GEAUGA METROPOLITAN HOUSING AUTHORITY

GEAUGA COUNTY

SINGLE AUDIT

JANUARY 1, 2018 – DECEMBER 31, 2018

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Members of the Board
Geauga Metropolitan Housing Authority
385 Center Street
Chardon, OH 44024

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 18, 2019

GEAUGA METROPOLITAN HOUSING AUTHORITY
GEAUGA COUNTY

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WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Geauga Metropolitan Housing Authority
Geauga County
385 Center Street
Chardon, Ohio 44024

To the Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

The 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 May 31, 2019, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
May 31, 2019

UNAUDITED

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

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by $50,611 during 2018, resulting from change from Operations. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net position was $5,536,012 and $5,586,623 for 2018 and 2017, respectively. The 2017 amount was restated to establish the beginning balance for the OPEB liability.

- The Authority's cash balance at December 31, 2018 was $1,904,771 representing an increase of $43,283 from December 31, 2017.

- Revenues increased by $119,877 (or 4.43%) during 2018 and were $2,825,428 and $2,705,551 for 2018 and 2017, respectively.

- The total expenses of all the Authority's programs decreased by $104,092 (or 3.49%). Total expenses were $2,876,039 and $2,980,131 for 2018 and 2017, respectively.

Authority Financial Statements

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

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

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

Investment in Capital Assets: This component of Net Position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have outstanding debt related to capital assets as of December 31, 2018.

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

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

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

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

Fund Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under and Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

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

PIH Family Self-Sufficiency Program (FSS) – A grant program that provides funding for the salary and benefits of a coordinator to assist tenants in finding jobs, training and supportive services to help residents transition from welfare to work. The coordinator also assists to link elderly/disabled residents to critical services which can help them continue to live independently.

New GASB 75 Reporting

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

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

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

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

2. Minus plan assets available to pay these benefits.

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

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

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

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

As a result of implementing GASB 75, the Authority is reporting net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017 from, $5,982,987 to $5,586,623.

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AUTHORITY STATEMENTS

Statement of Net Position

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

Table 1 - Condensed Statement of Net Position Compared to Prior Year

	2018	Restated 2017
Current Assets	$1,952,252	$1,923,598
Capital Assets	5,175,853	5,196,577
Deferred Outflow of Resources	194,860	442,960
Total Assets and Deferred Outflows of Resources	$7,322,965	$7,563,135
Current Liabilities	$ 219,582	$ 230,956
Non-Current Liabilities	1,314,895	1,716,282
Total Liabilities	1,534,477	1,947,238
Deferred Inflow of Resources	252,476	29,274
Net Position:		
Investment in Capital Assets	5,175,853	5,196,577
Restricted	13,576	-
Unrestricted	346,583	390,046
Total Net Position	5,536,012	5,586,623
Total Liabilities, Deferred Inflows of Resources, and Net Position	$7,322,965	$7,563,135

For more detail information see Statement of Net Position presented elsewhere in this report.

Major Factors Affecting the Statement of Net Position

During 2018, Current Assets increased by $28,654 and Current Liabilities decreased by $11,374. The Current Assets, primarily cash, increased due to the result of operation. The decrease in Current Liabilities is mainly due to decrease in outstanding invoices due at year end.

Capital Assets also changed, decreasing from $5,196,577 to $5,175,853. The $20,724 decrease may be contributed primarily to a combination of net acquisitions of $480,703, less current year depreciation of $501,427. For more detail see "Capital Assets".

Change in Unrestricted Net Position

Details on the change in unrestricted net position can be found in Table 2 below:

Table 2 - Change in Unrestricted Net Position

Beginning Balance - December 31, 2017 (Restated)	$	390,046
Results of Operation		(50,611)
Adjustments:		
Current year Depreciation Expense (1)		501,427
Capital Expenditure (2)		(480,703)
Transfer to Restricted Net Position		(13,576)
Ending Balance - December 31, 2018	$	346,583

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

(2) Capital expenditures represent an outflow of unrestricted net position, but are not treated as an expense against Results of Operations, and therefore must be deducted

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

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TABLE 3

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	2018	2017
Revenues		
Total Tenant Revenues	$ 784,571	$ 767,699
Operating Subsidies	1,654,556	1,634,268
Capital Grants	307,588	216,210
Interest	2,252	1,365
Other Revenues	76,461	86,009
Total Revenue	2,825,428	2,705,551
Expenses		
Administrative	553,164	580,146
Tenant Services	72,476	78,430
Utilities	255,254	249,964
Maintenance	465,531	546,108
General and Interest Expense	162,693	161,118
Housing Assistance Payments	865,494	877,043
Depreciation	501,427	487,322
Total Expenses	2,876,039	2,980,131
Change in Net Position	(50,611)	(274,580)
Net Position at January 1 - Restated	5,586,623	N/A
Net Position at December 31	$5,536,012	$5,586,623

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

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

Total revenues increased $119,877 during 2018 in comparison to 2017. Total revenue increased due to the increase in HUD grant revenue received for the year.

Total expenses in 2018 decreased in comparison to 2017. The total expense decrease of $104,092 was mainly due decreases in maintenance and administrative expenses.

Capital Assets

As of year-end, the Authority had $5,175,853 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (current purchases less depreciation) of $20,724 or 0.4% from the end of last year.

Table 4 - Condensed Statement of Changes in Capital Assets

	2018	2017
Land	$ 764,575	$ 764,575
Buildings	24,365,417	23,955,688
Equipment	1,145,253	1,078,673
Construction in Progress	-	18,033
Accumulated Depreciation	(21,099,392)	(20,620,392)
Total	$ 5,175,853	$ 5,196,577

Capital Assets are presented in detail on page 22 of the notes.

Table 5 - Changes in Capital Assets

Beginning Balance - December 31, 2017	$ 5,196,577
Current year Additions	480,703
Current year Depreciation Expense	(501,427)
Ending Balance - December 31, 2018	$5,175,853

Table 6 - Current Year Breakout of Additions to Assets

Buildings	$ 409,729
Furniture, Machinery and Equipment	89,007
Construction in Progress	(18,033)
Total	$ 480,703

Debt Outstanding

As of December 31, 2018, the Authority has no outstanding debt.

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Economic Factors

Significant economic factors affecting the Authority are as follows:

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

Financial Contact

The individual to be contacted regarding this report is Dawn Farrell, Executive Director of the Geauga Metropolitan Housing Authority, at (440) 286-7413. Specific requests may be submitted to the Geauga Metropolitan Housing Authority at 385 Center Street, Chardon, Ohio 44024.

GEAUGA METROPOLITAN HOUSING AUTHORITY
GEAUGA COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2018

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 1,705,283
Restricted Cash and Cash Equivalents	199,488
Receivable, net	6,713
Inventories, net	7,007
Prepaid Items	33,761
Total Current Assets	1,952,252
Non-Current Assets:	
Capital Assets:	
Nondepreciable Capital Assets	764,575
Depreciable Capital Assets, net	4,411,278
Total Capital Assets	5,175,853
Total Non-Current Assets	5,175,853
Total Assets	7,128,105
Deferred Outflows of Resources	
Pension	163,054
OPEB	31,806
Total Deferred Outflows of Resources	194,860
Liabilities	
Current Liabilities:	
Accounts Payable	31,169
Accrued Liabilities	62,402
Intergovernmental Payable	51,380
Tenant Security Deposits Payable	65,262
Unearned Revenue	9,369
Total Current Liabilities	219,582
Non-Current Liabilities:	
Accrued Compensated Absences	93,578
Net Pension Liability	668,468
Net OPEB Liability	432,199
Noncurrent Liabilities - Other	120,650
Total Non-Current Liabilities	1,314,895
Total Liabilities	1,534,477
Deferred Inflows of Resources	
Pension	220,280
OPEB	32,196
Total Deferred Inflows of Resources	252,476
Net Position	
Investment in Capital Assets	5,175,853
Restricted	13,576
Unrestricted	346,583
Total Net Position	$ 5,536,012

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

GEAUGA METROPOLITAN HOUSING AUTHORITY
GEAUGA COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

Operating Revenues		
Tenant Revenue		$ 784,571
Government Operating Grants		1,654,556
Other Revenues		76,461
Total Operating Revenues		2,515,588
Operating Expenses		
Administrative	$ 553,164	
Tenant Services	72,476	
Utilities	255,254	
Maintenance	465,531	
General	162,693	
Housing Assistance Payments	865,494	
Depreciation	501,427	
Total Operating Expenses		2,876,039
Operating Loss		(360,451)
Nonoperating Revenues and (Expenses)		
Interest Revenue		2,252
Capital Grants		307,588
Total Nonoperating Revenues and (Expenses)		309,840
Change in Net Position		(50,611)
Net Position at January 1, 2018, Restated		5,586,623
Net Position at December 31, 2018		$ 5,536,012

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

GEAUGA METROPOLITAN HOUSING AUTHORITY
GEAUGA COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities:		
Cash Received from Federal Operating Grants	$	1,655,166
Cash Received from Tenants		786,842
Cash Received from Other Revenue		82,083
Cash Payments for General and Administrative Expenses		(1,444,451)
Cash Payments for Housing Assistance		(865,494)
Net cash provided by operating activities		214,146
Cash flows from investing activities:		
Interest		2,252
Net cash provided by investing activities		2,252
Cash flows from capital and related activities:		
Capital Grants		307,588
Property and Equipment Purchased		(480,703)
Net cash used by capital and related activities		(173,115)
Net change in cash		43,283
Cash at January 1, 2018		1,861,488
Cash at December 31, 2018	$	1,904,771
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$	(360,451)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		501,427
Changes in:		
Accounts receivable, net		216
Prepaid items		13,045
Inventory		1,368
Deferred outflows of resources		248,100
Accounts payable		(11,388)
Intergovernmental payable		1,456
Accrued liabilities		1,272
Tenant security deposits		(1,338)
Net pension liability		(433,112)
Net OPEB liability		30,205
Deferred inflows of resources		223,202
Unearned revenue		(1,377)
Other liabilities		1,521
Net cash provided by operating activities	$	214,146

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Geauga Metropolitan Housing Authority was created under the Ohio Revised Code Section 3735.27. The Authority contracts with the U. S. 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.

For financial reporting purposes, the reporting entity is defined to include the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading consistent with Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 61). Based on application of the criteria set forth in GASB Statements No. 14 and No. 39, the Authority annually evaluates potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the Authority, and whether exclusion would cause the basic financial statements to be misleading or incomplete.

The primary government consists of all funds, agencies, departments, and offices that are not legally separate from the Authority. The preceding financial statements include all funds and account groups of the Authority (the primary government) and the Authority’s component units. The following organizations are described due to their relationship to the Authority.

Blended Presented Component Units

The Housing Service Inc. (Corporation) is a legally separate, non-profit organization served by a five board of trustees. The members are appointed by Geauga Metropolitan Housing Authority (GMHA) Board of Commissioners; one of the five board members is the Geauga Metropolitan Housing Authority Executive Director. Those GMHA Board of Commissioners Appointee’s terms continue as long as that GMHA Board of Commissioners continue to serve on GMHA board. The Corporation was formed to hold title to several parcels of land and to promote housing related purposes.

Basis of Presentation

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

The Authority's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows and are presented on the accrual basis of accounting.

Fund Accounting

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

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

Proprietary Fund Types

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

> Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Description of Programs

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

A. Public Housing Program
The public housing program is designed to provide low-cost housing within Geauga County. Under this program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. Capital Fund Program
The Capital Fund Program provides funds annually, via a formula, to public housing agencies for capital and management activities, including modernization and development housing.

C. Housing Choice Voucher Program
The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit, or public landlords to subsidize rentals for low-income persons.

Investments

The provisions of the HUD regulations restrict investments. Investments are valued at market value. The Authority's investments consist of deposits held in a high-interest savings account which is reported on the financial statements as part of cash and cash equivalents. Interest income earned in the year ending December 31, 2018 totaled $2,252.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $1,500 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight line method over the following estimated useful lives:

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	3-7 years

Net Position

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred outflows of resources. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions. The Authority did have net position restricted for the HAP reserve of $13,576 at December 31, 2018.

Operating Revenues and Expenses

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

Capital Contributions

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

Cash and ash Equivalents

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

Pensions/Other Postemployment Benefits (OPEB)

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

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 accumulated payments 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 absence accrual amount.

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

In the proprietary fund, the compensated absences are expenses when earned with the amount reported as a fund liability.

Unearned Revenue

The unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied.

Prepaid Items

Payments that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense in the year in which the services are consumed.

Receivables – net of allowance

Bad debts are provided on the allowance method based on management’s evaluation of the collectability of the outstanding tenant receivable and fraud recovery balances at the end of the year. The allowance for doubtful accounts was $3,006 at December 31, 2018.

Accrued Liabilities
All payables and accrued liabilities (consisting of accrued wages and payroll taxes, and the current portion of compensated absences payable) are reported in the basic financial statements.

Inventories
Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was $0 at December 31, 2018.

Budgetary Accounting
The Authority is required by contractual agreements to adopt annual operating budgets for all its HUD funded programs. The budget for its programs are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. The Board of Commissioners adopts the budget through passage of a budget resolution.

Accounting and Reporting for Non-Exchange Transactions
The Authority accounts for non-exchange transactions in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions.* Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

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

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

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

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

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

Net Position - December 31, 2017	$ 5,982,987
Adjustments:	
Net OPEB Liability	(401,995)
Deferred Outflows	5,631
Restated Net Position - December 31, 2017	$ 5,586,623

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

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

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

B. Inactive deposits are public deposits that the Authority has identified as not required for use within the two-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 the depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

At year-end, December 31, 2018, the carrying amount of the Authority's deposits totaled $1,904,771 and its bank balance was $1,911,374. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2018, $1,661,374 was exposed to custodial risk as discussed below, while $250,000 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

NOTE 4: RESTRICTED CASH

The restricted cash balance of $199,488 on the financial statements represents the following:

Tenant Security Deposits in the Low Rent Public Housing Program	$ 65,262
Payment Due to HUD for Overpayment of Utility Expenses	63,851
Advances From HUD for Housing Assistance Payments	13,576
FSS Escrow Liability – Housing Choice Voucher Program	20,268
FSS Escrow Liability – Public Housing Program	36,531
Total Restricted Cash	$199,488

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in capital assets for the year:

	Balance at 1/1/2018	Additions	Transfers/ Disposals	Balance at 12/31/2018
Capital Assets Not Depreciated				
Land	$ 764,575	$ -	$ -	$ 764,575
Construction in Progress	18,033	-	(18,033)	-
-Total Capital Assets Not Depreciated	782,608	-	(18,033)	764,575
Capital Assets Depreciated				
Buildings	23,955,688	409,729	-	24,365,417
Furniture, Machinery and Equipment	1,078,673	89,007	(22,427)	1,145,253
Total Capital Assets Depreciated	25,034,361	498,736	(22,427)	25,510,670
Accumulated Depreciation				
Buildings	(19,524,362)	(460,574)	-	(19,984,936)
Furniture, Machinery and Equipment	(1,096,030)	(40,853)	22,427	(1,114,456)
Total Accumulated Depreciation	(20,620,392)	(501,427)	22,427	(21,099,392)
Total Capital Assets Depreciated, Net	4,413,969	(2,691)	-	4,411,278
Total Capital Assets, Net	$ 5,196,577	$ (2,691)	$ (18,033)	$ 5,175,853

NOTE 6: <u>DEFINED BENEFIT PENSION PLAN</u>

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 accrued liabilities 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 pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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 reference 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 after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service form the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service form the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service form the first 30 years and 2.5% for service years in excess of 35

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $81,822 for the year ended December 31, 2018. Of this amount $9,092 is reported within accrued liabilities.

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

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

	Traditional Plan
Proportionate Share of Net Pension Liability	$668,468
Percentage for Proportionate Share of Net Pension	0.004261%
Change in Proportion from Prior Measurement Date	-0.000590%
Pension Expense	$32,166

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

	Traditional Plan
Deferred Outflows of Resources	
Change in assumption	$79,886
Difference Between Expected and Actual Experience	683
Change in proportionate share	663
Authority contributions subsequent to the measurement date	81,822
Total Deferred Outflows of Resources	$ 163,054

	Traditional Plan
Deferred Inflows of Resources	
Net difference between projected and actual earning on pension plan investments	$143,511
Difference between expected and actual experience	13,173
Change in proportionate share	63,596
Total Deferred Inflows of Resources	$ 220,280

$81,822 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2019	$27,262
2020	(44,143)
2021	(63,195)
2022	(58,972)
Total	($139,048)

Actuarial Assumptions – OPERS

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

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

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

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

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

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

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money- weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

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

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

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

	1% Decrease (6.5%)	Single Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability	$1,187,029	$668,468	$236,145

Changes between Measurement Date and Report Date
In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

NOTE 7 – DEFINED BENEFIT OPEB PLAN

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

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB. GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued liabilities on accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

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

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post- employment health care coverage. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of the Traditional Pension Plan contributions allocated to health care was 0.0 percent for 2018.

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

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

	Health Care Plan
Proportionate Share of Net OPEB Liability	$432,199
Proportion of the Net OPEB Liability	0.003980%
Change in Proportion from Prior Measurement Date	0.000000%
Pension Expense	$36,226

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

	Health Care Plan
Deferred Outflows of Resources	
Assumption Changes	$31,469
Difference between expected and actual experience	337
Total Deferred Outflows of Resources	$31,806

Deferred Inflows of Resources	
Net Difference between projected and actual earning on pension plan investments	$32,196
Total Deferred Inflows of Resources	$32,196

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

	Health Care Plan
Year Ending December 31:	
2019	$7,157
2020	7,157
2021	(6,655)
2022	(8,049)
Total	($390)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The total OPEB liability was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Single Discount Rate	3.85 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

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

Discount Rate – A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.85 percent) or one percentage point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	**Single Discount Rate (3.85%)**	**1% Increase (4.85%)**
Authority's proportionate share of the net OPEB liability	$574,195	$432,199	$317,325

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate – Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the Authority's proportionate share of the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not- too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1%Decrease (6.50%)	Current Trend Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net OPEB liability	$413,522	$432,199	$451,491

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is not known.

NOTE 8: COMPENSATED ABSENCES

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

Description	Balance 12/31/2017	Earned	Used	Balance 12/31/2018	Due Within One Year
Compensated Absences	$ 114,532	$ 62,801	$(60,360)	$ 116,973	$ 23,395

The portion due within one year is reported as part of accrued liabilities on the basic financial statements.

NOTE 9: LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities:

Description	Restated Balance 12/31/17	Additions	Deletions	Balance 12/31/18	Due Within One Year
Net Pension Liability	$1,101,580	$ -	($433,112)	$668,468	$ -
Net OPEB Liability	401,994	30,205	-	432,199	-
Payable to HUD for overpayment of Utilities	63,851	-	-	63,851	-
FSS Escrow Balance - PH	32,030	26,157	(21,656)	36,531	-
FSS Escrow Balance - HCV	25,200	17,993	(22,925)	20,268	-
Total	$1,624,655	$74,355	($477,693)	$1,221,317	$ -

The FSS Escrow Liability of $56,799 represents money held for residents participating in the family self-sufficiency program. Each month contributions are deposited into a designated savings account on behalf of the program participants.

Participants enter into an initial five year contract (with an option for a two year extension upon Authority's approval). At the end of the contract, the participant either meets their program goals and may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs in the program, the money earned is used by the Authority to provide additional housing assistance.

See Note 6 and Note 7 for information on the Authority's net pension and net OPEB liabilities.

NOTE 10: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During fiscal year ending December 31, 2018, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 11: CONTINGENCIES

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

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

GEAUGA METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST FIVE YEARS

	2018	**2017**	**2016**	**2015**	**2014**
Authority's Proportion of the Net Pension Liability - Traditional Plan	0.004261%	0.004851%	0.004892%	0.004784%	0.004784%
Authority's Proportionate Share of the Net Pension Liability - Traditional Plan	$668,468	$1,101,580	$847,357	$577,004	$563,971
Authority's Covered-Employee Payroll	$584,440	$563,056	$627,490	$609,160	$606,508
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	114.38%	195.64%	135.04%	94.72%	92.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Traditional Plan	84.66%	77.25%	81.08%	86.45%	86.36%

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

GEAUGA METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST TWO YEARS

	2018	**2017**
Authority's Proportion of the Net OPEB Liability	0.003980%	0.003980%
Authority's Proportionate Share of the Net OPEB Liability	$432,199	$401,994
Authority's Covered Payroll	$584,440	$563,056
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	73.95%	71.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	68.52%

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

GEAUGA METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
LAST TEN YEARS

	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Contractually Required Contribution										
Pension	$81,822	$73,197	$75,304	$73,099	$70,386	$78,846	$60,808	$60,311	$54,418	$47,939
OPEB	$0	$5,631	$12,545	$12,183	$11,731	$6,065	$24,323	$24,125	$30,991	$31,020
Contributions in Relation to the										
Contractually Required Contribution	$81,822	$78,828	$87,849	$85,282	$82,117	$84,911	$85,131	$84,436	$85,409	$78,959
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Authority's Covered-Employee Payroll	$584,440	$563,056	$627,490	$609,160	$606,508	$608,080	$603,110	$604,644	$590,382	$568,714
Contributions as a Percentage of										
Covered-Employee Payroll										
Pension	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%	8.50%
OPEB	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%	4.00%	4.00%	5.00%	5.50%

Ohio Public Employees' Retirement System

Net Pension Liability

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

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

Net OPEB Liability

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

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

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

Federal Grantor / Pass Through Grantor Program Title	**Pass-Through Number**	**CFDA Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development			
Direct Funding:			
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	$ 994,620
Total Housing Voucher Cluster			994,620
Public and Indian Housing - Low Rent Public Housing	N/A	14.850	546,660
Public Housing Capital Fund	N/A	14.872	357,391
Family Self-Sufficiency Program	N/A	14.896	63,473
Total Federal Award Expenditures			$ 1,962,144

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Geauga Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Auhtority, 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.

GEAUGA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	Subtotal	ELIM	Total
111 Cash - Unrestricted	$1,572,440	$0	$127,400	$5,443	$1,705,283	$0	$1,705,283
112 Cash - Restricted - Modernization and Development	$0	$0	$0	$0	$0	$0	$0
113 Cash - Other Restricted	$0	$0	$33,844	$0	$33,844	$0	$33,844
114 Cash - Tenant Security Deposits	$65,262	$0	$0	$0	$65,262	$0	$65,262
115 Cash - Restricted for Payment of Current Liabilities	$100,382	$0	$0	$0	$100,382	$0	$100,382
100 Total Cash	$1,738,084	$0	$161,244	$5,443	$1,904,771	$0	$1,904,771
121 Accounts Receivable - PHA Projects	$0	$0	$0	$0	$0	$0	$0
122 Accounts Receivable - HUD Other Projects	$0	$0	$0	$0	$0	$0	$0
124 Accounts Receivable - Other Government	$0	$0	$0	$0	$0	$0	$0
125 Accounts Receivable - Miscellaneous	$431	$0	$0	$0	$431	$0	$431
126 Accounts Receivable - Tenants	$5,475	$0	$0	$0	$5,475	$0	$5,475
126.1 Allowance for Doubtful Accounts -Tenants	-$3,006	$0	$0	$0	-$3,006	$0	-$3,006
126.2 Allowance for Doubtful Accounts - Other	$0	$0	$0	$0	$0	$0	$0
127 Notes, Loans, & Mortgages Receivable - Current	$3,813	$0	$0	$0	$3,813	$0	$3,813
128 Fraud Recovery	$0	$0	$0	$0	$0	$0	$0
128.1 Allowance for Doubtful Accounts - Fraud	$0	$0	$0	$0	$0	$0	$0
129 Accrued Interest Receivable	$0	$0	$0	$0	$0	$0	$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	$6,713	$0	$0	$0	$6,713	$0	$6,713
131 Investments - Unrestricted	$0	$0	$0	$0	$0	$0	$0
132 Investments - Restricted	$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	$33,761	$0	$0	$0	$33,761	$0	$33,761
143 Inventories	$7,007	$0	$0	$0	$7,007	$0	$7,007

GEAUGA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories	$0	$0	$0	$0	$0	$0	$0
144 Inter Program Due From	$0	$0	$0	$0	$0	$0	$0
145 Assets Held for Sale	$0	$0	$0	$0	$0	$0	$0
150 Total Current Assets	$1,785,565	$0	$161,244	$5,443	$1,952,252	$0	$1,952,252
161 Land	$727,075	$0	$0	$37,500	$764,575	$0	$764,575
162 Buildings	$24,365,417	$0	$0	$0	$24,365,417	$0	$24,365,417
163 Furniture, Equipment & Machinery - Dwellings	$524,779	$0	$0	$0	$524,779	$0	$524,779
164 Furniture, Equipment & Machinery - Administration	$639,426	$0	$3,475	$0	$642,901	$0	$642,901
165 Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0
166 Accumulated Depreciation	-$21,118,344	$0	-$3,475	$0	-$21,121,819	$0	-$21,121,819
167 Construction in Progress	$0	$0	$0	$0	$0	$0	$0
168 Infrastructure	$0	$0	$0	$0	$0	$0	$0
160 Total Capital Assets, Net of Accumulated Depreciation	$5,138,353	$0	$0	$37,500	$5,175,853	$0	$5,175,853
171 Notes, Loans and Mortgages Receivable - Non-Current	$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 Other Assets	$0	$0	$0	$0	$0	$0	$0
176 Investments in Joint Ventures	$0	$0	$0	$0	$0	$0	$0
180 Total Non-Current Assets	$5,138,353	$0	$0	$37,500	$5,175,853	$0	$5,175,853
200 Deferred Outflow of Resources	$176,545	$0	$18,315	$0	$194,860	$0	$194,860
290 Total Assets and Deferred Outflow of Resources	$7,100,463	$0	$179,559	$42,943	$7,322,965	$0	$7,322,965

GEAUGA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	Subtotal	ELIM	Total
311 Bank Overdraft	$0	$0	$0	$0	$0	$0	$0
312 Accounts Payable <= 90 Days	$30,388	$0	$350	$431	$31,169	$0	$31,169
313 Accounts Payable >90 Days Past Due	$0	$0	$0	$0	$0	$0	$0
321 Accrued Wage/Payroll Taxes Payable	$36,300	$0	$2,707	$0	$39,007	$0	$39,007
322 Accrued Compensated Absences - Current Portion	$22,017	$0	$1,378	$0	$23,395	$0	$23,395
324 Accrued Contingency Liability	$0	$0	$0	$0	$0	$0	$0
325 Accrued Interest Payable	$0	$0	$0	$0	$0	$0	$0
331 Accounts Payable - HUD PHA Programs	$0	$0	$0	$0	$0	$0	$0
332 Account Payable - PHA Projects	$0	$0	$0	$0	$0	$0	$0
333 Accounts Payable - Other Government	$51,380	$0	$0	$0	$51,380	$0	$51,380
341 Tenant Security Deposits	$65,262	$0	$0	$0	$65,262	$0	$65,262
342 Unearned Revenue	$9,369	$0	$0	$0	$9,369	$0	$9,369
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$0	$0	$0	$0	$0	$0	$0
344 Current Portion of Long-term Debt - Operating Borrowings	$0	$0	$0	$0	$0	$0	$0
345 Other Current Liabilities	$0	$0	$0	$0	$0	$0	$0
346 Accrued Liabilities - Other	$0	$0	$0	$0	$0	$0	$0
347 Inter Program - Due To	$0	$0	$0	$0	$0	$0	$0
348 Loan Liability - Current	$0	$0	$0	$0	$0	$0	$0
310 Total Current Liabilities	$214,716	$0	$4,435	$431	$219,582	$0	$219,582
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$0	$0	$0	$0	$0	$0	$0
352 Long-term Debt, Net of Current - Operating Borrowings	$0	$0	$0	$0	$0	$0	$0
353 Non-current Liabilities - Other	$100,382	$0	$20,268	$0	$120,650	$0	$120,650

GEAUGA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	Subtotal	ELIM	Total
354 Accrued Compensated Absences - Non Current	$88,066	$0	$5,512	$0	$93,578	$0	$93,578
355 Loan Liability - Non Current	$0	$0	$0	$0	$0	$0	$0
356 FASB 5 Liabilities	$0	$0	$0	$0	$0	$0	$0
357 Accrued Pension and OPEB Liabilities	$979,886	$0	$120,781	$0	$1,100,667	$0	$1,100,667
350 Total Non-Current Liabilities	$1,168,334	$0	$146,561	$0	$1,314,895	$0	$1,314,895
300 Total Liabilities	$1,383,050	$0	$150,996	$431	$1,534,477	$0	$1,534,477
400 Deferred Inflow of Resources	$222,566	$0	$29,910	$0	$252,476	$0	$252,476
508.4 Net Investment in Capital Assets	$5,138,353	$0	$0	$37,500	$5,175,853	$0	$5,175,853
511.4 Restricted Net Position	$0	$0	$13,576	$0	$13,576	$0	$13,576
512.4 Unrestricted Net Position	$356,494	$0	-$14,923	$5,012	$346,583	$0	$346,583
513 Total Equity - Net Assets / Position	$5,494,847	$0	-$1,347	$42,512	$5,536,012	$0	$5,536,012
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$7,100,463	$0	$179,559	$42,943	$7,322,965	$0	$7,322,965
70300 Net Tenant Rental Revenue	$769,166	$0	$0	$0	$769,166	$0	$769,166
70400 Tenant Revenue - Other	$15,405	$0	$0	$0	$15,405	$0	$15,405
70500 Total Tenant Revenue	$784,571	$0	$0	$0	$784,571	$0	$784,571
70600 HUD PHA Operating Grants	$596,463	$63,473	$994,620	$0	$1,654,556	$0	$1,654,556
70610 Capital Grants	$307,588	$0	$0	$0	$307,588	$0	$307,588
70710 Management Fee	$0	$0	$0	$0	$0	$0	$0
70720 Asset Management Fee	$0	$0	$0	$0	$0	$0	$0

GEAUGA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	Subtotal	ELIM	Total
70730 Book Keeping Fee	$0	$0	$0	$0	$0	$0	$0
70740 Front Line Service Fee	$0	$0	$0	$0	$0	$0	$0
70750 Other Fees	$0	$0	$0	$0	$0	$0	$0
70700 Total Fee Revenue	$0	$0	$0	$0	$0	$0	$0
70800 Other Government Grants	$0	$0	$0	$0	$0	$0	$0
71100 Investment Income - Unrestricted	$2,252	$0	$0	$0	$2,252	$0	$2,252
71200 Mortgage Interest Income	$0	$0	$0	$0	$0	$0	$0
71300 Proceeds from Disposition of Assets Held for Sale	$0	$0	$0	$0	$0	$0	$0
71310 Cost of Sale of Assets	$0	$0	$0	$0	$0	$0	$0
71400 Fraud Recovery	$4,124	$0	$2,684	$0	$6,808	$0	$6,808
71500 Other Revenue	$69,412	$0	$241	$0	$69,653	$0	$69,653
71600 Gain or Loss on Sale of Capital Assets	$0	$0	$0	$0	$0	$0	$0
72000 Investment Income - Restricted	$0	$0	$0	$0	$0	$0	$0
70000 Total Revenue	$1,764,410	$63,473	$997,545	$0	$2,825,428	$0	$2,825,428
91100 Administrative Salaries	$219,735	$0	$50,523	$0	$270,258	$0	$270,258
91200 Auditing Fees	$8,430	$0	$937	$0	$9,367	$0	$9,367
91300 Management Fee	$0	$0	$0	$0	$0	$0	$0
91310 Book-keeping Fee	$0	$0	$0	$0	$0	$0	$0
91400 Advertising and Marketing	$0	$0	$0	$0	$0	$0	$0
91500 Employee Benefit contributions - Administrative	$133,494	$0	$35,849	$0	$169,343	$0	$169,343
91600 Office Expenses	$15,527	$0	$0	$0	$15,527	$0	$15,527
91700 Legal Expense	$8,832	$0	$0	$0	$8,832	$0	$8,832
91800 Travel	$0	$0	$0	$0	$0	$0	$0

GEAUGA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	Subtotal	ELIM	Total
91810 Allocated Overhead	$0	$0	$0	$0	$0	$0	$0
91900 Other	$68,343	$0	$11,444	$50	$79,837	$0	$79,837
91000 Total Operating - Administrative	$454,361	$0	$98,753	$50	$553,164	$0	$553,164
92000 Asset Management Fee	$0	$0	$0	$0	$0	$0	$0
92100 Tenant Services - Salaries	$7,282	$36,123	$0	$0	$43,405	$0	$43,405
92200 Relocation Costs	$0	$0	$0	$0	$0	$0	$0
92300 Employee Benefit Contributions - Tenant Services	$0	$27,350	$0	$0	$27,350	$0	$27,350
92400 Tenant Services - Other	$1,721	$0	$0	$0	$1,721	$0	$1,721
92500 Total Tenant Services	$9,003	$63,473	$0	$0	$72,476	$0	$72,476
93100 Water	$52,618	$0	$0	$0	$52,618	$0	$52,618
93200 Electricity	$67,826	$0	$0	$0	$67,826	$0	$67,826
93300 Gas	$35,962	$0	$0	$0	$35,962	$0	$35,962
93400 Fuel	$0	$0	$0	$0	$0	$0	$0
93500 Labor	$0	$0	$0	$0	$0	$0	$0
93600 Sewer	$98,848	$0	$0	$0	$98,848	$0	$98,848
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	$255,254	$0	$0	$0	$255,254	$0	$255,254
94100 Ordinary Maintenance and Operations - Labor	$195,157	$0	$0	$0	$195,157	$0	$195,157
94200 Ordinary Maintenance and Operations - Materials and Other	$77,097	$0	$0	$0	$77,097	$0	$77,097
94300 Ordinary Maintenance and Operations Contracts	$91,022	$0	$0	$431	$91,453	$0	$91,453
94500 Employee Benefit Contributions - Ordinary Maintenance	$101,824	$0	$0	$0	$101,824	$0	$101,824

GEAUGA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	Subtotal	ELIM	Total
94000 Total Maintenance	$465,100	$0	$0	$431	$465,531	$0	$465,531
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	$0	$0	$0	$0	$0	$0	$0
95500 Employee Benefit Contributions - Protective Services	$0	$0	$0	$0	$0	$0	$0
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance	$40,667	$0	$0	$0	$40,667	$0	$40,667
96120 Liability Insurance	$0	$0	$0	$942	$942	$0	$942
96130 Workmen's Compensation	$1,092	$0	$0	$0	$1,092	$0	$1,092
96140 All Other Insurance	$0	$0	$0	$0	$0	$0	$0
96100 Total insurance Premiums	$41,759	$0	$0	$942	$42,701	$0	$42,701
96200 Other General Expenses	$0	$0	$0	$0	$0	$0	$0
96210 Compensated Absences	$55,910	$0	$6,891	$0	$62,801	$0	$62,801
96300 Payments in Lieu of Taxes	$51,381	$0	$0	$0	$51,381	$0	$51,381
96400 Bad debt - Tenant Rents	$5,810	$0	$0	$0	$5,810	$0	$5,810
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	$113,101	$0	$6,891	$0	$119,992	$0	$119,992
96710 Interest of Mortgage (or Bonds) Payable	$0	$0	$0	$0	$0	$0	$0
96720 Interest on Notes Payable (Short and Long Term)	$0	$0	$0	$0	$0	$0	$0

GEAUGA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	Subtotal	ELIM	Total
96730 Amortization of Bond Issue Costs	$0	$0	$0	$0	$0	$0	$0
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$0	$0	$0
96900 Total Operating Expenses	$1,338,578	$63,473	$105,644	$1,423	$1,509,118	$0	$1,509,118
97000 Excess of Operating Revenue over Operating Expenses	$425,832	$0	$891,901	-$1,423	$1,316,310	$0	$1,316,310
97100 Extraordinary Maintenance	$0	$0	$0	$0	$0	$0	$0
97200 Casualty Losses - Non-capitalized	$0	$0	$0	$0	$0	$0	$0
97300 Housing Assistance Payments	$0	$0	$865,494	$0	$865,494	$0	$865,494
97350 HAP Portability-In	$0	$0	$0	$0	$0	$0	$0
97400 Depreciation Expense	$501,427	$0	$0	$0	$501,427	$0	$501,427
97500 Fraud Losses	$0	$0	$0	$0	$0	$0	$0
97600 Capital Outlays - Governmental Funds	$0	$0	$0	$0	$0	$0	$0
97700 Debt Principal Payment - Governmental Funds	$0	$0	$0	$0	$0	$0	$0
97800 Dwelling Units Rent Expense	$0	$0	$0	$0	$0	$0	$0
90000 Total Expenses	$1,840,005	$63,473	$971,138	$1,423	$2,876,039	$0	$2,876,039
10010 Operating Transfer In	$23,864	$0	$0	$0	$23,864	-$23,864	$0
10020 Operating transfer Out	-$23,864	$0	$0	$0	-$23,864	$23,864	$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
10050 Proceeds from Notes, Loans and Bonds	$0	$0	$0	$0	$0	$0	$0
10060 Proceeds from Property Sales	$0	$0	$0	$0	$0	$0	$0
10070 Extraordinary Items, Net Gain/Loss	$0	$0	$0	$0	$0	$0	$0

GEAUGA METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
FOR THE YEAR ENDED DECEMBER 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	Subtotal	ELIM	Total
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 Program and Project - In	$0	$0	$0	$0	$0	$0	$0
10094 Transfers between Project and Program - Out	$0	$0	$0	$0	$0	$0	$0
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$75,595	$0	$26,407	-$1,423	-$50,611	$0	-$50,611
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$5,919,589	$0	$19,463	$43,935	$5,982,987	$0	$5,982,987
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$349,147	$0	-$47,217	$0	-$396,364	$0	-$396,364
11050 Changes in Compensated Absence Balance	$0	$0	$0	$0	$0	$0	$0
11060 Changes in Contingent Liability Balance	$0	$0	$0	$0	$0	$0	$0
11070 Changes in Unrecognized Pension Transition Liability	$0	$0	$0	$0	$0	$0	$0
11080 Changes in Special Term/Severance Benefits Liability	$0	$0	$0	$0	$0	$0	$0
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	$0	$0	$0	$0	$0	$0	$0
11170 Administrative Fee Equity	$0	$0	-$14,923	$0	-$14,923	$0	-$14,923
11180 Housing Assistance Payments Equity	$0	$0	$13,576	$0	$13,576	$0	$13,576
11190 Unit Months Available	2,916	0	2,052	0	4,968	0	4,968
11210 Number of Unit Months Leased	2,895	0	2,035	0	4,930	0	4,930

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Geauga Metropolitan Housing Authority
Geauga County
385 Center Street
Chardon, Ohio 44024

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Geauga Metropolitan Housing Authority, Geauga County, (the Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 31, 2019, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
May 31, 2019

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

Geauga Metropolitan Housing Authority
Geauga County
385 Center Street
Chardon, Ohio 44024

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

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

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

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

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Opinion on the Major Federal Program

In our opinion, the Geauga Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
May 31, 2019

GEAUGA METROPOLITAN HOUSING AUTHROITY
GEAUGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material 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):**	Housing Voucher Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

GEAUGA METROPOLITAN HOUSING AUTHORITY

GEAUGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 2, 2019