BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY, OHIO

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

For the Year Ended March 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Trustees
Belmont Metropolitan Housing Authority
P. O. Box 398
Martins Ferry, Ohio 43935-1457

We have reviewed the *Independent Auditor's Report* of the Belmont Metropolitan Housing Authority, Belmont County, prepared by JC & Company, for the audit period April 1, 2018 through March 31, 2019. 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 Belmont Metropolitan Housing Authority is responsible for compliance with these laws and regulations

Keith Faber
Auditor of State
Columbus, Ohio

October 21, 2019

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BELMONT METROPOLITAN HOUSING AUTHORITY
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JC & Company
JUST ASK

Jeanette R. Addington, MBA, CPA, CGFM ▪ Brian D. Long, CPA, PFS, CFF ▪ Keith A. Lewis, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Belmont Metropolitan Housing Authority
Martins Ferry, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Belmont Metropolitan Housing Authority, as of and for the year ended March 31, 2019, and the related notes to the financial statements, which comprise Belmont Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Belmont Metropolitan Housing Authority, as of March 31, 2019, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1 to the financial statements, during fiscal year 2019, 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 that the management's discussion and analysis and schedules of net pension and other postemployment benefits and liabilities and pension and other postemployment contributions listed in the table of contents, to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Belmont Metropolitan Housing Authority's basic financial statements. The financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is represented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial data schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2019, on our consideration of the Belmont Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Belmont Metropolitan Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Belmont Metropolitan Housing Authority's internal control over financial reporting and compliance.

JC + Company

JC & Company
Lancaster, Ohio
September 23, 2019

Unaudited

It is a privilege to present for you the financial condition of Belmont Metropolitan Housing Authority, as described in this "Management's Discussion and Analysis" (MD&A). The Belmont Metropolitan Housing Authority's ("the Authority") MD&A is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify other issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The Authority's Net Position, defined as Assets and Deferred Outflows, net of Liabilities and Deferred Inflows, was $15.3 million and $16.0 million for 2019 and 2018, respectively.
- The Authority-wide financial statements reflect a $0.7 million decrease in total Net Position. This decrease in Net Position was primarily caused by a prior period adjustment to record liabilities related to post-retirement health insurance, also known as Other Postemployment Benefits, or OPEB. New standards from the Governmental Accounting Standards Board (GASB) require state and local government agencies to reflect OPEB as a liability on the Balance Sheet.
- Total Revenue, Authority-wide, increased by $0.3 million (5%) during fiscal 2019, and was $6.3 million and $6.0 million for fiscal 2019 and 2018, respectively.
- Total Expenses, Authority-wide, remained consistent during fiscal 2019, and were $6.2 million and $6.2 million for fiscal 2019 and 2018, respectively.

USING THIS ANNUAL REPORT

The following chart outlines the format of this report:

MD&A ~ Management Discussion and Analysis ~
Basic Financial Statements ~ Authority-wide Financial Statements ~ ~ Fund Financial Statements ~ ~ Notes to Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (other than MD&A) ~

Authority-Wide Financial Statements

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

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

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

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

Restricted 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 Net Position Invested in Capital Assets, or Restricted Net Position.

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

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

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

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists exclusively of 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.

The Department of Housing and Urban Development requires the funds be maintained by the Authority.

Business Type Funds:

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

Capital Fund Programs (CFP) - This is the current primary funding source for the Authority's physical (i.e. capital) and management improvements to the Authority's properties. Funds are provided by formula allocation and based on size and age of the units.

Central Office Cost Center (COCC) – The Authority owns and operates more than 250 dwelling rental units and established a COCC to account for non-project specific costs. These costs are funded from management fees, asset management fees and bookkeeping fees.

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

AUTHORITY-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position for this fiscal year compared to the prior fiscal year. The Authority is engaged only in Business-Type Activities.

TABLE 1
STATEMENT OF NET POSITION

	Fiscal 2019 (in millions of dollars)	Fiscal 2018 (in millions of dollars)
Current and Other Assets	$ 7.9	$ 7.0
Capital Assets	10.3	10.8
Total Assets	18.2	17.8
Deferred Outflows of Resources	0.6	0.3
Total Assets and Deferred Outflows of Resources	18.8	18.1
Current Liabilities	0.4	0.4
Long-Term Liabilities	2.5	1.3
Total Liabilities	2.9	1.7
Deferred Inflows of Resources	0.6	0.4
Total Liabilities and Deferred Inflows of Resources	3.5	2.1
Net Position:		
Invested in Capital Assets	10.3	10.8
Restricted	-	-
Unrestricted	5.0	5.2
Total Net Position	$ 15.3	$ 16.0

For more detailed information see the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current assets increased by $0.9 million. This reflects the positive net operating results, when noncash expenses are excluded, of the Authority during fiscal year 2019.

Capital assets decreased by $0.5 million, being $10.3 million at the end of fiscal year 2019 and 10.8 million at the end of fiscal year 2018. Additions were about $0.8 million, minus depreciation of about $1.3 million. The additions were primarily in the category of building improvements funded with capital grants provided by HUD.

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Deferred Outflows and Deferred Inflows reflect items related to the Authority's defined benefit pension plan, OPERS, as well as Other Postemployment Benefits, to account for changes in expense that under GASB 68 and GASB 75 should not be recognized in the current period but should be spread out over three to five years.

Long-Term Liabilities increased by $1.2 million due to increases in unfunded Net Pension Liabilities and also recognition of new liabilities for Other Postemployment Benefits.

Net Position decreased by $0.7 million. This decrease in Net Position was primarily caused by a prior period adjustment to record liabilities related to post-retirement health insurance, also known as Other Postemployment Benefits, or OPEB.

TABLE 2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	Fiscal 2019 (in millions of dollars)	Fiscal 2018 (in millions of dollars)
Revenues		
Tenant Revenue - Rents and Other	$ 1.5	$ 1.5
Operating Subsidies and Grants	3.9	3.5
Capital Grants	0.7	0.9
Investment Income/Other Revenue	0.2	0.1
Total Revenue	6.3	6.0
Expenses		
Administrative	0.9	0.9
Utilities	1.3	1.2
Maintenance	1.3	1.4
General and Other	0.2	0.2
Housing Assistance Payments	1.2	1.2
Depreciation	1.3	1.3
Total Expenses	6.2	6.2
Net Increase (Decrease)	$ 0.1	$ (0.2)

<u>Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Position</u>

Tenant revenue in fiscal year 2019 was comparable to 2018. The Authority's occupancy at its properties remained very strong.

Operating Subsidies and Grants increased, reflecting an increase in the level of Operating funding from HUD. Capital Grants decreased by $0.2 million. The Capital Grant is a cost-reimbursement grant and can vary from year to year based on the timing of capital repairs. The Authority incurred a higher level of soft costs in fiscal year 2019.

Expenses were relatively stable in fiscal year 2019, with very slight increases in utilities costs.

The Authority's revenues exceeded expenses by about $50,000.

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year end, the Authority had $10,337,752 invested in a variety of capital assets as reflected in the following schedule.

TABLE 3

CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

	2019	2018
Land and Land Rights	$ 1,446,016	$ 1,446,016
Buildings	43,551,310	43,195,564
Leasehold Improvements	208,408	208,408
Equipment - Administrative	716,392	716,729
Accumulated Depreciation	(35,961,958)	(34,815,258)
Construction in Progress	377,584	44,494
TOTAL	$ 10,337,752	$ 10,795,953

The following reconciliation summarizes the changes in Capital Assets.

TABLE 4
CHANGES IN CAPITAL ASSETS

Beginning Balance, April 1, 2018	$ 10,795,953
Additions	795,147
Current Year Depreciation	(1,253,348)
Ending Balance, March 31, 2019	$ 10,337,752

This year's major additions are:
Business-Type Activities

Capital improvements completed through the Authority's Capital Fund Program Grant on a variety of the Authority's complexes	$ 691,474
Vehicle purchases and other miscellaneous equipment items	103,673
	$ 795,147

Debt Administration

The Authority has no debt other than normal accounts payable, accrued expenses, and accrued compensated absences.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Jody Geese, Executive Director of the Belmont Metropolitan Housing Authority at (740) 633-5085.

Respectfully submitted,

Jody Geese

Jody Geese
Executive Director

BELMONT METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
March 31, 2019

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	5,023,350
Cash and cash equivalents - restricted		193,217
Receivables - net of allowance		44,019
Investments		2,490,426
Inventories - net of allowance		63,378
Prepaid expenses and other assets		95,530
TOTAL CURRENT ASSETS		7,909,920
CAPITAL ASSETS		
Land and construction in progress		1,823,600
Other capital assets - net		8,514,152
TOTAL CAPITAL ASSETS, NET		10,337,752
TOTAL ASSETS		18,247,672
DEFERRED OUTFLOW OF RESOURCES		526,619
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES		18,774,291
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable		32,646
Accrued wages and payroll taxes		10,709
Accrued compensated absences - current		53,951
Accrued liabilities - other		88,343
Intergovernmental payables		20,693
Tenant security deposits		162,295
Unearned revenue		24,906
TOTAL CURRENT LIABILITIES		393,543
NONCURRENT LIABILITIES		
Accrued compensated absences - noncurrent		65,939
Accrued pension and OPEB liabilities		2,415,651
TOTAL NONCURRENT LIABILITIES		2,481,590
TOTAL LIABILITIES		2,875,133
DEFERRED INFLOW OF RESOURCES		579,509
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES		3,454,642
NET POSITION		
Net investment in capital assets		10,337,752
Restricted		30,922
Unrestricted		4,950,975
TOTAL NET POSITION	$	15,319,649

See accompanying notes to the basic financial statements

BELMONT METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
Year Ended March 31, 2019

OPERATING REVENUES			
Tenant revenue		$	1,501,673
HUD operating grants			3,940,146
Other operating revenues			44,190
	TOTAL OPERATING REVENUES		5,486,009
OPERATING EXPENSES			
Administrative			870,820
Tenant services			17,857
Utilities			1,274,159
Maintenance			1,305,429
Protection services			96,492
Insurance			132,972
General expenses			111,051
Housing assistance payments			1,174,016
Depreciation			1,253,348
	TOTAL OPERATING EXPENSES		6,236,144
	OPERATING (LOSS)		(750,135)
NON-OPERATING REVENUE			
Interest income			109,194
HUD capital grants			691,474
	TOTAL NON-OPERATING REVENUE		800,668
	CHANGE IN NET POSITION		50,533
NET POSITION BEGINNING OF YEAR			16,023,429
PRIOR PERIOD ADJUSTMENT TO RECORD OPEB LIABILITIES			(754,313)
	NET POSITION END OF YEAR	$	15,319,649

See accompanying notes to the basic financial statements

BELMONT METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended March 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from tenants	$	1,467,869
Cash received from HUD		3,926,079
Cash received from other revenue		44,154
Cash payments for housing assistance payments		(1,174,016)
Cash payments for other operating expenses		(3,289,584)
Cash payments to HUD and other governments		(31,943)
NET CASH PROVIDED BY OPERATING ACTIVITIES		942,559
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES		
Capital grants received		691,474
Acquisition of capital assets		(795,147)
NET CASH (USED) BY CAPITAL AND FINANCING ACTIVITIES		(103,673)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments		134,833
Investment income		109,194
NET CASH PROVIDED BY INVESTING ACTIVITIES		244,027
CHANGE IN CASH AND CASH EQUIVALENTS		1,082,913
CASH AND CASH EQUIVALENTS, BEGINNING		4,133,654
CASH AND CASH EQUIVALENTS, ENDING	$	5,216,567
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating (loss)	$	(750,135)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation		1,253,348
(Increase) decrease in:		
Receivables - net of allowance		(18,035)
Inventories - net of allowance		(4,673)
Prepaid expenses and other assets		58,493
Deferred outflow of resources		(269,240)
Increase (decrease) in:		
Accounts payable		13,674
Accrued wages and payroll taxes		(17,854)
Accrued compensated absences		(22,178)
Accrued liabilities - other		33,241
Accounts payable - other government		(11,250)
Tenant security deposits		2,248
Unearned revenue		1,987
Accrued pension and OPEB liabilities		495,243
Deferred inflow of resources		177,690
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	942,559

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Belmont 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.

The Authority has implemented GASB 34, noting that the inclusion of Management's Discussion and Analysis, the presentation of net position, and the utilization of the direct method of cash flows are the changes made to the financial statements to comply with the requirement.

The Authority has also implemented GASB 68, requiring State and Local governments to report unfunded pension liabilities related to defined pension plans.

Reporting Entity

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

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

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

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

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

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

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

Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Enterprise fund reporting focuses on the determination of the changes in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Authority are included on the statement of net position. The Statement of Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Enterprise Fund

The Authority uses the enterprise fund to report on its financial position and the results of its operations for the Section 8 and public housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The enterprise fund is defined as a fiscal and accounting entity with a self-balancing set of accounts

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

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

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

Central Office Cost Center (COCC) – The Authority owns and operates more than 250 dwelling rentals and established a COCC to account for non-project specific costs. These costs are funded from management fees, asset management fees and bookkeeping fees.

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 an 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.

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB Statement No. 33 identifies four classes of nonexchange transactions as follows:

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

PHA grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GASB Statement No. 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

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

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

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

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

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

Investments
Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year ended March 31, 2019 totaled $109,194.

Receivables – Net of Allowance
Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts was $673 at March 31, 2019.

Prepaid Expenses
Payments made to vendors for services that will benefit periods beyond March 31, 2019, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Inventory
The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at average cost and uses the first-in, first-out (FIFO) flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used. The allowance for obsolete inventory was $7,043 at March 31, 2019.

Capital Assets
Capital assets are stated at cost and depreciation is computed using the straight-line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life are expensed as incurred. The Authority's capitalization policy is $5,000. The following are the useful lives used for depreciation purposes:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets – Continued

Buildings – residential	40 years
Buildings – non-residential	40 years
Building improvements	15 years
Furniture – dwelling	5 years
Furniture – non-dwelling	5 years
Equipment – dwelling	5 years
Equipment – non-dwelling	5 years
Autos and trucks	5 years
Computer hardware	5 years
Computer software	5 years

Due From/To Other Programs
On the basic financial statements, inter-program receivables and payables listed on the FDS are eliminated.

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

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

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

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

The following is a summary of changes in the compensated absence liability.

	Balance 3/31/2018	Earned	Used	Balance 3/31/2019	Due within one year
Compensated Absences Payable	$ 142,068	$ 58,239	$ (80,417)	$ 119,890	$ 53,951

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

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

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

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debt and housing assistance payments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Grants
This represents grants provided by HUD that the Authority spends on capital assets.

Budgetary Accounting
The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Authority.

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.

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

The following is a summary of changes in the net pension/OPEB liability:

	Balance 3/31/2018	Increases	Decreases	Balance 3/31/2019	Due within one year
Net Pension/OPEB Liability	$ 1,166,095	$ 1,249,556	$ -	$ 2,415,651	$ -

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 6)

Change in Accounting Principle
The objective of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the Authority's financial statements.

The objective of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68,* is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The provisions of this Statement should be applied simultaneously with the provisions of Statement No. 68 and have been implemented by the Authority.

For fiscal year 2019, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The objective of GASB Statement No. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions of this Statement are effective for periods beginning after June 15, 2017 and have been implemented by the Authority.

2. DEPOSITS AND INVESTMENTS

Deposits

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

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

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

3) 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 fiscal year end March 31, 2019, the carrying amount of the Authority's deposits totaled $7,210,548 (including $2,490,246 in non-negotiable CDs, cash held by fiscal agent, and $300 petty cash) and its bank balance was $4,139,632. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of March 31, 2019, $4,470,122 was exposed to custodial risk as discussed below, while $2,740,426 was covered by the Federal Depository 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. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Bank or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's practice to limit its investments to three years or less.

Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement specifically requires compliance with HUD requirements.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued
The Authority's non-negotiable certificates of deposit are classified as investments on the statement of net position, but are considered as deposits for GASB Statement No. 3 purposes.

The carrying amount of the Authority's investments was $3,567,361 at March 31, 2019 with the same corresponding bank balance. The investments are held in U.S. Agency securities and money markets invested in U.S. Treasuries.

Description	Total Fair Value/ Carrying Value	Credit Quality Rating
Money Market Funds	$ 2,490,426	n/a

A reconciliation of cash and investments as shown on the statement of net position at March 31, 2019 to the deposits and investments included in this note is as follows:

Cash and cash equivalents	$ 5,216,567
Investments - unrestricted	2,490,426
Total	$ 7,706,993

Carrying amount of deposits	$ 4,139,632
Carrying amount of investments	3,567,361
Total	$ 7,706,993

3. RISK MANAGEMENT

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

4. CAPITAL ASSETS

The following is a summary of capital assets:

	Balance 3/31/2018	Additions	Disposals/ Corrections	Balance 3/31/2019
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land	$ 1,446,016	$ -	$ -	$ 1,446,016
Construction in Progress	41,855	364,733	(29,004)	377,584
TOTAL CAPITAL ASSETS, NOT BEING DEPRECIATED	$ 1,487,871	$ 364,733	$ (29,004)	$ 1,823,600
CAPITAL ASSETS, BEING DEPRECIATED				
Buildings and Improvements	$ 43,403,972	326,742	29,004	$ 43,759,718
Furniture and equipment	719,369	103,672	(106,649)	716,392
Totals at Historical Costs	44,123,341	430,414	(77,645)	44,476,110
Accumulated depreciation	(34,815,259)	(1,253,348)	106,649	(35,961,958)
TOTAL CAPITAL ASSETS, NET, BEING DEPRECIATED	$ 9,308,082	$ (822,934)	$ 29,004	$ 8,514,152
TOTAL CAPITAL ASSETS	$ 10,795,953	$ (458,201)	$ -	$ 10,337,752
Accumulated Depreciation by Class:				
Building and Improvements				$ 35,419,232
Furniture and Fixtures				542,726
TOTAL ACCUMULATED DEPRECIATION				$ 35,961,958

5. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures,* establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation technologies used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

5. FAIR VALUE MEASUREMENTS - CONTINUED

	2019		
	Fair Value Measurements at Reporting Date Using:		
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Certificates of deposit	$ 2,490,426	$ -	$ -
U.S. Treasury Notes	-	-	-
Total non-cash investments	2,490,426	-	-
Money market - cash & cash equivalents	1,076,935	-	-
Total investments	$ 3,567,361	$ -	$ -

	2018		
	Fair Value Measurements at Reporting Date Using:		
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Certificates of deposit	$ 2,134,354	$ -	$ -
U.S. Treasury Notes	490,905	-	-
Total non-cash investments	2,625,259	-	-
Money market - cash & cash equivalents	867,329	-	-
Total investments	$ 3,492,588	$ -	$ -

6. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

GASB Statement No. 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.

6. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the member directed plan and the combined plan, substantially all employee members are in 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 https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

6. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

	State and Local
Fiscal 2019 Statutory Maximum Contribution Rates:	
Employer	14.0%
Employee	10.0%
Fiscal 2019 Actual Contribution Rates:	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits	0.0%
Total Employer	14.0%
Employee	10.0%

Employee contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required traditional plan contribution was $116,854 for fiscal year ended March 31, 2019.

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

Proportionate Share of the Net Pension Liability	$	1,673,679
Proportion of the Net Pension Liability		0.006111%
Pension Expense	$	370,687

At March 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources		
Changes of proportion	$	64,487
Changes in assumptions		145,698
Net differences between projected and actual investment earnings		227,165
Differences between expected and actual experience		77
Authority contributions subsequent to the measurement date		31,005
Total deferred outflows of resources	$	468,432
Deferred Inflows of Resources		
Differences between expected and actual experience	$	21,976
Change in proportion		405,008
Total deferred inflows of resources	$	426,984

6. DEFINED BENEFIT PENSION PLAN - CONTINUED

$31,005 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 next pension liability in the year ending March 31, 2020. Change in proportionate share is amortized over five years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:		
2019	$	150,968
2020		73,272
2021		21,074
2022		105,650
Total	$	350,964

Actuarial Assumptions - OPERS

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

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

Actuarial Information	Traditional Pension Plan
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	7.20%
Wage Inflations	3.25%
Future Salary Increases	3.25% - 10.75% (includes wage inflation)
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees: 3.00% , simple Post 1/7/2013 Retirees: 3.00% , simple Through 2018, then 2.15% , simple

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

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

6. DEFINED BENEFIT PENSION PLAN - CONTINUED

Actuarial Assumptions – OPERS - Continued

The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected 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 four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investment expense, for the Defined Benefit portfolio is 2.94% percent for 2018.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00%	2.79%
Domestic equities	19.00%	6.21%
Real estate	10.00%	4.90%
Private equity	10.00%	10.81%
International equities	20.00%	7.83%
Other investments	18.00%	5.50%
TOTAL	100.00%	5.95%

Discount Rate - The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit 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 7.2%, 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 (6.2 percent), or one percentage point higher (8.2 percent) than the current rate.

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Authority's proportionate share of the net pension liability	$ 2,839,000	$ 1,673,000	$ 1,010,000

7. POSTEMPLOYMENT BENEFITS

Net OPEB Liability
The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. OPEB are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee service 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 intergovernmental payable on both the accrual and modified-accrual basis of accounting.

Plan Description – Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. OPERS issues a stand-along 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 ruling from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets in 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 postemployment 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 year5s 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

7. POSTEMPLOYMENT BENEFITS - CONTINUED

Net OPEB Liability - Continued

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 postemployment 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 accounts (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 retires 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:

Fiscal 2019 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 postemployment health care coverage. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

7. POSTEMPLOYMENT BENEFITS - CONTINUED

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net Other Postemployment Benefits liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportionate share 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:

Proportionate Share of the Net OPEB Liability	$	741,972
Proportion of the Net OPEB Liability		0.005691%
OPEB Expense	$	68,571

At March 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources		
Changes in assumptions	$	23,921
Net differences between projected and actual investment earnings		34,015
Differences between expected and actual experience		251
Total deferred outflows of resources	$	58,187
Deferred Inflows of Resources		
Differences between expected and actual experience	$	2,014
Change in proportion		150,511
Total deferred inflows of resources	$	152,525

Change in proportionate share is amortized over five years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:		
2019	$	26,594
2020		6,842
2021		5,602
2022		17,136
Total	$	56,174

Actuarial assumptions – OPERS OPEB

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, 2017 and rolled forward to the measurement date of December 31, 2018. 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

7. POSTEMPLOYMENT BENEFITS - CONTINUED

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

Actuarial assumptions – OPERS OPEB - Continued

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	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.71%
Wage Inflation	3.25%
Health Care Cost Trend Rate	10.0% initial, 3.25% ultimate in 2029
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 improvements 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 Disables mortality tables 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 for 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 rat of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60% for 2018.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	34.00%	2.42%
Domestic equities	21.00%	6.21%
Real estate	6.00%	5.98%
International equities	22.00%	7.83%
Other investments	17.00%	5.57%
TOTAL	100.00%	5.16%

7. POSTEMPLOYMENT BENEFITS - CONTINUED

Other Postemployment Benefit (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

Actuarial assumptions – OPERS OPEB – Continued

Discount Rate – A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 6.00% and a municipal bond rate of 3.71%. 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 OPEB plan's fiduciary net position and future contributions were sufficient to finance the health care costs through the year 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, 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 3.96%, 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 (2.96%) or one percentage point higher (4.96%) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$ 949,000	$ 742,000	$ 577,000

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Sensitivity of Net OPEB Liability to Changes in the Health Care Cost Trend 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 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Cost Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 713,000	$ 742,000	$ 775,000

8. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2019, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net position and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by Housing and Urban Development.

9. ECONOMIC DEPENDENCY

Both the Low Rent Public Housing Program and the Voucher Program are economically dependent on annual contributions and grants from HUD.

10. RESTRICTED NET POSITION

For the fiscal year ended March 31, 2019, the Authority had $30,922 in its HAP reserve account for the Section 8 program.

11. CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the Federal government. Grantors may require refunding any disallowe4d cost or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recapture amounts would not have a material adverse effect on the overall financial position at March 31, 2019.

12. SUBSEQUENT EVENTS

There were no subsequent events through September 23, 2019, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

BELMONT METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS (1)

	2018	2017	2016	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.006111%	0.007433%	0.008003%	0.007324%	0.007738%	0.007738%
Authority's Proportionate Share of the Net Pension Liability	$1,673,679	$1,166,094	$1,817,346	$1,268,543	$933,235	$912,156
Authority's Covered Employee Payroll	$834,671	$951,212	$1,024,673	$932,525	$948,217	$953,917
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	200.52%	122.59%	177.36%	136.03%	98.42%	95.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2013 is not available

The plan measurement date is the prior calendar year end

See notes to the required supplementary information

BELMONT METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS (1)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contributions	$ 115,556	$ 127,611	$ 124,410	$ 109,380	$ 113,835	$ 114,587	$ 112,024	$ 115,917	$ 123,576	$ 125,525
Contributions in Relation to the Contractually Required Contribution	$ (115,556)	$ (127,611)	$ (124,410)	$ (109,380)	$ (113,835)	$ (114,587)	$ (112,024)	$ (115,917)	$ (123,576)	$ (125,525)
Contribution Deficiency / (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ -
Authority's Covered Employee Payroll	$ 825,400	$ 981,621	$ 1,034,500	$ 911,500	$ 948,629	$ 954,893	$ 933,536	$ 965,971	$ 1,029,800	$ 1,046,043
Contributions as a Percentage of Covered Employee Payroll	14.00%	13.00%	12.03%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

(1) Data reflects the OPERS fiscal year, which is the calendar year.

BELMONT METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS (1)

	2018	2017
Authority's Proportion of the OPEB Liability	0.005691%	0.006940%
Authority's Proportionate Share of the OPEB Liability	$741,972	$753,633
Authority's Covered Employee Payroll	$825,400	$981,621
Authority's Proportionate Share of the OPEB Liability as a Percentage of its Covered Employee Payroll	89.89%	76.77%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%

(1) Information prior to 2017 is not available

The plan measurement date is the prior calendar year end

See notes to the required supplementary information

BELMONT METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS (1)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contributions	$ -	$ 9,816	$ 20,690	$ 18,230	$ 18,973	$ 19,098	$ 18,671	$ 19,319	$ 20,596	$ 20,921
Contributions in Relation to the Contractually Required Contribution	$ -	$ (9,816)	$ (20,690)	$ (18,230)	$ (18,973)	$ (19,098)	$ (18,671)	$ (19,319)	$ (20,596)	$ (20,921)
Contribution Deficiency / (Excess)	$ -	$ 9,816	$ 20,690	$ 18,230	$ 18,973	$ 19,098	$ 18,671	$ 19,319	$ 20,596	$ 20,921
Authority's Covered Employee Payroll	$ 825,400	$ 981,621	$ 1,034,500	$ 911,500	$ 948,629	$ 954,893	$ 933,536	$ 965,971	$ 1,029,800	$ 1,046,043
Contributions as a Percentage of Covered Employee Payroll	0.00%	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

(1) Data reflects the OPERS fiscal year, which is the calendar year.

Ohio Public Employees' Retirement System

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2018 and 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019 and 2018. See the notes to the basic financial statements for the methods and assumptions in this calculation.

BELMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2019

FDS Line	Description	LIPH	HCV	COCC	Subtotal	Elimination	Total
111	Cash - Unrestricted	$1,590,421	$21,592	$3,411,337	$5,023,350		$5,023,350
113	Cash - Other Restricted	$0	$30,922	$0	$30,922		$30,922
114	Cash - Tenant Security Deposits	$162,295	$0	$0	$162,295		$162,295
100	Total Cash	$1,752,716	$52,514	$3,411,337	$5,216,567	$0	$5,216,567
122	Accounts Receivable - HUD Other Projects	$28,988	$0	$0	$28,988		$28,988
125	Accounts Receivable - Miscellaneous	$0	$36	$5,599	$5,635		$5,635
126	Accounts Receivable - Tenants	$10,069	$0	$0	$10,069		$10,069
126.1	Allowance for Doubtful Accounts -Tenants	-$673	$0	$0	-$673		-$673
120	Total Receivables, Net of Allowances for D	$38,384	$36	$5,599	$44,019	$0	$44,019
131	Investments - Unrestricted	$1,933,616	$0	$556,810	$2,490,426		$2,490,426
142	Prepaid Expenses and Other Assets	$84,426	$0	$11,104	$95,530		$95,530
143	Inventories	$70,421	$0	$0	$70,421		$70,421
143.1	Allowance for Obsolete Inventories	-$7,043	$0	$0	-$7,043		-$7,043
150	Total Current Assets	$3,872,520	$52,550	$3,984,850	$7,909,920	$0	$7,909,920
161	Land	$1,446,016	$0	$0	$1,446,016		$1,446,016
162	Buildings	$43,551,310	$0	$0	$43,551,310		$43,551,310
164	Furniture, Equipment & Machinery - Admin	$601,087	$1,188	$114,117	$716,392		$716,392
165	Leasehold Improvements	$0	$0	$208,408	$208,408		$208,408
166	Accumulated Depreciation	-$35,826,657	-$1,188	-$134,113	-$35,961,958		-$35,961,958
167	Construction in Progress	$377,584	$0	$0	$377,584		$377,584
160	Total Capital Assets, Net of Accumulated I	$10,149,340	$0	$188,412	$10,337,752	$0	$10,337,752
180	Total Non-Current Assets	$10,149,340	$0	$188,412	$10,337,752	$0	$10,337,752
190	Total Assets	$14,021,860	$52,550	$4,173,262	$18,247,672	$0	$18,247,672
200	Deferred Outflow of Resources	$402,435	$27,887	$96,297	$526,619		$526,619
290	Total Assests and Deferred Outflow of Res	$14,424,295	$80,437	$4,269,559	$18,774,291	$0	$18,774,291

BELMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2019

FDS Line	Description	LIPH	HCV	COCC	Subtotal	Elimination	Total
312	Accounts Payable <= 90 Days	$32,133	$0	$513	$32,646		$32,646
313	Accounts Payable >90 Days Past Due	$0	$0	$0	$0		$0
321	Accrued Wage/Payroll Taxes Payable	$8,991	$1,020	$698	$10,709		$10,709
322	Accrued Compensated Absences - Current	$29,291	$2,630	$22,030	$53,951		$53,951
333	Accounts Payable - Other Government	$20,693	$0	$0	$20,693		$20,693
341	Tenant Security Deposits	$162,295	$0	$0	$162,295		$162,295
342	Unearned Revenues	$24,906	$0	$0	$24,906		$24,906
346	Accrued Liabilities - Other	$84,951	$974	$2,418	$88,343		$88,343
310	Total Current Liabilities	$363,260	$4,624	$25,659	$393,543	$0	$393,543
354	Accrued Compensated Absences - Non Cu	$35,800	$3,214	$26,925	$65,939		$65,939
357-010	Pension Liability	$1,861,752	$129,529	$424,370	$2,415,651		$2,415,651
357	Accrued Pension and OPEB Liabilities	$1,861,752	$129,529	$424,370	$2,415,651		$2,415,651
350	Total Non-Current Liabilities	$1,897,552	$132,743	$451,295	$2,481,590	$0	$2,481,590
300	Total Liabilities	$2,260,812	$137,367	$476,954	$2,875,133	$0	$2,875,133
400	Deferred Inflow of Resources	$447,224	$31,353	$100,932	$579,509		$579,509
508.4	Net Investment in Capital Assets	$10,149,340	$0	$188,412	$10,337,752		$10,337,752
511.4	Restricted Net Position	$0	$30,922	$0	$30,922		$30,922
512.4	Unrestricted Net Position	$1,566,919	-$119,205	$3,503,261	$4,950,975		$4,950,975
513	Total Equity - Net Assets / Position	$11,716,259	-$88,283	$3,691,673	$15,319,649		$15,319,649
600	Total Liab., Def. Inflow of Res., and Equity	$12,163,483	-$56,930	$3,792,605	$15,899,158	$0	$15,899,158
600	Total Liabilities and Equity/Net Assets	$14,424,295	$80,437	$4,269,559	$18,774,291	$0	$18,774,291

See independent auditor's report

BELMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED MARCH 31, 2019

FDS Line	Description	LIPH	HCV	COCC	Subtotal	Elimination	Total
70300	Net Tenant Rental Revenue	$1,463,781	$0	$0	$1,463,781		$1,463,781
70400	Tenant Revenue - Other	$37,892	$0	$0	$37,892		$37,892
70500	Total Tenant Revenue	$1,501,673	$0	$0	$1,501,673	$0	$1,501,673
70600	HUD PHA Operating Grants	$2,606,022	$1,334,124	$0	$3,940,146		$3,940,146
70610	Capital Grants	$691,474	$0	$0	$691,474		$691,474
70710	Management Fee	$0	$0	$626,657	$626,657	-$626,657	$0
70720	Asset Management Fee	$0	$0	$85,680	$85,680	-$85,680	$0
70730	Book Keeping Fee	$0	$0	$72,405	$72,405	-$72,405	$0
70700	Total Fee Revenue	$3,297,496	$1,334,124	$784,742	$5,416,362	-$784,742	$4,631,620
71100	Investment Income - Unrestricted	$58,251	$295	$50,648	$109,194		$109,194
71500	Other Revenue	$34,916	$9,109	$165	$44,190		$44,190
70000	Total Revenue	$4,892,336	$1,343,528	$835,555	$7,071,419	-$784,742	$6,286,677
91100	Administrative Salaries	$176,318	$39,662	$135,727	$351,707		$351,707
91200	Auditing Fees	$9,684	$3,351	$9,529	$22,564		$22,564
91300	Management Fee	$608,777	$17,880	$0	$626,657	-$626,657	$0
91310	Book-keeping Fee	$63,465	$8,940	$0	$72,405	-$72,405	$0
91500	Employee Benefit contributions - Administr	$169,931	$47,823	$104,416	$322,170		$322,170
91600	Office Expenses	$23,131	$6,252	$13,505	$42,888		$42,888
91700	Legal Expense	$38,235	$0	$0	$38,235		$38,235
91900	Other	$13,406	$21,322	$58,527	$93,255		$93,255
91000	Total Operating - Administrative	$1,102,947	$145,230	$321,704	$1,569,881	-$699,062	$870,819
92000	Asset Management Fee	$85,680	$0	$0	$85,680	-$85,680	$0
92400	Tenant Services - Other	$17,857	$0	$0	$17,857		$17,857
92500	Total Tenant Services	$103,537	$0	$0	$103,537	-$85,680	$17,857
93100	Water	$435,149	$0	$0	$435,149		$435,149
93200	Electricity	$437,171	$0	$0	$437,171		$437,171
93300	Gas	$68,189	$0	$0	$68,189		$68,189
93500	Labor	$28,500	$0	$0	$28,500		$28,500
93600	Sewer	$305,150	$0	$0	$305,150		$305,150
93000	Total Utilities	$1,274,159	$0	$0	$1,274,159	$0	$1,274,159
94100	Ordinary Maintenance and Operations - Lal	$390,099	$0	$0	$390,099		$390,099
94200	Ordinary Maintenance and Operations - M	$231,020	$0	$0	$231,020		$231,020
94300-040	Elevator Maintenance Contracts	$30,876	$0	$0	$30,876		$30,876
94300-090	Extermination Contracts	$59,170	$0	$0	$59,170		$59,170
94300-100	Janitorial Contracts	$87,299	$0	$0	$87,299		$87,299
94300-120	Miscellaneous Contracts	$120,915	$0	$246	$121,161		$121,161
94300	Ordinary Maintenance and Operations Con	$919,379	$0	$246	$919,625	$0	$919,625
94500	Employee Benefit Contributions - Ordinary	$385,804	$0	$0	$385,804		$385,804
94000	Total Maintenance	$1,305,183	$0	$246	$1,305,429	$0	$1,305,429

BELMONT METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED MARCH 31, 2019

FDS Line	Description	LIPH	HCV	COCC	Subtotal	Elimination	Total
95200	Protective Services - Other Contract Costs	$96,492	$0	$0	$96,492		$96,492
95000	Total Protective Services	$96,492	$0	$0	$96,492	$0	$96,492
96110	Property Insurance	$43,770	$0	$7,492	$51,262		$51,262
96120	Liability Insurance	$43,770	$979	$7,492	$52,241		$52,241
96130	Workmen's Compensation	$10,102	$214	$1,729	$12,045		$12,045
96140	All Other Insurance	$14,590	$337	$2,497	$17,424		$17,424
96100	Total insurance Premiums	$112,232	$1,530	$19,210	$132,972	$0	$132,972
96200	Other General Expenses	$0	$260	$0	$260		$260
96210	Compensated Absences	$42,763	$2,793	$12,683	$58,239		$58,239
96300	Payments in Lieu of Taxes	$20,693	$0	$0	$20,693		$20,693
96400	Bad debt - Tenant Rents	$31,859	$0	$0	$31,859		$31,859
96000	Total Other General Expenses	$95,315	$3,053	$12,683	$111,051	$0	$111,051
96900	Total Operating Expenses	$4,089,865	$149,813	$353,843	$4,593,521	-$784,742	$3,808,779
97000	Excess of Operating Revenue over Operatin	$802,471	$1,193,715	$481,712	$2,477,898	$0	$2,477,898
97300	Housing Assistance Payments	$0	$1,165,519	$0	$1,165,519		$1,165,519
97350	HAP Portability-In	$0	$8,497	$0	$8,497		$8,497
97400	Depreciation Expense	$1,237,310	$0	$16,038	$1,253,348		$1,253,348
90000	Total Expenses	$5,327,175	$1,323,829	$369,881	$7,020,885	-$784,742	$6,236,143
10010	Operating Transfer In	$257,159	$0	$0	$257,159	-$257,159	$0
10020	Operating transfer Out	-$257,159	$0	$0	-$257,159	$257,159	$0
10000	Excess (Deficiency) of Total Revenue Over	-$434,839	$19,699	$465,674	$50,534	$0	$50,534
11030	Beginning Equity	$12,732,447	-$67,551	$3,358,533	$16,023,429		$16,023,429
11040-010	Prior Period Adjustments and Correction of	-$581,349	-$40,431	-$132,533	-$754,313		-$754,313
11040	Prior Period Adjustments, Equity Transfers	-$581,349	-$40,431	-$132,533	-$754,313	$0	-$754,313
11190	Unit Months Available	8,568	3,300	0	11,868		11,868
11210	Number of Unit Months Leased	8,464	2,980	0	11,444		11,444

BELMONT METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended March 31, 2019

	FEDERAL CFDA NUMBER	FUNDS EXPENDED
FROM U.S. DEPARTMENT OF HUD		
DIRECT PROGRAMS		
PHA Owned Housing:		
Public and Indian Housing	14.850	$ 2,314,937
Public Housing Capital Fund	14.872	982,559
Housing Assistance Payments:		
Annual Contribution -		
Section 8 Housing Choice Vouchers	14.871	1,334,124
Total - All Programs		$ 4,631,620

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the Belmont Metropolitan Housing Authority under a program of the federal government for the year ended March 31, 2019. The information in this SEFA 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).

Expenditures reported on the SEFA 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* (Uniform Guidance), wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Organization has elected not to use the 10-percent de minimum indirect cost rate as allowed under the Uniform Guidance.

JC & Company
JUST ASK

Jeanette R. Addington, MBA, CPA, CGFM ▪ Brian D. Long, CPA, PFS, CFF ▪ Keith A. Lewis, CPA

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

Board of Directors
Belmont Metropolitan Housing Authority
Martins Ferry, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Belmont Metropolitan Housing Authority, as of and for the year ended March 31, 2019, and the related notes to the financial statements, which comprise the Belmont Metropolitan Housing Authority's basic financial statements, and have issued our report thereon dated September 23, 2019.

<u>Internal Control Over Financial Reporting</u>

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

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

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

<u>Compliance and Other Matters</u>

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

<u>Purpose of This Report</u>

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

JC & Company

JC & Company
Lancaster, Ohio
September 23, 2019

JC & Company
JUST ASK

Jeanette R. Addington, MBA, CPA, CGFM ▪ Brian D. Long, CPA, PFS, CFF ▪ Keith A. Lewis, CPA

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

Board of Directors
Belmont Metropolitan Housing Authority
Martins Ferry, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Belmont Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Belmont Metropolitan Housing Authority's major federal programs for the year ended March 31, 2019. The Belmont Metropolitan Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the Belmont Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2019.

Report on Internal Control over Compliance

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

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

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

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

JC + Company

JC & Company
Lancaster, Ohio
September 23, 2019

Summary of Auditor's Results and Schedule of Findings
2 CFR § 200.515
March 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of Major Program Compliance Opinion	Unmodified
Are there any reportable findings under § .510(a)?	No
Major Program:	CFDA #14.850 Low Rent Public Housing
Dollar Threshold: Type A/B Programs	Type A: > $750,000 Type B: all others
Low Risk Auditee under 2 CFR §200.520?	Yes

Summary of Auditors' Results and Schedule of Findings
2 CFR § 200.515
March 31, 2019

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended March 31, 2019.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended March 31, 2019.

OHIO AUDITOR OF STATE
KEITH FABER

BELMONT METROPOLITAN HOUSING AUTHORITY

BELMONT 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
NOVEMBER 7, 2019