289,979	0	0	0	289,979	0	289,979
95500	Employee benefit contributions - protective services	0	0	0	0	0	0	0
95000	**Total Protective Services**	**289,979**	**0**	**0**	**0**	**289,979**	**0**	**289,979**
96110	Property Insurance	306,282	3,053	928	100,587	410,850	0	410,850
96120	Liability Insurance	117,426	48,413	0	11,504	177,343	0	177,343
96130	Workmen's Compensation	19,025	18,565	52,253	548	90,391	0	90,391
96140	All other Insurance	50,358	2,189	18,608	4,499	75,654	0	75,654
96100	**Total Insurance Premiums**	**493,091**	**72,220**	**71,789**	**117,138**	**754,238**	**0**	**754,238**
96200	Other general expenses	332,456	90,509	108,866	16,973	548,804	0	548,804
96210	Compensated absences	233,014	37,443	196,812	0	467,269	0	467,269
96300	Payments in lieu of taxes	179,066	5,471	0	317,880	502,417	0	502,417
96400	Bad debt - tenant rents	145,001	0	0	101,208	246,209	0	246,209
96500	Bad debt - mortgages	0	0	0	0	0	0	0
96600	Bad debt - other	0	0	0	0	0	0	0
96800	Severance expense	0	0	0	0	0	0	0
96000	**Total Other General Expenses**	**889,537**	**133,423**	**305,678**	**436,061**	**1,764,699**	**0**	**1,764,699**
96710	Interest of Mortgage (or Bonds) Payable	814,051	0	0	440,306	1,254,357	(103,283)	1,151,074
96720	Interest on Notes Payable (Short and Long Term)	0	0	0	0	0	0	0
96730	Amortization of Bond Issue Costs	0	0	0	43,092	43,092	0	43,092
96700	**Total Interest Expense and Amortization Cost**	**814,051**	**0**	**0**	**483,398**	**1,297,449**	**(103,283)**	**1,194,166**
96900	**Total Operating Expenses**	**19,334,468**	**4,131,836**	**7,239,194**	**2,590,558**	**33,296,056**	**(5,553,877)**	**27,742,179**
97000	**Excess Revenue Over Operating Expenses**	**2,245,530**	**23,475,350**	**(1,686,574)**	**767,686**	**24,801,992**	**0**	**24,801,992**
97100	Extraordinary maintenance	0	0	0	0	0	0	0
97200	Casualty losses- Non-capitalized	140,946	0	57,426	0	198,372	0	198,372
97300	**Housing assistance payments**	**0**	**23,117,252**	**0**	**0**	**23,117,252**	**0**	**23,117,252**
97350	**HAP Portability-in**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
97400	Depreciation expense	4,111,607	54,594	152,971	1,623,631	5,942,803	0	5,942,803
97500	Fraud losses	0	0	0	0	0	0	0
97800	Dwelling units rent expense	0	0	0	0	0	0	0
90000	**Total Expenses**	**23,587,021**	**27,303,682**	**7,449,591**	**4,214,189**	**62,554,483**	**(5,553,877)**	**57,000,606**

LUCAS METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

Line Item	Description	Project Totals	Program Totals	COCC	Component Units	Subtotal	Elimination	Total
10010	Operating transfer in	1,924,983	494,910	905,754	1,123,528	4,449,175	(4,449,175)	0
10020	Operating transfer out	(1,924,983)	(2,524,192)	0	0	(4,449,175)	4,449,175	0
10030-010	Not For Profit	0	0	0	0	0	0	0
10030-020	Partnership	0	0	0	0	0	0	0
10030-030	Joint Venture	0	0	0	0	0	0	0
10030-040	Tax Credit	0	0	0	0	0	0	0
10030-050	Other	0	0	0	0	0	0	0
10030-060	Other - Comment	0	0	0	0	0	0	0
10030	**Operating transfers from / to primary government**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
10040	Operating transfers from / to component unit	0	0	0	0	0	0	0
10070	Extraordinary items, net gain/loss	0	0	0	0	0	0	0
10080	Special items, net gain/loss	0	0	0	0	0	0	0
10091	Inter Project Excess Cash Transfer In	0	0	0	0	0	0	0
10092	Inter Project Excess Cash Transfer Out	0	0	0	0	0	0	0
10093	Transfers between Programs and Projects - in	0	0	0	0	0	0	0
10094	Transfers between Programs and Projects - out	0	0	0	0	0	0	0
10100	**Total other financing sources (uses)**	**0**	**(2,029,282)**	**905,754**	**1,123,528**	**0**	**0**	**0**
10000	**Excess (Deficiency) of Revenue Over (Under) Expenses**	**(2,007,023)**	**(1,725,778)**	**(991,217)**	**267,583**	**(4,456,435)**	**0**	**(4,456,435)**
11020	Required Annual Debt Principal Payments	590,000	0	0	235,153	825,153	0	825,153
11030	Beginning equity	33,980,124	11,836,189	(709,287)	16,705,729	61,812,755	0	61,812,755
11040-010	Prior period adjustments and correction of errors - Editable	0	0	0	0	0	0	0
11040-020	Prior year adjustment to bring deferred outflow balance to actual	389,601	105,295	442,031	0	936,927	0	936,927
11040-030	Prior period adjustments and correction of errors - Editable	0	0	0	0	0	0	0
11040-040	Prior period adjustments and correction of errors - Editable	0	0	0	0	0	0	0
11040-050	To adjust CFFP Trust Fund Account Balances	545,643	0	0	0	545,643	0	545,643
11040-060	Prior period adjustments and correction of errors - Editable	0	0	0	0	0	0	0
11040-070	Additional EPC Capitalized costs paid	257,970	(257,970)	0	0	0	0	0
11040-080	Equity Transfers - Editable	0	0	0	0	0	0	0
11040-090	EPC Equity Transfer (Cost paid prior to EPC)	369,580	0	(369,580)	0	0	0	0
11040-100	Capital Contributions from Investor to Parqwood LP	0	0	0	1,088,989	1,088,989	0	1,088,989
11040-110	Equity Transfers - Editable	0	0	0	0	0	0	0
11040	**Prior period adjustments, equity transfers, and correction of**	**1,562,794**	**(152,675)**	**72,451**	**1,088,989**	**2,571,559**	**0**	**2,571,559**
11170	**Administrative Fee Equity**	**0**	**(741,698)**	**0**	**0**	**(741,698)**	**0**	**(741,698)**
11180	**Housing Assistance Payments Equity**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
11190-210	Total ACC HCV Units	0	52,056	0	0	52,056	0	52,056
11190-220	Unfunded Units	0	0	0	0	0	0	0
11190-230	Other Adjustments	0	0	0	0	0	0	0
11190	**Unit Months Available**	**30879**	**56,028**	**0**	0	86,907	**0**	**86,907**
11210	**Unit Months Leased**	**29993**	**52,417**	**0**	**0**	**82,410**	**0**	**82,410**
11270	**Excess Cash**	**3,510,945**	**0**	**0**	**0**	**3,510,945**	**0**	**3,510,945**
11610	Land Purchases	0	0	0	0	0	0	0
11620	Building Purchases	1,065,426	0	0	0	1,065,426	0	1,065,426
11630	Furniture & Equipment-Dwelling Purchases	0	0	0	0	0	0	0
11640	Furniture & Equipment-Administrative Purchases	0	0	0	0	0	0	0
11650	Leasehold Improvements Purchases	0	0	0	0	0	0	0
11660	Infrastructure Purchases	0	0	0	0	0	0	0
13510	CFFP Debt Service Payments	856,473	0	0	0	856,473	0	856,473
13901	Replacement Housing Factor Funds	0	0	0	0	0	0	0

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LUCAS METROPOLITAN HOUSING AUTHORITY
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR *Pass Through Grantor* **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs				
Pubilc and Indian Housing	14.850			$ 10,808,180
Housing Voucher Cluster				
Section 8 Housing Choice Voucher Program	14.871			24,472,759
Total Housing Voucher Cluster				24,472,759
Section 8 Project-Based Cluster				
Section 8 Housing Assistance Payments Program				
Parqwood Apartments, LP (Component Unit)	14.195			501,494
Lower Income Housing Assistance Program				
Section 8 Moderate Rehabilitation	14.856			247,679
Total Section 8 Project-Based Cluster				749,173
Supportive Housing for Persons with Disabilities	14.181			539,902
Public Housing Capital Fund	14.872			5,113,324
Shelter Plus Care	14.238			67,208
Resident Opportunity and Supportive Services - Service Coordinators	14.870			178,205
Family Self-Sufficiency Program	14.896			226,211
Total Direct Programs				42,154,962
Passed Through the City of Toledo				
Home Investment Partnerships Program	14.239			347,066
Total U.S. Department of Housing and Urban Development				**42,502,028**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through the Zepf Center Grant				
Health Profession Opportunity Grants	93.093	90-FX0042-01-00		270,560
Total U.S. Department of Health and Human Services				**270,560**
Total Expenditures of Federal Awards				**$ 42,772,588**

The accompanying notes are an integral part of this schedule.

LUCAS METROPOLITAN HOUSING AUTHORITY
LUCAS COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lucas Metropolitan Housing Authority, Lucas County, Ohio (the Authority's) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - SUBRECIPIENTS

The Authority did not provide funds to subrecipients during the audit period.

NOTE D - HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAM

The Home Investment Partnerships Program funds (CFDA 14.239) were provided to the Authority as part of the financing arrangement for the Parqwood Apartments project and for a rehabilitation project administered by the Lucas Housing Services Corporation. The grant was provided by the City of Toledo, Department of Neighborhoods as a pass-through award of funds received from HUD. The grant documents do not provide a pass through entity identification number.

NOTE E – PUBLIC HOUSING CAPITAL FUNDS (CFDA NUMBER 14.872)

Expenditures for the Public Housing Capital Fund were from the following grants:

OH12P006501-12	$ 3,305
OH12P006501-13	535,052
OH12P006501-14	624,620
OH12P006501-15	190,566
OH12P006501-16	2,224,804
OH12P006501-17	1,518,788
OH12R006502-10	4,634
OH12R006502-12	3,681
OH12R006502-13	3,833
OH12R006502-14	4,041
Total	$ 5,113,324

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

Lucas Metropolitan Housing Authority
Lucas County
435 Nebraska Avenue
Toledo, Ohio 43604

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 Lucas Metropolitan Housing Authority, Lucas County, Ohio (the Authority), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 13, 2018, wherein we noted the Authority restated their beginning balances to correct two misstatements.

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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

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.

Dave Yost
Auditor of State

Columbus, Ohio

September 13, 2018

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

Lucas Metropolitan Housing Authority
Lucas County
435 Nebraska Avenue
Toledo, Ohio 43604

To the Board of Commissioners:

Report on Compliance for each Major Federal Program

We have audited Lucas Metropolitan Housing Authority, Lucas County, Ohio's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Lucas Metropolitan Housing Authority's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on each Major Federal Program

In our opinion, Lucas Metropolitan Housing Authority, Lucas County, Ohio, complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2017.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484
www.ohioauditor.gov

Report on Internal Control Over Compliance

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

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

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

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

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

September 13, 2018

LUCAS METROPOLITAN HOUSING AUTHORITY
LUCAS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	CFDA# 14.850 Public and Indian Housing CFDA# 14.871 Section 8 Housing Choice Voucher Program
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 1,283,178 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Lucas Metropolitan Housing Authority
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Toledo, Ohio 43697-0477
419-259-9400 Fax 419-259-9494
TRS: Dial 711
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	24 CFR §§ 5.212, 5.230, and 5.601 through 5.615 for failing to complete and maintain the proper eligibility forms.	Corrective Action Taken and Finding is Fully Corrected.	None

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LUCAS COUNTY METROPOLITAN HOUSING AUTHORITY

LUCAS 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
OCTOBER 2, 2018

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
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