Columbus Metropolitan Housing Authority

Financial Report
with Supplemental Information
December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2019

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Independent Auditor's Report

To the Board of Commissioners
Columbus Metropolitan Housing Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Columbus Metropolitan Housing Authority (the "Authority") as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise Columbus 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 did not audit the financial statements of Jenkins Terrace, LLC; Worley Terrace, LLC; Elim Manor Elderly Housing, LLC; Franklin Station, LLC; Poindexter Place, LLC; and Sawyer Manor and Trevitt Heights, LLC, which represent 76, 99, and 92 percent of the assets, net position, and revenue, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for Jenkins Terrace, LLC; Worley Terrace, LLC; Elim Manor Elderly Housing, LLC; Franklin Station, LLC; Poindexter Place, LLC; and Sawyer Manor and Trevitt Heights, LLC, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Jenkins Terrace, LLC; Worley Terrace; LLC; Franklin Station, LLC; Poindexter Place, LLC; and Sawyer Manor and Trevitt Heights, LLC were not audited under *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinions

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

To the Board of Commissioners
Columbus Metropolitan Housing Authority

Emphasis of Matter

As described in Note 14 to the basic financial statements, during the year ended Decemeber 31, 2018, the Authority adopted the provisions of Governmental Accounting Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* In accordance with GASB Statement No. 75, the Authority is now recognizing its unfunded other postemployment benefit (OPEB) obligation as a liability on the statement of net position for the first time. Adopting this statement also resulted in changes to the OPEB note disclosures, as well as the required supplemental information schedules. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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 collectively comprise Columbus Metropolitan Housing Authority's basic financial statements. The other supplemental information, as identified in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information 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 other supplemental information 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.

To the Board of Commissioners
Columbus Metropolitan Housing Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2019 on our consideration of Columbus Metropolitan Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Columbus Metropolitan Housing Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

May 28, 2019

As management of Columbus Metropolitan Housing Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2018. This management's discussion and analysis focuses on the operations of the Authority and not its discretely presented component units. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements to obtain a full understanding of financial position. This management's discussion and analysis is presented in accordance with the requirements of Governmental Accounting Standards Board Statement (GASB) Statement No. 34.

Overview of the Financial Statements

The annual financial report consists of four parts:

- Management's discussion and analysis
- Financial statements
- Supplemental financial data schedules
- Schedule of expenditures of federal awards

Columbus Metropolitan Housing Authority, as a subdivision of the State of Ohio, is a special-purpose government agency engaged only in business-type activities. The Authority follows enterprise fund reporting; accordingly, the financial statements are presented under the full accrual basis of accounting. These financial statements are designed to be corporate-like in that all business-type programs are consolidated into one agency-wide total. Separate accounts are maintained for each program to control and manage money for particular purposes. The supplemental information section of the financial statements includes the financial data schedules, which provide net position by program and revenue, expenses, and changes in net position by program.

In accordance with Governmental Accounting Standards Board Statement No. 63 (GASB 63), 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 of the Authority. The statement is presented in the format where assets minus liabilities equal "net position." Assets are presented in order of liquidity and are classified as "current" (convertible to cash within one year), "noncurrent," and "capital assets." Liabilities are classified as "current" (payable within one year) and "noncurrent."

The focus of the statement of net position is designed to represent the net available liquid (noncapital) assets, net of liabilities, for the entire Authority. Net position is reported in three broad categories (as applicable):

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

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

Unrestricted Net Position - Unrestricted net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

The financial statements also include a statement of activities, which is similar to an income statement. This statement includes operating revenue, operating expenses, and nonoperating revenue and expenses. The focus of the statement of activities is the “change in net position,” which is similar to net income or loss.

A statement of cash flows is included, which discloses net cash provided by, or used for, operating activities, investing activities, and capital and related financing activities. This statement also includes a reconciliation of the change in net position to net cash from operations.

The Authority’s significant programs and services that are consolidated into a single enterprise fund are detailed below. For detailed revenue and balance sheet information on these, see “Supplemental Financial Data Schedules” in the back of this report.

PHA Owned Low Rental Housing (LRH) - Under the Public Housing Program, the Authority rents units it owns to low-income households. This program operates under an Annual Contribution Contract with HUD. An operating subsidy is provided by HUD to enable the Authority to provide the housing at a rent that is based upon 30 percent of the tenant’s adjusted gross income. Beginning in 2016, the Agency embarked on a strategy to convert the remaining public housing units to Project Base Voucher (PBV) units under HUD’s Rental Assistance Demonstration (RAD) Program. We anticipate full conversion to be completed in early 2021.

Capital Grant Program - This grant provides funding to improve the physical conditions of our low-rental housing (discussed above) and upgrade management of operations to ensure that the properties continue to be available to service low-income families.

Housing Choice Vouchers (Section 8) - Through Annual Contribution Contracts (ACC) with HUD, the Authority receives funding to subsidize the rent of low-income families in the private market and earns an administrative fee to cover the program’s operating costs. This is our largest program, providing vouchers to almost 13,500 families and individuals. It includes Housing Choice, Mainstream, Shelter Care Plus, and Veterans vouchers.

Assisted Housing Service Corp (AHSC) - The Authority provides performance-based contract administrative (PBCA) services for units receiving project-based Section 8 housing assistance throughout the state of Ohio and Washington, D.C.

Choice Neighborhood Implementation Grant - The Authority was awarded the 2014 Choice Neighborhood Implementation Grant. This $29.7 million dollar grant, along with local contributions, will enable the Authority to revitalize the former Poindexter Village site. Three of the four phases of redevelopment have been completed and the last phase is under way. The entire project is projected to be completed by early 2021.

Other Business Ventures - The Authority has other business ventures that are not dependent upon HUD funding. These programs consist of twenty one programs that provide resources for other business activities. Eighteen of the programs are wholly owned subsidiaries that were established to own land and housing units and participate in limited partnerships and limited liability corporations. Three programs provide a source of funds for other related housing activities.

Other HUD Programs - The Authority also currently receives funding for or has remaining funding from other Section 8 programs that have multiple-year funding but are not considered major programs, such as the ROSS Grant.

Partnerships in Low-income Tax Credit Housing (LIHTC) - The Authority, through one of its Other Business Ventures entity, is a general partner in seven tax credit entities with a total of 975 units as of December 31, 2018: Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, Poindexter Place, LLC, Franklin Station, LLC, Sawyer Manor and Trevitt Heights, LLC and CMHA RAD East, LLC.

Transition to HUD Rental Assistance Demonstration - Based on the efficiencies of the HCV program, the Authority set out on a course to convert the entire public housing program to project-based voucher (PBV) through HUD's Rental Assistance Demonstration program. This transition is anticipated to be completed by early 2021.

Net Postemployment Benefits Other than Pensions Liability

During 2018, the Authority adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB). This pronouncement establishes standards for measuring and recognizing other postemployment benefit liabilities, and related deferred outflows and deferred inflows of resources. Prior period net position was restated by $4,643,075 relating to the implementation of this change in accounting principle. See note 14 to the financial statements for additional information related to the change in accounting principle. The Statement of Net Position below has been restated to reflect these changes.

In accordance with GASB 75, the Authority's statements prepared on an accrual basis of accounting include an OPEB expense for their proportionate share of each plan's change in net OPEB liability not accounted for as deferred inflows/outflows. See note 10 to the financial statements for additional information the OPEB Plan.

Major Programs for 2018 Single Audit

For the current period ended December 31, 2018, the major programs are Performance Based Contract Administrator Program (CFDA 14.327), Housing Choice Vouchers Program (CFDA 14.871) and Public and Indian Housing Program (CFDA 14.850).

Financial Highlights

During the year ended December 31, 2018:

- Total assets increased by $30,204,735, or 14.12 percent. The increase is largely due to an increase in notes receivable on Central Office related to previous and current construction projects, the sale of Ohio Townhomes, Indian Meadows, Glenview and Eastmoor Square (collectively known as CMHA RAD East) through take back financing, and the purchase of Scioto Ridge.

- Total liabilities increased by $14,057,688, or 34.65 percent. The increase is largely due to the mortgage obtained in connection with purchase of Scioto Ridge ($14.9 million).

- Total operating revenue increased by $12,193,581 due primarily to an increase in the number of contracts being administrated by the Authority's wholly owned subsidiary, Assisted Housing Services Corporation (AHSC), and Section 8 Housing Assistance Subsidy.

- Total operating expenses increased by $11,004,536 due primarily to an increase in Section 8 Housing Assistance payments and an overall decrease in administrative expenses due to the LRH units converted under RAD and reported under Discretely Presented Component Units.

Condensed Comparative Financial Statements

The statement of net position for the year ended December 31, 2018, compared to the prior year as restated for the change in accounting principal related to the implementation of GASB 75, is as follows:

	2018	2017
Assets and Deferred Outflows		
Current and other assets	$ 152,023,929	$ 132,657,190
Capital assets - Net of depreciation	92,107,158	81,269,162
Total assets	244,131,087	213,926,352
Deferred outflows of resources	2,307,072	4,218,058
Total Assets and Deferred Outflows	**$ 246,438,159**	**$ 218,144,410**
Liabilities		
Current liabilities	$ 8,889,363	$ 7,379,172
Long-term liabilities	45,742,132	33,194,635
Total liabilities	54,631,495	40,573,807
Deferred Inflows of Resources	2,765,309	1,430,857
Net Position		
Net investment in capital assets	58,770,023	61,389,922
Restricted	18,534,330	21,379,683
Unrestricted	111,737,002	93,370,141
Total net position	189,041,355	176,139,746
Total Liabilities, Deferrred Inflows, and Net Position	**$ 246,438,159**	**$ 218,144,410**

For more detailed information, see the statement of net position.

Statement of Activities

The statement of activities presents the operating results of the Authority. Condensed information from the statement of activities for the year ended December 31, 2018, compared to the prior year, is as follows:

	2018	2017
Operating Revenue		
Revenue - Tenants	$ 7,014,483	$ 6,364,630
Subsidy for Housing Assistance Payments	717,423,517	700,840,029
HUD operating grants	15,136,653	17,809,120
Performance based contract administration fee revenue	19,143,236	19,124,382
Other income	6,277,650	8,663,797
Total operating revenue	764,995,539	752,801,958
Operating Expenses		
Administrative and tenant services	32,746,131	34,363,553
Utilities	1,608,873	1,653,644
Maintenance and operations	4,319,051	4,164,125
Protective services	225,854	427,977
Insurance and general	2,647,767	3,369,080
Housing assistance payments	716,416,884	703,296,898
Interest expense	1,233,863	727,495
Depreciation	5,506,758	5,697,873
Total operating expenses	764,705,181	753,700,645
Operating (Loss) Income	290,358	(898,687)
Nonoperating Revenue (Expenses)		
Gain (loss) on sale of assets	7,492,347	17,914,665
Interest income	1,185,040	553,430
Total nonoperating revenue	8,677,387	18,468,095
Income (Loss)	8,967,745	17,569,408
Contributions:		
Capital grants	3,933,864	7,304,891
Change in Net Position	**$12,901,609**	**$24,874,299**

Note: GASB 75 is not reflected in the 2017 statements of activities above.

Major Factors Affecting the Statement of Activities

Total operating revenue increased by $12,193,581 due primarily to an increase in the number of contracts being administrated by the Authority’s wholly owned subsidiary, Assisted Housing Services Corporation (AHSC), and Section 8 Housing Assistance Subsidy.

Total operating expenses increased by $11,004,536 due primarily to an increase in Section 8 Housing Assistance payments and an overall decrease in administrative expenses due to the LRH units converted under RAD and reported under Discretely Presented Component Units.

Gain (loss) on sale of assets consist of primarily the sale of Ohio Townhomes, Indian Meadows, Glenview and Eastmoor Square (collectively known as CMHA RAD East) through take back financing.

Capital Assets

As of December 31, 2018, the Authority had $92.1 million in capital assets as reflected in the schedule below:

	2018	2017	Change In Capital Assets
Land	$ 11,189,161	$ 9,700,015	$ 1,489,146
Construction in progress	2,458,340	2,328,478	129,862
Total nondepreciable capital assets	13,647,501	12,028,493	1,619,008
Buildings	154,691,907	160,036,588	(5,344,681)
Furniture and fixtures	6,695,188	6,039,436	655,752
Total depreciable assets	161,387,095	166,076,024	(4,688,929)
Accumulated depreciation	(82,927,438)	(96,835,355)	13,907,917
Net capital assets being depreciated	78,459,657	69,240,669	9,218,988
Total capital assets	**$ 92,107,158**	**$ 81,269,162**	**$ 10,837,996**

Debt

As of December 31, 2018, the Authority had outstanding debt obligations totaling $33,337,135, an increase of $13.5 million or 68 percent. The increase is largely due to the mortgage obtained in connection with purchase of Scioto Ridge ($14.9 million). See Note 8 to the financial statements for additional information.

Economic Factors

Significant economic factors affecting the Authority in 2018 are as follows:

- Federal funding is at the discretion of the U.S. Department of HUD and was insufficient to cover operating costs and capital improvements for low-rent housing units in 2018. Funding levels are expected to decrease further in 2019.

- Conversely, the low-interest-rate environment provides opportunities for pursuing the Authority's strategy of acquisition and mixed-income community development.

Statement of Net Position

December 31, 2018

	Primary Government (CMHA)	Discretely Presented Component Units
Assets		
Current assets:		
Cash and cash equivalents - Unrestricted (Note 3)	$ 18,468,542	$ 3,816,351
Receivables:		
HUD receivables	4,664,815	-
Other receivables	2,827,225	-
Tenant receivables	66,982	138,885
Other government receivables	1,190,837	-
Due from discretely presented component units	1,353,509	-
Accrued interest receivable	959,010	-
Tenant security deposits - Restricted (Note 3)	373,278	297,327
Prepaid expenses and other current assets	742,483	349,467
Notes receivable (Note 4)	2,325,887	-
Cash and cash equivalents - Restricted (Note 3)	6,267,237	36,378,048
Total current assets	39,239,805	40,980,078
Noncurrent assets:		
Equity interest in joint ventures (Note 6)	36,129,424	-
Capital assets: (Note 5)		
Assets not subject to depreciation	13,647,501	6,941,875
Assets subject to depreciation - Net	78,459,657	84,182,229
Other noncurrent assets	391,589	901,500
Notes receivable - Net of allowance (Note 4)	64,010,445	-
Cash and cash equivalents - Restricted (Note 3)	12,252,666	-
Total noncurrent assets	204,891,282	92,025,604
Total assets	244,131,087	133,005,682
Deferred Outflows of Resources - Pensions and OPEB (Notes 9 and 10)	2,307,072	-
Liabilities		
Current liabilities:		
Accounts payable:		
Accounts payable	4,791,317	2,581,042
Due to CMHA	-	88,827
Security deposits liability	358,851	286,863
Accrued liabilities and other	1,458,321	917,077
Unearned revenue	1,550,114	35,424
Accrued compensated absences	167,001	-
Notes payable (Note 8)	563,759	2,475,651
Total current liabilities	8,889,363	6,384,884
Noncurrent liabilities:		
Accrued compensated absences	175,213	-
Net pension and OPEB liability (Notes 9 and 10)	12,497,346	-
Notes payable - Net of current portion (Note 8)	32,773,376	76,989,651
Other noncurrent liabilities	296,197	5,689,678
Total noncurrent liabilities	45,742,132	82,679,329
Deferred Inflows of Resources - Pensions and OPEB (Notes 9 and 10)	2,765,309	-
Net Position		
Net investment in capital assets	58,770,023	11,689,802
Restricted for required reserves	18,534,330	36,354,668
Unrestricted	111,737,002	(4,103,001)
Total net position	**$ 189,041,355**	**$ 43,941,469**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Year Ended December 31, 2018

	Primary Government (CMHA)	Discretely Presented Component Units
Operating Revenue		
Revenue - Tenants	$ 7,014,483	$ 4,509,184
HUD operating grants	15,136,653	-
Subsidy for housing assistance payments	717,423,517	-
Other government grants revenue	2,444,800	-
Performance-based contract administration fee revenue	19,143,236	-
Other revenue	3,832,850	630,685
Total operating revenue	764,995,539	5,139,869
Operating Expenses		
Housing assistance payments	716,416,884	-
Interest expense	1,233,863	776,130
Administrative	32,556,974	1,532,857
Tenant services	189,157	25,871
Utilities	1,608,873	761,326
Maintenance and operations	4,319,051	1,150,192
Protective services	225,854	302,517
Insurance expense	759,390	139,529
General expenses	1,888,377	21,728
Depreciation (Note 5)	5,506,758	2,594,824
Total operating expenses	764,705,181	7,304,974
Operating Income (Loss)	290,358	(2,165,105)
Nonoperating Revenue		
Gain on sale of assets (Note 5)	7,492,347	-
Interest income	1,185,040	112,462
Total nonoperating revenue	8,677,387	112,462
Income (Loss)	8,967,745	(2,052,643)
Contributions		
Capital grants	3,933,864	-
Member contributions	-	2,937,227
Total contributions	3,933,864	2,937,227
Change in Net Position	12,901,609	884,584
Net Position - Beginning of year, as restated (Note 14)	176,139,746	43,056,885
Net Position - End of year	**$ 189,041,355**	**$ 43,941,469**

See notes to financial statements.

Statement of Cash Flows

Year Ended December 31, 2018

	Primary Government (CMHA)
Cash Flows from Operating Activities	
Cash from tenants	$ 7,153,282
HUD subsidies and grants	732,962,406
Other receipts	26,005,232
Cash payments for administrative expenses	(29,837,049)
Cash payments for other operating expenses	(10,482,473)
Housing assistance payments	(716,416,884)
Net cash and cash equivalents provided by operating activities	9,384,514
Cash Flows from Noncapital Financing Activities	
Interest income	589,511
Advances on notes receivable	(14,225,285)
Payment on notes receivables	2,550,372
Net cash and cash equivalents used in noncapital financing activities	(11,085,402)
Cash Flows from Capital and Related Financing Activities	
HUD capital grants	3,933,864
Proceeds from the sale of capital assets	2,492,023
Property and equipment additions	(25,115,772)
Payments on debt	(2,509,760)
Proceeds from debt	15,967,654
Capital contributions made to investments in joint ventures	(100)
Net cash and cash equivalents used in capital and related financing activities	(5,232,091)
Net Decrease in Cash and Cash Equivalents	(6,932,979)
Cash and Cash Equivalents - Beginning of year	44,294,702
Cash and Cash Equivalents - End of year	**$ 37,361,723**
Classification of Cash and Cash Equivalents	
Cash and cash equivalents	$ 18,468,542
Restricted cash - Current	6,267,237
Restricted cash - Security deposits	373,278
Restricted cash - Noncurrent	12,252,666
Total cash and cash equivalents	**$ 37,361,723**

Year Ended December 31, 2018

	Primary Government (CMHA)
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	$ 290,358
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation and amortization	5,506,758
Changes in assets and liabilities:	
Accounts receivable tenants	138,799
Grants receivable	402,236
Other accounts receivable	(409,026)
Prepaid and other assets	(257,908)
Accounts payable and other	2,723,169
Unearned revenue	993,372
Security deposit liability	(3,244)
Total adjustments	9,094,156
Net cash and cash equivalents provided by operating activities	**$ 9,384,514**
Significant Noncash Transactions - Issuance of seller notes	$ 11,870,000

Combining Statement of Net Position for Discretely Presented Component Units

December 31, 2018

	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Poindexter Place, LLC	Sawyer Manor and Trevitt Heights, LLC	CMHA RAD East, LLC	Total
Assets								
Cash and cash equivalents	$ 258,748	$ 74,404	$ 74,878	$ 229,643	$ 91,944	$ 141,131	$ 2,945,603	$ 3,816,351
Receivables - Tenant and other	2,250	-	2,570	2,982	2,811	84,490	43,782	138,885
Tenant security deposits - Restricted	28,392	24,511	15,990	73,843	30,678	97,455	26,458	297,327
Prepaid expenses and other assets	29,592	10,456	11,796	66,997	68,551	109,463	52,612	349,467
Cash and cash equivalents - Restricted	523,335	427,208	2,805,657	769,685	370,881	15,377,221	16,104,061	36,378,048
Capital assets - Net	8,515,954	8,696,250	4,202,072	14,821,206	14,481,793	27,208,395	13,198,434	91,124,104
Other noncurrent assets	20,929	54,928	333,464	86,654	124,480	281,045	-	901,500
Total assets	9,379,200	9,287,757	7,446,427	16,051,010	15,171,138	43,299,200	32,370,950	133,005,682
Liabilities								
Accounts payable:								
Accounts payable	33,393	36,139	111,272	26,767	48,270	2,288,443	36,758	2,581,042
Due to CMHA	2,375	1,954	-	8,144	3,424	-	72,930	88,827
Security deposits liability	26,651	22,722	14,999	66,602	27,934	101,472	26,483	286,863
Accrued liabilities and other	-	-	12,791	19,307	38,558	718,910	127,511	917,077
Unearned revenue	4,360	846	162	3,793	59	9,848	16,356	35,424
Noncurrent liabilities:								
Due within one year	-	-	55,813	2,325,885	93,953	-	-	2,475,651
Due in more than one year	-	-	5,044,399	3,632,570	2,521,142	39,974,737	31,506,481	82,679,329
Total liabilities	66,779	61,661	5,239,436	6,083,068	2,733,340	43,093,410	31,786,519	89,064,213
Net Position								
Net investment in capital assets	8,515,954	8,696,250	(520,747)	9,735,852	12,599,207	(9,028,667)	(18,308,047)	11,689,802
Restricted	525,076	428,997	2,772,804	776,926	373,625	15,373,204	16,104,036	36,354,668
Unrestricted	271,391	100,849	(45,066)	(544,836)	(535,034)	(6,138,747)	2,788,442	(4,103,001)
Total net position	**$ 9,312,421**	**$ 9,226,096**	**$ 2,206,991**	**$ 9,967,942**	**$ 12,437,798**	**$ 205,790**	**$ 584,431**	**$ 43,941,469**

See notes to financial statements.

Combining Statement of Activities for Discretely Presented Component Units

Year Ended December 31, 2018

	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Poindexter Place, LLC	Sawyer Manor and Trevitt Heights, LLC	CMHA RAD East, LLC	Total
Operating Revenue								
Revenue - Tenants	$ 644,464	$ 564,367	$ 447,563	$ 929,832	$ 719,828	$ 1,087,223	$ 115,907	$ 4,509,184
Other revenue	(19,442)	43,228	98,953	26,390	166,375	315,154	27	630,685
Total operating revenue	625,022	607,595	546,516	956,222	886,203	1,402,377	115,934	5,139,869
Operating Expenses								
Interest expense	-	-	130,325	147,539	60,648	381,955	55,663	776,130
Administrative	157,292	270,229	136,351	224,546	270,006	430,275	44,158	1,532,857
Tenant services	7,626	10,718	816	2,885	-	3,593	233	25,871
Utilities	76,507	95,400	31,658	142,561	129,726	261,011	24,463	761,326
Maintenance and operations	141,751	211,357	86,075	174,306	214,285	316,593	5,825	1,150,192
Protective services	11,184	10,028	1,353	38,096	63,392	178,464	-	302,517
Insurance expense	28,589	37,088	28,448	35,052	10,352	-	-	139,529
General expenses	418	13,228	2,507	143	-	5,432	-	21,728
Depreciation	335,181	366,125	231,775	480,629	700,745	432,703	47,666	2,594,824
Total operating expenses	758,548	1,014,173	649,308	1,245,757	1,449,154	2,010,026	178,008	7,304,974
Operating Loss	(133,526)	(406,578)	(102,792)	(289,535)	(562,951)	(607,649)	(62,074)	(2,165,105)
Nonoperating Revenue	425	4,966	853	1,889	268	-	104,061	112,462
(Loss) Income	(133,101)	(401,612)	(101,939)	(287,646)	(562,683)	(607,649)	41,987	(2,052,643)
Contributions	-	-	-	274	2,394,509	-	542,444	2,937,227
Change in Net Position	(133,101)	(401,612)	(101,939)	(287,372)	1,831,826	(607,649)	584,431	884,584
Net Position - Beginning of year	9,445,522	9,627,708	2,308,930	10,255,314	10,605,972	813,439	-	43,056,885
Net Position - End of year	**$ 9,312,421**	**$ 9,226,096**	**$ 2,206,991**	**$ 9,967,942**	**$ 12,437,798**	**$ 205,790**	**$ 584,431**	**$ 43,941,469**

See notes to financial statements.

Note 1 - Nature of Business

Organization and Reporting Entity

Columbus Metropolitan Housing Authority (the "Authority") is organized under the laws of the State of Ohio for the purpose of acquiring, developing, leasing, operating, and administering low-rent housing programs and other housing-related programs. The Authority owns and provides subsidy and operating support for housing units located throughout Franklin County, Ohio. The Authority's assets, liabilities, net position, and changes in net position are included in its primary government fund and include all asset management programs (AMPs), Central Office Cost Center (COCC), business activities, and programs of the Authority.

The U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering the Low-Rent Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to contract with local housing authorities in financing the acquisition, construction, and/or leasing of housing units to make housing assistance payments and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program. Through multiple annual contributions contracts (ACC), HUD has conveyed certain federally built housing units to the Authority for low-rent operations, making the Authority responsible for the administration of Section 8 and low-income federal programs.

The Authority also has the authority to engage in other business activities, not necessarily related to, but supportive of, the low-income housing mission. These activities cover a full range of housing and commercial development activities, as well as contracted services to certain housing authorities on behalf of HUD. These services are primarily the payment processing and administrative services of an assisted housing program.

The nucleus of the financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, is the primary government. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluation of how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the appointment of a voting majority plus the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. In accordance with GASB Statement Nos. 14, 39, 61, and 80 (which define a primary government and those organizations that should be reported as component units), the Authority has included Jenkins Terrace, LLC; Worley Terrace, LLC; Elim Manor Elderly Housing, LLC; Franklin Station, LLC; Poindexter Place, LLC; Sawyer Manor and Trevitt Heights, LLC; and CMHA RAD East, LLC as discretely presented component units and Gender Road Limited Partnership; Homes at Second Avenue, LLC; Four Pointe MHA, LLC; and SR-MHA, LLC as blended component units in the accompanying financial statements. In addition, the Authority has certain special limited partnerships that do not meet the definition of a blended or discrete component unit and that are disclosed in the following sections.

Blended Component Units

Some component units, despite being legally separate, are so integrated with the primary government that they are, in substance, part of the primary government. The Authority includes the following component units, which are controlled by the Authority and for which the Authority is financially accountable, as blended componenets in accordance with GASB 14, as amended:

- Gender Road Limited Partnership was formed in May 1997 for the purpose of acquiring, constructing, owning, and operating an apartment complex for low- and moderate-income residents of Columbus, Ohio. The Authority is the sole partner of Gender Road Limited Partnership and is responsible for the operations of Gender Road Limited Partnership. As such, the Authority has the ability to impose its will on Gender Road Limited Partnership.

Note 1 - Nature of Business (Continued)

- Homes at Second Avenue, LLC (New Village Homes), a limited liability company under the laws of the State of Ohio, was formed in May 2001 for the purpose of acquiring, developing, leasing, operating, and administering 100 units of multifamily rental housing. The Authority is the sole member of the board of New Village Homes and is responsible for the operations of New Village Homes. As such, the Authority has the ability to impose its will on New Village Homes.
- Four Pointe MHA, LLC (Four Pointe), a limited liability company under the laws of the State of Ohio, was formed in May 2016 for the purpose of leasing and operating 204 units of multifamily rental housing. The Authority is the sole member of the board of Four Pointe and is responsible for the operations of Four Pointe. As such, the Authority has the ability to impose its will on Four Pointe.
- SR-MHA, LLC (Scioto Ridge), a limited liability company under the laws of the State of Ohio, was formed in February 2018 for the purpose of leasing and operating 152 units of multifamily rental housing. The Authority is the sole member of the board of Scioto Ridge and is responsible for the operations of Scioto Ridge. As such, the Authority has the ability to impose its will on Scioto Ridge.

Discretely Presented Component Units

The following component units meet the criteria for discrete component unit presentation and are presented separately from the primary government in the basic financial statements to clearly distinguish the component unit balances and transactions from the primary government. These entities follow all applicable FASB standards, and their financial statements are prepared on the accrual basis of accounting in accordance with GAAP. Since they do not follow governmental accounting for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued discrete component unit financial statements in order for them to conform to the presentation of the primary government. The separately issued financial statements for the discretely presented component units may be obtained by contacting the Authority directly.

- Jenkins Terrace, LLC was formed in January 2004 for the purpose of acquiring, developing, leasing, operating, and administering an apartment complex of 100 single-bedroom, elderly public housing units in Columbus, Ohio.
- Worley Terrace, LLC was formed in February 2006 for the purpose of acquiring, developing, leasing, operating, and administering an apartment complex of 100 single-bedroom, elderly public housing units in Columbus, Ohio.
- Elim Manor Elderly Housing, LLC was formed in December 2010 for the purpose of constructing, financing, leasing, operating, and administering an apartment complex of 63 qualified low-income units in Columbus, Ohio.
- Franklin Station, LLC was formed in September 2011 for the purpose of constructing, financing, leasing, operating, and administering an apartment complex of 100 qualified low-income units in Columbus, Ohio.
- Poindexter Place, LLC was formed in August 2013 for the purpose of constructing, financing, leasing, operating, and administering an apartment complex of 104 qualified low-income units in Columbus, Ohio.
- Sawyer Manor and Trevitt Heights, LLC was formed in January 2016 for the purpose of constructing, financing, leasing, operating, and administering an apartment complex of 253 qualified low-income units in Columbus, Ohio.

Note 1 - Nature of Business (Continued)

- CMHA RAD East, LLC was formed in April 2017 for the purpose of constructing, financing, leasing, operating, and administering an apartment complex of 225 qualified low-income units in Columbus, Ohio.

Entities Excluded from this Reporting Entity

- Waggoner Road Senior Limited Partnership (Related Party) - In October 2002, the Authority established a wholly owned subsidiary, Waggoner Road, LLC, which is fully consolidated in the accompanying financial statements. Waggoner Road, LLC entered into Waggoner Road Senior Limited Partnership. The general partner is Waggoner Senior Housing, Inc., a wholly owned subsidiary of National Church Residences, which has a 0.01 percent interest in the owner entity. The Authority is the special limited partner and will have a 0.01 percent interest in the owner entity. The limited partner is NHT Fifth Third X Tax Credit Fund LLC, which has a 99.98 percent interest in the owner entity. The Authority and National Church Residences have entered into development agreements to collaborate for co-development of the project. The Authority accounts for Waggoner Road, LLC as an investment recorded within equity interest in joint ventures in the accompanying statement of net position within the primary government.

- Avondale Woods Senior Housing Limited Partnership (Related Party) - In June 2011, the Authority entered into the Avondale Woods Senior Housing Limited Partnership. The general partner is National Church Residences of Avondale Woods Senior Housing Inc., a wholly owned subsidiary of National Church Residences, which has a 0.01 percent interest in the owner entity. The Authority is the special limited partner and has a 0.01 percent interest in the owner entity. The limited partner is NHT Avondale, LLC, which has a 99.98 percent interest in the owner entity. National Church Residences is the developer of the project. The Authority accounts for Avondale Woods Senior Housing Inc. as an investment recorded within equity interest in joint ventures in the accompanying statement of net position within the primary government.

- Van Buren Village, Inc. (Related Party) - In June 2014, the Authority, on its own behalf and acting through Metropolitan Housing Partners, Inc., an Ohio nonprofit corporation (MHP), established a wholly owned subsidiary, Van Buren Village Inc., an Ohio for-profit corporation (VBVI), for the purpose of leasing, operating, and administering 100 units of multifamily, permanent supportive services for low-income housing tax credits. VBVI is a general partner of Van Buren Village PSH, LP., an Ohio for-profit limited partnership (VBV PSH). The managing general partner of VBV PSH is VOAGO Van Buren Village, Inc., an Ohio corporation that has a 0.08 percent interest in such partnership entity. The Authority, through its affiliate, VBVI, is the project general partner and has a 0.02 percent interest in such partnership entity. The limited partners of VBV PSH are OEF 5/3 Fund IV LLC and OEF Huntington Fund IV LLC, which collectively hold a 99.98 percent limited partnership interest in such partnership entity. The Authority accounts for VBVI as an investment recorded within equity interest in joint ventures in the accompanying statement of net position within the primary government.

- Poindexter IIA, LLC (Related Party) - Poindexter IIA, LLC (PIIA) was formed on December 16, 2014 for the purpose of acquiring, constructing, owning, financing, leasing, and operating the project property as a qualified low-income housing project. MHP Poindexter IIA, Inc., a wholly owned subsidiary of the Authority, is the administrative member, with a 0.0051 percent interest in the owner entity. Poindexter IIA MBS Member, Inc. is the managing member, with a 0.0049 percent interest in the owner entity. Ohio Equity Fund for Housing Limited Partnership XXV is the investor member, with a 99.99 percent owner interest. The Authority accounts for PIIA as an investment recorded within equity interest in joint ventures in the accompanying statement of net position within the primary government.

Note 1 - Nature of Business (Continued)

- Scholar House I, LLC (Related Party) - Scholar House I, LLC was formed on August 8, 2015 for the purpose of acquiring, constructing, owning, financing, leasing, and operating the project property as a qualified low-income housing project. MHP Scholar House, Inc., a wholly owned subsidiary of the Authority, is the administrative member, with a 0.051 percent interest in the owner entity. Columbus Scholar House, Inc. is the managing member, with a 0.049 percent interest in the owner entity. Ohio Equity Fund for Housing Limited Partnership XXV is the investor member, with a 99.9 percent owner interest. The Authority accounts for Scholar House I, LLC as an investment recorded within equity interest in joint ventures in the accompanying statement of net position within the primary government.
- Poindexter IIB, LLC (Related Party) - Poindexter IIB, LLC (PIIB) was formed on August 10, 2016 for the purpose of acquiring, constructing, owning, financing, leasing, and operating the project property as a qualified low-income housing project. MHP Poindexter IIB, Inc., a wholly owned subsidiary of the Authority, is the administrative member, with a 0.0051 percent interest in the owner entity. Poindexter IIB MBS Member, Inc. is the managing member, with a 0.0049 percent interest in the owner entity. Ohio Equity Fund for Housing Limited Partnership XXV is the investor member, with a 99.99 percent owner interest. The Authority accounts for PIIB as an investment recorded within equity interest in joint ventures in the accompanying statement of net position within the primary government.
- Poindexter III, LLC (Related Party) - Poindexter III, LLC (PIII) was formed on September 28, 2018 for the purpose of acquiring, constructing, owning, financing, leasing, and operating the project property as a qualified low-income housing project. MHP Poindexter III, Inc., a wholly owned subsidiary of the Authority, is the administrative member, with a .0051 percent interest in the owner entity. Poindexter III MBS Member, Inc. is the managing member, with a 0.0049 percent interest in the owner entity. Ohio Equity Fund for Housing Limited Partnership XXVII is the investor member, with a 99.99 percent owner interest. The Authority accounts for PIII as an investment recorded within equity interest in joint ventures in the accompanying statement of net position with in the primary government.

Note 2 - Significant Accounting Policies

Basis of Accounting and Presentation

The basic financial statements of the Authority have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, which provides a comprehensive one-line look at the Authority's financial activities. The Authority reports all of its operations as a single business activity in a single enterprise fund. The enterprise fund is a proprietary fund, which distinguishes operating revenue and expenses from nonoperating items. The operating revenue of the Authority consists primarily of rental charges to tenants, operating grants from HUD, and other operating revenue that offsets operating expenses. Operating expenses include the costs of administration, tenant services, utilities, maintenance, protective services, general operations, depreciation, and housing assistance payments.

As a proprietary fund, revenue is recorded when earned, and expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The Authority's financial activities operate in a manner similar to private business enterprises and are financed through fees and charges assessed primarily to the user of the services.

Note 2 - Significant Accounting Policies (Continued)

The Authority considers all grants from HUD as operating revenue, as HUD is the primary revenue source, with the exception of capital grants, which have been recognized within contributions on the statement of revenue, expenses, and changes in net position. The Authority has the following programs:

- Low-rent Public Housing - This program is used to account for the components of the low-rent housing programs subsidized by HUD. The Authority owns and operates apartments and single-family housing units. Funding is provided by tenant rent payments and HUD subsidies.
- Capital Grant - Substantially all additions to land, structures, and equipment are accomplished through capital grant programs. Capital grant programs replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through grants. The Authority enters into significant construction contract obligations in relation to this modernization and development activity on an ongoing basis.
- Housing Choice Vouchers (Section 8) - Under the Section 8 Housing Program, low-income tenants lease housing units directly from private landlords, rather than from the Authority. HUD contracts with the Authority, which, in turn, contracts with private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.
- Other Business Ventures - This program consists of nine programs that provide resources for housing-related activities. Eight of the programs are used to account for wholly owned subsidiaries of the Authority whose goals are to provide a full spectrum of housing to Franklin County, Ohio individuals and families. The remaining program provides resources for housing-related activities that would otherwise cause undue financial hardship to low-rent housing program clients.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less.

Notes Receivable

Notes receivable are stated net of allowance. Collectibility is evaluated annually based on payments received and cash flow of each individual entity. If amounts are deemed to be uncollectible, the Authority establishes an allowance for doubtful accounts.

Tenant Receivable

Tenant accounts receivable are stated at net rent amounts. Tenants in possession of a unit generally do not have outstanding amounts, unless court action is underway. Once a tenant is evicted or voluntarily vacates a unit, collection of outstanding balances is difficult and sporadically realized. Therefore, when a tenant vacates a unit, any balance owed to the Authority is set up as uncollectible in the month during which the move-out occurred.

Grants Receivable

The Authority receives grants from federal agencies to be used for specific programs. The excess of reimbursable expenditures over cash receipts is included in grants receivable, and any excess of cash receipts over reimbursable expenditures is included in unearned revenue.

Capital Assets

Capital assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value on the date donated. The Authority capitalizes all building, site improvements, dwelling and nondwelling equipment, and office equipment that has a cost or fair value on the date of acquisition greater than $5,000 and a useful life greater than one year.

Note 2 - Significant Accounting Policies (Continued)

Depreciation is calculated on a straight-line method using the half-year convention over the estimated useful lives as follows:

	Depreciable Life - Years
Buildings	30
Building and site improvements	15
Equipment and vehicles	3-7

When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss recognized in the statement of revenue, expenses, and changes in net position. If an indicator of impairment is identified, and the decline in service utility was unexpected and significant, an impairment loss is calculated in consideration of whether the capital asset will continue to be used by the Authority. An impairment loss is generally measured by identifying the historical cost of the service utility of the capital asset that cannot be used due to the impairment event or circumstance. Impaired capital assets that will no longer be used by the Authority are reported at the lower of carrying value or fair value or written off entirely. During the year ended December 31, 2018, no impairments were recorded.

Interest costs incurred during the period in which capital assets are being prepared for their intended use are capitalized. The Authority had no capitalized construction interest for the year ended December 31, 2018.

Construction in Progress

Construction in progress consists of capital projects in progress funded primarily by capital contributions and grant income.

Restricted Cash

The Authority's restricted cash balances consist of tenant security deposits and funded reserves, as required by the Authority's debt agreements and funds designated for housing assistance payments and future public housing development. In accordance with GASB Statement No. 62, cash that is restricted as to withdrawal or use in the acquisition or construction of noncurrent assets or that is segregated for the liquidation of long-term debts has been presented as noncurrent.

Pensions and Other Postemployment Benefits

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net 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) until then. For the Authority, deferred outflows of resources are reported for pensions and other postemployment benefits, as explained further in Notes 9 and 10.

Note 2 - Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position will sometimes report 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 as an inflow until that time. For the Authority, deferred inflows of resources are reported for pensions and other postemployment benefits, as explained further in Notes 9 and 10.

Compensated Absences

The Authority allows employees to accumulate earned sick leave and vacation (annual) pay. Compensated absences are accrued as they are earned by employees, using the vesting method, if the following two conditions are met:

- The employees' rights to receive compensation are attributable to services rendered.
- It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment. The current portion of accrued compensation absences is included in accrued expenses.

Unearned Revenue

Unearned revenue consists primarily of prepaid subsidy and prepaid tenant rent payments recognized at year end. Amounts are recognized in the period during which the associated use of premises occurs.

Net Position

Net position is composed of three categories: (1) net investment in capital assets, (2) restricted for required reserves, and (3) unrestricted. The Authority’s positive value of unrestricted net position in the primary government may be used to meet ongoing obligations. When an expense is incurred for a purpose for which both restricted and unrestricted net assets are available, the Authority’s policy is to first apply restricted resources. Each component of net assets is reported separately on the statement of net position.

- *Net Investment in Capital Assets* - This category consists of all capital assets, net of accumulated depreciation and reduced by any outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted for Required Reserves* - This category equals the restricted cash of the Authority and consists of net assets restricted in their use by (1) external groups, such as grantors, creditors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted* - This category includes all the remaining net assets that do not meet the definition of the other two categories.

Revenue Recognition

The Authority routinely receives funds from HUD and other grantors. Funds are recognized as revenue during the period in which they relate to recognized expenses. Receivables are recorded based upon amounts expensed for a program for which no funds have been received. Tenant rental revenue is recognized during the period of corresponding occupancy. Other receipts are recognized when the related expenses are incurred.

Capital Grants

The Authority records grants received for capital outlay as contributions of capital grants.

Note 2 - Significant Accounting Policies (Continued)

Nonoperating Revenue and Expenses

Nonoperating revenue and expense are derived from transactions other than those associated with the Authority’s primary housing operations and are reported as incurred, including investment activity.

Use of Estimates

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

Upcoming Accounting Pronouncements

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the fiscal year ended December 31, 2019.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases,* which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2020.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and result in increased interest expense during periods of construction. The provisions of this statement are effective for the Authority's financial statements for the December 31, 2020 fiscal year.

Note 2 - Significant Accounting Policies (Continued)

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90, *Majority Equity Interests*. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted for the year ending December 31, 2019.

Subsequent Events

Events that occur after the date of the statement of net position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of the subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the date of the statement of net position, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through May 28, 2019, which is the date the financial statements were available to be issued, and concluded that the following subsequent events have occurred that would require disclosure in the notes to the financial statements:

- On February 22, 2019, the Authority's Board of Commissioners approved the purchase of the Arden Park apartment community for $20,916,000 to be financed with debt in the amount of $16,699,000, and the balance is to be paid for using authority cash. This 180-unit apartment community, located in Westerville, Ohio, will add to the Authority’s portfolio of mixed-income communities. Projected annual net income is approximately $1,297,058. Closing on the transaction took place on March 13, 2019.
- On February 22, 2019, the Authority's Board of Commissioners approved the purchase of the Country Ridge apartment community for $4,472,000 to be financed with debt in the amount of $1,452,000 and the balance to be paid for using Authority cash. This 96-unit apartment community, located in Hilliard, Ohio, will add to the Authority’s portfolio of mixed-income communities. Projected annual net income is approximately $450,000. Closing on the transaction took place on May 15, 2019.

Note 3 - Deposits and Investments

The State of Ohio statutes classify monies held by the Authority into the two following categories:

- *Active Deposits* - These are public deposits necessary to meet current demands for the Authority. Such monies must be maintained either as cash in the Authority’s commercial checking accounts or withdrawal-on-demand accounts, including negotiable order-of-withdrawal accounts, or in money market deposit accounts.
- *Interim Deposits* - These are deposits of interim monies. Interim monies are those that are not needed for immediate use, but that will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit (CDs) 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 and by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. The general depository agreement required by HUD has additional collateral requirements.

Interim deposits are to be deposited or invested in the following securities:

- U.S. Treasury notes, bills, bonds, or other obligations or securities issued by the U.S. Treasury or any other obligation guaranteed as to principal or interest by the United States of America

Note 3 - Deposits and Investments (Continued)

- Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association; all federal agency securities shall be direct issuances of the federal government agencies or instrumentalities.
- Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and that the term of the agreement must not exceed 30 days
- Bonds and other obligations of the State of Ohio
- No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions
- The State of Ohio treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio), and STARPLUS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

Primary Government

The Authority's cash and cash equivalents held with financial institutions, consisting of both active and interim deposits, totaled $37,361,723 as of December 31, 2018. Of this balance, $3,184,930 is covered by federal depository insurance, and the remaining $34,176,793 is uncollateralized, as defined by GASB.

At December 31, 2018, the Authority had $372,840 held in STAR Ohio. STAR Ohio is a highly liquid investment pool with participation restricted to subdivisions of the State of Ohio. Due to the highly liquid nature of the fund, STAR Ohio resembles a money market fund and, therefore, has been treated as a cash equivalent by the Authority in the financial statements. The Authority's investment in the pool is not subject to custodial credit risk categorization because it is not evidenced by securities that exist in physical or book entry form.

STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but has adopted GASB Statement No. 79, *Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued on the basis of the amortized cost valuation technique. For the year ended December 31, 2018, there were no limitations on any participant withdrawals due to redemption notice periods, liquidity feed, or redemption gates. No federalized funds are held in STAR Ohio at December 31, 2018.

Discretely Presented Component Units

All of the discretely presented component units' cash is held in bank deposits, checking accounts, savings accounts, and money market accounts. Regardless of the nature of funds on deposit, protection is provided by the Federal Deposit Insurance Corporation and by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Note 3 - Deposits and Investments (Continued)

The restricted cash balances consist of tenant security deposits and funded reserves as follows:

	Tax/Insurance Escrow	Operating Reserves	Replacement Reserves	Bond Reserves	Total Restricted Cash
Jenkins Terrace, LLC	$ -	$ 493,323	$ 30,012	$ -	$ 523,335
Worley Terrace, LLC	-	411,379	15,829	-	427,208
Elim Manor Elderly Housing, LLC	18,780	295,901	150,006	2,340,970	2,805,657
Franklin Station, LLC	-	624,383	145,302	-	769,685
Poindexter Place, LLC	-	274,384	96,497	-	370,881
Sawyer Manor and Trevitt Heights, LLC	-	-	-	15,377,221	15,377,221
CMHA RAD East, LLC	-	-	-	16,104,061	16,104,061
Total	$ 18,780	$ 2,099,370	$ 437,646	$ 33,822,252	$ 36,378,048

Note 4 - Notes Receivable

At December 31, 2018, the Authority's notes receivable consisted of the following:

	Balance at December 31, 2017	Additions	Reductions	Allowance at December 31, 2018	Net Balance at December 31, 2018
Waggoner Senior Housing Note	$ 261,990	$ -	$ -	$ (261,990)	$ -
Waggoner Construction Loan	1,753,830	-	-	(1,753,830)	-
Franklin Station Development Note	873,101	-	-	-	873,101
Franklin Station Bridge Loans	5,136,548	-	(51,192)	-	5,085,356
Poindexter Place Promissory Note	825,570	-	-	-	825,570
Poindexter Place Development Note	866,754	-	(134,245)	-	732,509
Elim Manor Development Note	399,352	-	(85,912)	-	313,440
Poindexter IIA Choice Promissory Note	7,184,402	-	-	-	7,184,402
Poindexter IIA City Funds Promissory Note	3,616,102	2,383,898	-	-	6,000,000
Poindexter IIB Choice Neighborhoods Initiative Funds	3,596,774	-	-	-	3,596,774
Poindexter IIB Replacement Housing Factor Funds	2,293,455	846,992	-	-	3,140,447
Poindexter IIA Affordable Housing Trust Funds	1,283,518	927,370	(2,210,888)	-	-
Sawyer Manor and Trevitt Heights Replacement Housing Factor Funds	2,045,843	2,621,219	-	-	4,667,062
Sawyer Manor and Trevitt Heights Seller Note	13,670,000	-	-	-	13,670,000
Elim Manor Surplus Cash	50,000	-	-	-	50,000
Poindexter IIA Ohio Housing Development Assistance Program Funds	900,000	100,000	-	-	1,000,000
Scholar House Development Note	-	200,000	(68,135)	-	131,865
CMHA RAD East Replacement Housing Factor Funds	-	602,646	-	-	602,646
CMHA RAD East Seller Note	-	10,950,000	-	-	10,950,000
Crosswinds Bridge Loan	-	1,300,000	-	-	1,300,000
CMHA RAD East Promissory Note	-	1,953,835	-	-	1,953,835
Avondale II Seller Note	-	920,000	-	-	920,000
Poindexter III Choice Neighborhoods Initiative Funds	-	2,139,325	-	-	2,139,325
Scholar House HOME Loan	-	300,000	-	-	300,000
Sawyer Manor and Trevitt Heights Ohio Housing Development Program Funds	-	900,000	-	-	900,000
Total	$ 44,757,239	$ 26,145,285	$ (2,550,372)	$ (2,015,820)	$ 66,336,332

Less current portion $2,325,887

Total long-term portion $64,010,445

Note 4 - Notes Receivable (Continued)

Waggoner Senior Housing Note

In October 2002, the Authority entered into a promissory note with Waggoner Senior Housing Limited Partnership for the development of low-income housing in the amount of $261,990. The note agreement has an annual interest rate of 4.9 percent and provides that payments be deferred until cash flows are sufficient to make payments. This note is collateralized by an open-end mortgage granting the Authority a security interest in certain real property of Waggoner Senior Housing Limited Partnership. The entire balance of principal and all unpaid interest shall be due and payable 40 years from the date of the Waggoner note. The Authority received no payments during the year ended December 31, 2018.

Waggoner Construction Loan

In December 2002, the Authority entered into a promissory note with Waggoner Senior Housing Limited Partnership for the development of low-income housing. In 2006, the construction of the 75-unit housing project was completed, and the loan in the amount of $1,753,830 was issued to Waggoner Senior Housing Limited Partnership. The loan has an annual interest rate of 0.5 percent and provides that payments be deferred until cash flows are sufficient to make payments. This loan is collateralized by an open-end mortgage, granting the Authority a security interest in certain real property of Waggoner Senior Housing Limited Partnership. The entire balance of principal and all unpaid interest shall be due and payable 40 years from the date of the Waggoner construction loan. The Authority received no payments during the year ended December 31, 2018.

Franklin Station Development Note

In February 2012, the Authority entered into a development agreement with Franklin Station, LLC, which provides that a development fee of $1,990,615 be paid to the Authority for providing certain development services and guarantees for the completion of the development of the project. The agreement has no applicable interest rate and provides that payments be made by available cash flow. The outstanding balance is due in June 2026. The Authority received no payments during the year ended December 31, 2018.

Franklin Station Bridge Loans

In February 2012, the Authority entered into two bridge loans with Franklin Station, LLC, totaling $6,300,000. The first bridge loan is for $3,300,000 and accrues interest at 0.25 percent. The maturity date is contingent upon the investor member of Franklin Station, LLC making required equity contributions. The outstanding receivable on this loan is due on demand. The second bridge loan is for $3,000,000 and accrues interest at 5 percent. The loan requires monthly payments of principal and interest with a balloon payment due in January 2030. Payments totaling $51,192 were made on the notes during the year ended December 31, 2018.

Poindexter Place Promissory Note

In 2015, the Authority entered into a promissory note with Poindexter Place, LLC in the amount of $825,570. Interest is assessed at 0.25 percent. The first monthly payment shall be due three months after the end of the first fiscal year that occurs after the project is placed in service and will continue for 30 years from the initial disbursement of funds. Annual repayments shall be due on the anniversary of the first payment and is limited to 75 percent annual cash flow of the project for the preceding calendar year. No payments have yet been received on the loan.

Note 4 - Notes Receivable (Continued)

Poindexter Place Development Note

In August 2014, the Authority entered into a development agreement with Poindexter Place, LLC, which provides that a development fee of $1,000,000, all of which was earned by the Authority during the year ended December 31, 2015, be paid to the Authority for providing certain development services and guarantees for the completion of the development of the project. The agreement has no applicable interest rate and provides that payments be made in conjunction with capital contributions, as stated in the agreement. Any unpaid portion shall represent the deferred portion of the developer fee. Payments totaling $134,245 were made on developer fees during the year ended December 31, 2018. The Authority expects to receive payments in conjunction with capital contributions of $109,176 during future years. The remaining balance due represents the deferred portion of $623,333 and is payable in full in December 2027.

Elim Manor Development Note

In May 2014, the Authority entered into a development fee note agreement, which provides that a development fee of $580,492 be paid to the Authority for providing certain development services and guarantees for the completion of the development of the project. There is no interest on the note. The note is payable by available cash flow, with any outstanding principal and interest due upon maturity in November 2022. The Authority received payments totaling $85,912 during the year ended December 31, 2018.

Poindexter IIA Choice Promissory Note

In December 2015, the Authority entered into a promissory note with Poindexter IIA, LLC in the amount of $7,184,402. Interest is assessed at 0.25 percent. The note is payable by available cash flow, with any outstanding principal and interest due upon maturity in December 2052. There were no payments made on this note during the year ended December 31, 2018.

Poindexter IIA City Funds Promissory Note

In December 2015, the Authority entered into a promissory note with Poindexter IIA, LLC in the amount of $6,000,000. Interest is assessed at 0.25 percent. The note is payable by available cash flow, with any outstanding principal and interest due upon maturity in December 2052. The Authority issued additional advances totaling $2,383,898 during the year ended December 31, 2018, which were used to pay off the Poindexter IIA Affordable Housing Trust loan.

Poindexter IIB Choice Neighborhoods Initiative Funds

In August 2016, the Authority entered into a loan agreement with Poindexter IIB, LLC to provide funds for operations up to a total amount of $3,596,774, all of which has been drawn on as of December 31, 2018. Interest is assessed at 0.25 percent. The loan is payable by available cash flow, with any outstanding principal and interest due upon maturity in July 2063.

Poindexter IIB Replacement Housing Factor Funds

In August 2016, the Authority entered into a loan agreement with Poindexter IIB, LLC to provide funds for operations up to a total amount of $3,400,000, of which $3,140,447 has been drawn on as of December 31, 2018. Interest is assessed at 0.25 percent. The loan is payable by available cash flow, with any outstanding principal and interest due upon maturity in July 2063. The Authority issued additional advances totaling $846,992 during the year ended December 31, 2018.

Note 4 - Notes Receivable (Continued)

Poindexter IIA Affordable Housing Trust Funds

In December 2015, the Authority entered into a loan agreement with Poindexter IIA, LLC, whereby the Authority would provide funds loaned from the Affordable Housing Trust for construction up to a total amount of $4,000,000, of which $2,210,888 has been drawn on as of December 31, 2018. Interest is assessed at 2.50 percent. Outstanding principal and interest were paid in full during the year ended December 2018.

Sawyer Manor and Trevitt Heights Replacement Housing Factor Funds

In June 2017, the Authority entered into a loan agreement with Sawyer Manor and Trevitt Heights, LLC to provide funds for operations up to a total amount of $4,667,062, all of which has been drawn on as of December 31, 2018. Interest is assessed at 2.75 percent. The loan is payable by available cash flow, with any outstanding principal and interest due upon maturity in June 2067. There were no payments made on this note during the year ended December 31, 2018.

Sawyer Manor and Trevitt Heights Seller Note

In June 2017, the Authority entered into a seller note agreement with Sawyer Manor and Trevitt Heights, LLC in exchange for the real property transferred in conjunction with the RAD conversion in the amount of $13,670,000. Interest is assessed at 2.75 percent. The loan is payable by available cash flow with any outstanding principal and interest due upon maturity in June 2067.

Elim Manor Surplus Cash

In 2017, the Authority entered into a noninteresting-bearing loan agreement with Elim Manor Elderly Housing, LLC to provide funds for operations up to a total amount of $50,000, all of which has been drawn on as of December 31, 2018. The loan is payable by available cash flow with no scheduled maturity date.

Poindexter IIA Ohio Housing Development Assistance Program Funds

In December 2015, the Authority entered into a loan agreement with Ohio Housing Finance Agency to provide funds for construction up to a total amount of $1,000,000, all of which has been drawn on as of December 31, 2018. Interest is assessed at 2 percent. The loan is payable by available cash flow with any outstanding principal and interest due upon maturity in December 2060.

Scholar House Development Note

In August 2015, the Authority entered into a development agreement with Columbus Scholar House I, LLC, which provides that a development fee of $200,000 be paid to the Authority for providing certain development services and guarantees for the completion of the development of the project. The agreement has no applicable interest rate and provides that payments be made by available cash flow with any outstanding principal due upon maturity in August 2022. The Authority received payments in the amount of $68,135 as of December 31, 2018.

CMHA RAD East Replacement Housing Factor Funds

In November 2018, the Authority entered into a loan agreement with CMHA RAD East, LLC, to provide funds for operations up to a total amount of $4,468,970, of which $602,646 has been drawn on as of December 31, 2018. Interest is assessed at 3.05 percent. The loan is payable by available cash flow with any outstanding principal and interest due upon maturity in November 2063.

CMHA RAD East Seller Note

In November 2018, the Authority entered into a seller note agreement with CMHA RAD East, LLC in exchange for the real property transferred in conjunction with the RAD conversion in the amount of $10,950,000. Interest is assessed at 3.05 percent. The loan is payable by available cash flow, with any outstanding principal and interest due upon maturity in November 2063.

Note 4 - Notes Receivable (Continued)

Crosswinds Bridge Loan

In December 2018, the Authority entered into a bridge loan with Crosswinds Equity Company, LTD. in the amount of $1,300,000. The loan accrues interest at 2.76 percent. The outstanding principal and unpaid interest are due upon maturity in December 2020.

CMHA RAD East Promissory Note

In November 2018, the Authority entered into a loan agreement with CMHA RAD East, LLC in the amount of $1,953,835. Interest is assessed at 0.25 percent. The first monthly payment shall be due three months after the end of the first fiscal year that occurs after the project is placed in service and will continue for 45 years from the initial disbursement of funds. Annual repayments shall be due on the anniversary of the first payment and is limited to 75 percent annual cash flow of the project for the preceding calendar year. No payments have yet been received on the loan.

Avondale II Seller Note

In September 2017, the Authority entered into a seller note agreement with Avondale Woods II Senior Housing Limited Partnership in exchange for the real property transferred in the amount of $920,000. Interest is assessed at 5.00 percent. The loan is payable by available cash flow, with any outstanding principal and interest due upon maturity in April 2061.

Poindexter III Choice Neighborhoods Initiative Funds

In September 2018, the Authority entered into a loan agreement with Poindexter III, LLC to provide funds for operations up to a total amount of $7,379,128, of which $2,139,325 has been drawn on as of December 31, 2018. Interested is assessed at 2.56 percent. The loan is payable by available cash flow, with any outstanding principal and interest due upon maturity in February 2064.

Scholar House HOME Loan

In August 2015, the Authority entered into a loan agreement with the City of Columbus, Ohio to provide HOME funds in the amount of $300,000, all of which has been drawn on as of December 31, 2018. Interest is assessed at 2 percent. The loan is payable by available cash flow, with any outstanding principal and interest due upon maturity in February 2051.

Sawyer Manor and Trevitt Heights Ohio Housing Development Program Funds

In November 2017, the Authority entered into a loan agreement with Sawyer Manor and Trevitt Heights, LLC to provide funds for construction up to a total amount of $1,000,000, of which $900,000 has been drawn on as of December 31, 2018. Interest is assessed at 0.50 percent. The loan is payable by available cash flow, with any outstanding principal and interest due upon maturity in November 2062.

Note 5 - Capital Assets

Primary Government

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

	Balance January 1, 2018	Additions and Transfers In	Reductions and Transfers Out	Balance December 31, 2018
Capital assets not being depreciated:				
Land	$ 9,700,015	$ 1,825,000	$ (335,854)	$ 11,189,161
Construction in progress	2,328,478	1,504,330	(1,374,468)	2,458,340
Subtotal	12,028,493	3,329,330	(1,710,322)	13,647,501
Capital assets being depreciated:				
Buildings and improvements	125,471,833	17,012,554	(20,186,270)	122,298,117
Buildings - Nondwelling	9,441,567	33,856	(232,001)	9,243,422
Site improvements	25,123,188	2,078,486	(4,051,306)	23,150,368
Furniture and fixtures	6,039,436	696,737	(40,985)	6,695,188
Subtotal	166,076,024	19,821,633	(24,510,562)	161,387,095
Accumulated depreciation	96,835,355	5,506,758	(19,414,675)	82,927,438
Net capital assets being depreciated	69,240,669	14,314,875	(5,095,887)	78,459,657
Net governmental activities capital assets	$ 81,269,162	$ 17,644,205	$ (6,806,209)	$ 92,107,158

Depreciation expense for the year ended December 31, 2018 was $5,506,758. During the year ended December 31, 2018, the Authority sold capital assets, resulting in a net gain of $7,492,347 relating primarily to the capital assets sold in connection with Avondale II, CMHA RAD East, and other various parcels of land.

Discretely Presented Component Units

Depreciation is calculated on a straight-line method using the half-year convention over the estimated useful lives of each entity as follows:

	Equipment and Vehicles	Building and Site Improvements	Buildings
Jenkins Terrace, LLC	3-5 years	15 years	40 years
Worley Terrace, LLC	5 years	15 years	40 years
Elim Manor Elderly Housing, LLC	5 years	15 years	27.5 years
Franklin Station, LLC	5 years	15 years	40 years
Poindexter Place, LLC	5 years	15 years	40 years
Sawyer Manor and Trevitt Heights, LLC	5 years	15 years	40 years
CMHA RAD East, LLC	5 years	15 years	40 years

Note 5 - Capital Assets (Continued)

Discretely Presented Component Units (Continued)

Presented below are summaries of the Authority's discretely presented component units' capital asset balances and a summary of changes in their respective capital asset balances for the year ended December 31, 2018:

	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Franklin Station, LLC	Poindexter Place, LLC	Sawyer Manor and Trevitt Heights, LLC	CMHA RAD East, LLC	Total
Land	$ -	$ -	$ -	$ 750,000	$ -	$ 1,265,000	$ 2,370,000	$ 4,385,000
Construction in progress	-	-	-	-	-	260,775	2,296,100	2,556,875
Buildings and improvements	11,699,378	11,533,321	-	15,698,755	15,251,990	25,760,950	8,580,000	88,524,394
Site improvements	458,529	781,543	5,636,536	-	962,066	257,784	-	8,096,458
Furniture fixtures	474,249	423,873	191,623	406,636	320,242	328,220	-	2,144,843
Accumulated depreciation	(4,116,202)	(4,042,487)	(1,626,087)	(2,034,185)	(2,052,505)	(664,334)	(47,666)	(14,583,466)
Total	$ 8,515,954	$ 8,696,250	$ 4,202,072	$ 14,821,206	$ 14,481,793	$ 27,208,395	$ 13,198,434	$ 91,124,104

	Balance January 1, 2018	Additions and Transfers In	Reductions and Transfers Out	Balance December 31, 2018
Capital assets not being depreciated:				
Land	$ 2,015,000	$ 2,370,000	$ -	$ 4,385,000
Construction in progress	3,703,203	2,296,100	(3,442,428)	2,556,875
Subtotal	5,718,203	4,666,100	(3,442,428)	6,941,875
Capital assets being depreciated:				
Buildings	67,490,924	21,033,470	-	88,524,394
Site improvements	7,855,514	240,944	-	8,096,458
Furniture and fixtures	1,734,540	410,303	-	2,144,843
Subtotal	77,080,978	21,684,717	-	98,765,695
Accumulated depreciation:				
Buildings and improvements	10,532,908	2,214,506	-	12,747,414
Site improvements	1,211,803	222,661	-	1,434,464
Furniture and fixtures	324,004	77,584	-	401,588
Subtotal	12,068,715	2,514,751	-	14,583,466
Net capital assets being depreciated	65,012,263	19,169,966	-	84,182,229
Net capital assets	$ 70,730,466	$ 23,836,066	$ (3,442,428)	$ 91,124,104

Note 6 - Equity Interest in Joint Ventures

The Authority or subsidiary thereof is a general partner in each of the following operating partnerships, which were formed to acquire, rehabilitate, or construct, own, and operate low-income residential rental housing projects. The investments are recorded under the equity method as joint ventures. Some of these joint ventures are also discretely presented component units of the Authority. The investments in the partnership at December 31, 2018 were as follows:

	Ownership Percentage	Investment Balance at December 31, 2018
Jenkins Terrace, LLC*	0.1000%	$ 8,158,678
Worley Terrace, LLC*	0.1000%	8,305,474
Elim Manor Elderly Housing, LLC*	0.0490%	2,283,524
Franklin Station, LLC*	0.1000%	6,881,911
Poindexter Place, LLC*	0.1000%	6,325,770
Sawyer Manor and Trevitt Heights, LLC*	0.1000%	100
CMHA RAD East, LLC*	0.1000%	100
Avondale Woods Senior Housing, LP	0.0100%	2,594,693
Waggoner Road, LLC	0.0100%	(336)
Van Buren Village PSH, LP	0.0200%	(157)
Scholar House I, LLC	0.0510%	499,804
Poindexter IIA, LLC	0.0051%	1,079,909
Poindexter IIB, LLC	0.0051%	(46)
Total		$ 36,129,424

* Denotes discretely presented component unit

Unrelated investor limited partners own the remaining percentage interest in each of the partnerships.

Note 7 - Risk Management

The Authority maintains comprehensive insurance coverage with private carriers for real property, building contents, directors' and officers' liability insurance, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

The Authority is a member of Housing Authority Risk Retention Group (HARRG), which is a comprehensive general liability insurance group operated as a joint venture by its public housing authority members. Through HARRG, the Authority carries $5,000,000 of general liability coverage, with a $10,000 deductible; $1,000,000 of earthquake coverage, with a $100,000 deductible; $250,000 of flood coverage, with a $25,000 deductible; $50 million of equipment breakdown coverage, with a $5,000 deductible; and $25,000 spoilage coverage, with a $1,000 deductible. The Authority paid $301,940 in premiums to HARRG for the year ended December 31, 2018.

In addition, the Authority provides medical benefits to most of its employees on a fully insured basis with an independent insurance company. The premium rate is calculated based on claim history and administrative costs. The Authority is part of the statewide plan for workers' compensation insurance coverage.

There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding insurance coverage.

Note 8 - Long-term Debt

Long-term debt activity for the year ended December 31, 2018 can be summarized as follows:

Governmental Activities

	Interest Rate	Principal Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Four Pointe Perm Loan	3.99%	11/1/2026	$14,429,232	$ -	$ (261,103)	$ 14,168,129	$ 271,864
Whitney Note Payable	4.12%	6/1/2026	2,436,840	-	(47,834)	2,389,006	42,624
Poindexter IIA - Ohio Housing Development Assistance Program Note Payable	1.00%	12/31/2060	900,000	100,000	-	1,000,000	-
Affordable Housing Trust for Columbus and Franklin County	2.50%	12/31/2018	2,113,168	87,654	(2,200,822)	-	-
Sawyer-Trevitt - Ohio Housing Development Assistance Program Note Payable	0.50%	11/1/2062	-	900,000	-	900,000	-
Scioto Ridge Mortgage Loan	4.24%	3/8/2028	-	14,880,000	-	14,880,000	249,271
Total principal outstanding			$19,879,240	$15,967,654	$ (2,509,759)	$ 33,337,135	$ 563,759

Four Pointe Perm Loan

On November 16, 2016, the Authority entered into a mortgage loan for $14,680,000 bearing interest at a fixed rate of 3.99 percent and is secured by the mortgaged property. The loan requires monthly payments of principal and interest of $70,000 through November 2026. A balloon payment of approximately $11,726,000 will be due on December 1, 2026. Management believes the Authority was in full compliance with related covenants as of December 31, 2018.

Whitney Note Payable

On May 16, 2016, the Authority entered into a mortgage loan for $2,500,000 bearing interest at a fixed rate of 4.12 percent and is secured by the mortgaged property. The loan requires monthly payments of principal and interest of $12,109 through May 2026. A balloon payment of approximately $2,006,000 will be due on June 1, 2026. Management believes the Authority was in full compliance with related covenants as of December 31, 2018.

Poindexter IIA - Ohio Housing Development Assistance Program Note Payable

During December 2015, the Authority entered into a promissory note payable to the Ohio Housing Financing Agency (OHFA) in the amount of $1,000,000 to provide construction financing for Poindexter IIA, LLC. The note bears interest on the principal sum at a rate of 1.0 percent per annum. Annual payments are to be made based on available cash flow of the project, as defined by the note agreement. All outstanding principal and interest are due at the maturity date of December 31, 2060.

Affordable Housing Trust for Columbus and Franklin County

During December 2015, the Authority entered into a promissory note payable to the Affordable Housing Trust for Columbus and Franklin County in the amount of $4,000,000 to provide bridge financing for the development of Poindexter IIA, LLC. The note bears interest at a rate of 2.5 percent per annum and is secured by a security interest in the City Grant Agreement. All outstanding principal and interest were paid during the year ended December 31, 2018.

Note 8 - Long-term Debt (Continued)

Sawyer-Trevitt - Ohio Housing Development Assistance Program Note Payable

During November 2017, the Authority entered into a construction loan payable to the Ohio Housing Financing Agency (OHFA) in the amount of $1,000,000, of which $900,000 has been drawn to provide construction financing for Sawyer Manor and Trevitt Heights, LLC). The note bears interest on the principal sum at a rate of 0.5 percent per annum. Annual payments are to be made based on available cash flow of the project, as defined by the note agreement. All outstanding principal and interest are due at the maturity date of November 1, 2062.

Scioto Ridge Mortgage Loan

On March 8, 2018, the Authority entered into a mortgage loan for $14,880,000 bearing interest at a variable rate and is secured by the mortgaged property. Effective April 2018, interest was calculated using an interest rate of 4.24 percent. Effective April 2019, interest will be calculated based on the Federal Home Loan of Cincinnati long term fixed rate, plus a margin of 2.00 percent, rounded to the nearest 0.125 percent. The loan requires monthly payments of principal and interest of $81,140, beginning on April 8, 2019 through March 2028. A balloon payment of approximately $11,320,286 will be due on March 8, 2028. Management believes the Authority was in full compliance with related covenants as of December 31, 2018.

Future debt service requirements for the above debt are presented below. Principal and accrued interest payable from available cash flow are shown as payable upon maturity.

Years Ending	Principal	Interest
2019	$ 563,759	$ 1,352,385
2020	677,463	1,354,801
2021	712,094	1,320,150
2022	744,457	1,287,808
2023	778,301	1,253,663
2024-2028	27,961,061	4,197,645
2059-2063	1,900,000	411,203
Total	$ 33,337,135	$ 11,177,655

Note 8 - Long-term Debt (Continued)

Discretely Presented Component Units

The amount of outstanding debt of the discretely presented component units as of December 31, 2018 is as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Franklin Station, LLC - CMHA Bridge Loans	0.25% - 5.00%	1/1/2030	$ 5,136,548	$ -	$ (51,194)	$ 5,085,354	$ 2,325,885
Elim Manor Elderly Housing, LLC:							
Mortgage note - Red Mortgage Capital	3.68%	3/1/2052	2,324,340	-	(34,521)	2,289,819	35,813
Notes payable - Homeport	0.00%	N/A	114,000	-	-	114,000	-
MultiFamily Housing Revenue Bonds	3.01%	1/1/2051	2,320,000	-	(20,000)	2,300,000	20,000
Note payable - CMHA	0.00%	N/A	50,000	-	-	50,000	-
Poindexter Place, LLC:							
AHT - Bridge Loan	2.50%	10/1/2018	2,000,000	-	(2,000,000)	-	-
OHFA - Bridge Loan	2.00%	4/1/2026	899,106	-	(92,090)	807,016	93,953
Note payable - City of Columbus, Ohio	2.00%	12/1/2045	250,000	-	-	250,000	-
Note payable - CMHA	0.25%	12/1/2045	825,570	-	-	825,570	-
Sawyer Manor and Trevitt Heights, LLC:							
OHFA - Direct Loan	2.50%	4/15/2027	2,000,000	-	-	2,000,000	-
MultiFamily Housing Revenue Bonds	1.30%	6/1/2020	15,000,000	-	-	15,000,000	-
Seller Note - CMHA	2.75%	6/1/2067	13,670,000	-	-	13,670,000	-
RHF Note - CMHA	2.75%	6/1/2067	2,045,843	2,621,219	-	4,667,062	-
Note payable - CMHA	0.50%	11/1/2062	-	900,000	-	900,000	-
CMHA RAD East, LLC:							
Note payable - CMHA	3.05%	11/1/2063	-	602,646	-	602,646	-
OHFA Bonds	2.45%	5/1/2022	-	16,000,000	-	16,000,000	-
Seller Note - CMHA	3.05%	11/1/2063	-	10,950,000	-	10,950,000	-
OHFA - Bridge Loan	0.00%	4/1/2028	-	2,000,000	-	2,000,000	-
Note payable - CMHA	0.25%	11/1/2063	-	1,953,835	-	1,953,835	-
Total principal outstanding			$46,635,407	$35,027,700	$ (2,197,805)	$ 79,465,302	$ 2,475,651

Franklin Station, LLC

The company received two bridge loans from Columbus Metropolitan Housing Authority totaling $6,300,000 during 2012. The first bridge loan was for $3,300,000 and accrues interest at 0.25 percent. The maturity date is contingent on the investor member making required equity contributions. The second bridge loan was for $3,000,000 and accrues interest at 5 percent. The loan requires monthly payments of principal and interest of $16,105 through December 2029. A balloon payment of approximately $2,035,000 will be due in January 2030.

Elim Manor Elderly Housing, LLC

The company has a HUD-insured Section 231 mortgage note payable to Red Mortgage Capital, LLC, bearing interest at 3.68 percent. Principal and interest are payable in monthly installments of $9,957 beginning on April 1, 2012 through March 1, 2052, the maturity date.

Note 8 - Long-term Debt (Continued)

Elim Manor Elderly Housing, LLC

The company has a noninterest-bearing loan to Homeport payable from surplus cash. Repayment is subject to available surplus cash, and, accordingly, the loans, which consist of advances and a note payable, do not have a scheduled maturity date.

Elim Manor Elderly Housing, LLC

The MultiFamily Housing Revenue Bonds Series 2009 I-3 were issued by the Ohio Housing Finance Agency and are held by Wells Fargo, originally totaling $2,500,000 and bearing interest at 3.01 percent per annum. The principal amount of the bonds outstanding together with accrued interest thereon are due and payable in 2051. The bonds are collateralized by the Project Acquisition Fund.

Elim Manor Eldering Housing, LLC

Noninterest-bearing loan to Columbus Metropolitan Housing Authority payable from surplus cash. Repayment is subject to available surplus cash and, accordingly, the loan does not have a scheduled maturity date.

Poindexter Place, LLC

The company has a loan with American Housing Trust totaling $2,000,000 bearing interest at 2.5 percent. Interest-only payments are paid monthly through the maturity date of October 1, 2018. The note was paid in full at maturity during the year ended December 31, 2018.

Poindexter Place, LLC

The company entered into an equity bridge loan payable to the Ohio Housing Finance Agency (OHFA) originally totaling $1,000,000 and bearing interest at 2 percent per annum. Principal and interest are due and payable in annual installments of $110,264, commencing in April 2017 through April 2026. The note is collateralized by the investor member's assignment to the company of the future capital contribution installments. No payments have yet been made on the loan.

Poindexter Place, LLC

The company entered into a note payable to the City of Columbus, Ohio (the "City") originally totaling $250,000 and bearing interest at 2 percent per annum, compounding annually. The City was granted HOME funds, and these funds were then loaned to the company under the City's HOME Investment Partnership Program. Commencing in 2016, the company shall make annual payments of principal and interest in an amount equal to 25 percent of the annual cash flow, as defined by the promissory note. The entire unpaid principal balance and all accrued interest are due and payable 30 years after the project completion date. The note is collateralized by the real estate and assignment of rents and security.

Poindexter Place, LLC

The company entered into a promissory note with Columbus Metropolitan Housing Authority in the original amount of $825,570 with an interest rate of 0.25 percent per annum, with a term of 30 years. Commencing in 2016, the company shall make annual payments of principal and interest in the amount of 75 percent of annual cash flow, as defined by the promissory note. The note is collateralized by the real estate and assignment of rents and security.

Note 8 - Long-term Debt (Continued)

Sawyer Manor and Trevitt Heights, LLC

The company entered into a note payable with OHFA, originally totaling $2,000,000 and bearing no interest for the first two years after the financing is received and at the rate of 2.5 percent per annum for the remainder of the term. Principal and interest will be due and payable in annual installments of $277,924 commencing on April 15, 2020 through April 15, 2027. The note is secured by the investor member's assignment to the company of the investor note receivable for future capital contribution installments.

Sawyer Manor and Trevitt Heights, LLC

The MultiFamily Housing Revenue Bonds (Sawyer and Trevitt Project), Series 2017, were issued by the County of Franklin, Ohio and are held by The Huntington National Bank, totaling $15,000,000, and bearing interest at 1.3 percent per annum. During the term of the bonds, interest-only payments are to be made each December 1 and June 1, commencing on December 1, 2017. The principal amount of the bonds outstanding, together with accrued interest thereon, are due and payable in June 2020. The bonds are collateralized by the real estate and the bond reserves.

Sawyer Manor and Trevitt Heights, LLC

The company entered into a note payable with Columbus Metropolitan Housing Authority originally totaling $13,670,000 and bearing interest at 2.75 percent per annum. Principal and interest payments are to commence three months after the end of the first fiscal year that occurs after the project is placed in service. Annual payments shall be due and payable on each anniversary thereafter and shall be made from available cash flow, as defined in the operating agreement. The entire unpaid principal balance and accrued interest are due and payable in June 2067. The note is collateralized by the leasehold interest in the land and improvements.

Sawyer Manor and Trevitt Heights, LLC

The company entered into a note payable with Columbus Metropolitan Housing Authority, with a maximum lending amount of $4,667,062 and bearing interest at 2.75 percent per annum. Principal and interest payments are to commence three months after the end of the first fiscal year that occurs after the project is placed in service. Annual payments shall be due and payable on each anniversary thereafter and shall be made from available cash flow, as defined in the operating agreement. The entire unpaid principal balance and accrued interest are due and payable in June 2067. The note is collateralized by the leasehold interest in the land and improvements. During 2017, the company received $2,045,843 in proceeds.

Sawyer Manor and Trevitt Heights, LLC

The company entered into a note payable with Columbus Metropolitan Housing Authority, with a maximum lending amount of $1,000,000 and bearing interest at 0.50 percent per annum, compounded semiannually. On April 30, following the issuance of the project's final certificate of occupancy, annual payments shall be due and payable on each anniversary thereafter and shall be made from available cash flow, as defined in the operating agreement. The entire unpaid principal and interest balance shall be due and payable on November 1, 2062. No payments have yet been made on the loan.

CMHA RAD East, LLC

The company entered into a note payable with Columbus Metropolitan Housing Authority, with a maximum lending amount of $4,468,970, of which $602,646 has been drawn on as of December 31, 2018. Interest is assessed at 3.05 percent per annum. The loan is payable by available cash flow, with any outstanding principal and interest due upon maturity in November 2063.

Note 8 - Long-term Debt (Continued)

CMHA RAD East, LLC

The company entered into a bond payable with the Ohio Financing Agency in the amount of $16,000,000. The bonds bear interest at 2.45 percent per annum are to be paid semiannually commencing on May 1, 2019. The principal balance is to be paid on or before May 1, 2022. No payments were made during the year ended December 31, 2018.

CMHA RAD East, LLC

The company entered into a note payable with Columbus Metropolitan Housing Authority in the amount of $10,950,000. Interest is assessed at 3.05 percent per annum. The loan is payable by available cash flow, with any outstanding principal and interest due upon maturity in November 2063.

CMHA RAD East, LLC

The company entered into an equity bridge loan payable to the Ohio Housing Finance Agency (OHFA) in the amount of $2,000,000 and bears no interest. Effective December 2020, the loan will bear interest at 2.50 percent per annum. Principal and interest are due and payable in annual installments of $274,705 commencing in April 2021 through April 2028. No payments have yet been made on the loan.

CMHA RAD East, LLC

The company entered into a note payable with Columbus Metropolitan Housing Authority in the amount of $1,953,835. Interest is assessed at 0.25 percent per annum. The first monthly payment shall be due three months after the end of the fist fiscal year that occurs after the project is placed in service and will continue for 45 years from the initial disbursement of funds. Annual repayments shall be due on the anniversary of the first payment and is limited to 75 percent annual cash flow of the project for the preceding calendar year. No payments have yet been made on the loan.

Future debt service requirements for the above debt are presented below. Principal and accrued interest payable from available cash are shown as payable upon maturity:

Years Ending	Principal	Interest
2019	$ 2,475,651	$ 907,699
2020	15,455,580	833,169
2021	727,986	747,065
2022	16,712,201	565,646
2023	730,792	349,851
2024 - 2028	3,442,300	1,435,306
2029 - 2033	2,631,403	701,321
2034 - 2038	634,867	501,367
2039 - 2043	782,401	385,070
2044 - 2048	2,169,127	507,062
2049 - 2053	2,749,287	222,636
2054 - 2058	-	-
2059 - 2063	12,452,646	33,323,824
2064 - 2068	18,501,062	52,794,339
Total	$ 79,465,303	$ 93,274,355

Note 9 - Pension Plan

Plan Description

The Authority's 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. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g., the Authority's employees) may elect the Member-Directed Plan and the Combined Plan, the majority of employee members are in OPERS' Traditional Pension Plan; therefore, the following disclosures focus on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC).

OPERS issues a publicly available 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 Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642; or by calling 800-222-7377.

Benefits Provided

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 Pension 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 10 Years After January 7, 2013	Group C Members not in Other Groups and Members Hired on or After January 7, 2013
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 five years of service credit
Formula: 2.2 percent of FAS multiplied by years of service for the first 30 years and 2.5 percent for service years in excess of 30.	Formula: 2.2 percent of FAS multiplied by years of service for the first 30 years and 2.5 percent for service years in excess of 30	Formula: 2.2 percent of FAS multiplied by years of service for the first 35 years and 2.5 percent for service years in excess of 35

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

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

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

Note 9 - Pension Plan (Continued)

Funding Policy

The ORC provides statutory authority for member and employer contributions. For 2018, member contribution rates were 10 percent of salary, and employer contribution rates were 14 percent. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0 percent during the year ended December 31, 2018. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contributions to OPERS totaled $1,005,288 for the year ended December 31, 2018.

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 have already 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 pensions.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) it benefits 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 include 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 net pension liability would be effective when the changes are legally enforceable.

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

The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. For reporting purposes, the Authority combined the amounts for both the traditional and combined plans, due to the insignificance of the amounts that related to the Combined Plan. The Authority reported a net pension liability of $7,424,984 as its proportionate share. The Authority's proportion was 0.047506 percent, an increase of 0.000220 percent from the prior year.

Note 9 - Pension Plan (Continued)

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

For the year ended December 31, 2018, the Authority recognized pension expense of $305,632.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Authority contributions subsequent to measurement date	$ 1,005,288	$ -	$ 1,005,288
Net difference between projected and actual investment earnings	-	(1,603,183)	(1,603,183)
Change in employer proportionate share of net pension liability	28,447	(630,828)	(602,381)
Change in assumptions	888,884	-	888,884
Differences between expected and actual experience	11,180	(153,441)	(142,261)
Total	$ 1,933,799	$ (2,387,452)	$ (453,653)

The amount of $1,005,288 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Years Ending December 31	Amount
2019	$ 97,625
2020	(190,257)
2021	(705,349)
2022	(658,182)
2023	376
Thereafter	(3,154)
Total	$ (1,458,941)

Actuarial Assumptions

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.

Note 9 - Pension Plan (Continued)

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 Assumptions
Valuation date	December 31, 2017
Actuarial cost method	Individual entry age
Cost of living adjustments	Pre-January 7, 2013 Retirees: 3%; Post-January 7, 2013 Retirees: 3% simple through 2018, then 2.15% simple
Salary increases, including inflation	3.25% - 8.25%
Inflation	3.25%
Investment rate of return	7.50%
Experience study date	Period of five years ended December 31, 2015
Mortality basis	RP-2014 Healthy Annuitant Mortality Table

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.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future 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.

Investment Rate of Return

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

During plan year ended December 31, 2017, OPERS managed investments in three investment portfolios: the defined benefit portfolio, the heathcare portfolio, and the defined contribution portfolio. The defined benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the defined benefit portfolio, contributions into the plans are all recorded at the same time and the benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the defined benefit portfolio was 16.82 percent for 2017.

Note 9 - Pension Plan (Continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	23.00 %	2.20 %
Domestic equities	19.00	6.37
Real estate	10.00	5.26
Private equity	10.00	8.97
International equities	20.00	7.88
Other investments	18.00	5.26

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

The following chart represents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	1 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percent Increase (8.50%)
Proportionate share of the net pension liability	$ 13,224,027	$ 7,424,984	$ 2,608,037

Note 10 - Other Postemployment Benefit Plan

Plan Description and Benefits Provided

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

Prior to January 1, 2015, 10 or more years of service were required to qualify for healthcare coverage. Beginning on January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for healthcare coverage or 30 years of qualifying service at any age.

Contributions

OPERS' Postemployment Healthcare Plan was established under, and is administered in accordance with, Internal Revenue Code (IRC) Section 401(h). Each year, the OPERS board of trustees determines the portion of the employer contribution rate that will be set aside for the funding of postemployment healthcare coverage. Healthcare funding is discretionary and dependent on both the pension funding and future projections. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 0.0 percent in 2018. Contributions to the plan from the Authority were $0 for the year ended December 31, 2018.

Note 10 - Other Postemployment Benefit Plan (Continued)

Net OPEB Liability

At December 31, 2018, the Authority reported a liability of $5,072,363 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The Authority's proportion of the net OPEB liability was based on the Authority's actuarially required contribution for the year ended December 31, 2017 relative to all other contributing employers. At December 31, 2017, the Authority's proportion was 0.046710 percent.

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

For the year ended December 31, 2018, the Authority recognized OPEB expense of $433,870.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,951	$ -
Changes in assumptions	369,322	-
Net difference between projected and actual earnings on OPEB plan investments	-	(377,857)
Total	$ 373,273	$ (377,857)

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

Years Ending December 31	Amount
2019	$ 83,999
2020	83,999
2021	(78,117)
2022	(94,465)
Total	$ (4,584)

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value 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 healthcare costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the system and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017.

Note 10 - Other Postemployment Benefit Plan (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

	Actuarial Assumptions
Actuarial valuation date	December 31, 2016
Rolled-forward measurement date	December 31, 2017
Experience study	Five-year period ended December 31, 2015
Actuarial cost method	Individual entry age normal
Single discount rate	3.85%
Investment rate of return	6.50%
Municipal bond rate	3.31%
Wage inflation	3.25%
Projected salary increases, including inflation	3.25% - 10.75%
Healthcare cost trend rate	7.5 percent initial, 3.25 percent ultimate in 2028

Preretirement mortality rates are based on the RP-2014 employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement 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. Postretirement mortality rates for disabled retirees are based on the RP-2014 disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

Discount Rate

A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the healthcare 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 healthcare investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the healthcare fiduciary net position and future contributions were sufficient to finance healthcare costs through 2034. As a result, the long-term expected rate of return on healthcare investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all healthcare costs after that date.

Note 10 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	21.00 %	6.37 %
International equity	22.00	7.88
Fixed income	34.00	1.88
REITs	6.00	5.91
Other investments	17.00	5.39

During 2017, OPERS managed investments in three investment portfolios: the defined benefit portfolio, the healthcare portfolio, and the defined contribution portfolio. The healthcare portfolio includes the assets for healthcare expenses for the Traditional Pension Plan, Combined Plan, and Member-Directed Plan eligible members. Within the healthcare 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 healthcare-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 healthcare portfolio is 15.2 percent for 2017.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority, calculated using the discount rate of 3.85 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (2.85%)	Current Discount Rate (3.85%)	1 Percent Increase (4.85%)
Net OPEB liability of the Ohio Public Employees Retirement System	$ 6,738,852	$ 5,072,363	$ 3,724,188

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Authority, calculated using the healthcare cost trend rate of 7.50 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the Ohio Public Employees Retirement System	$ 4,853,169	$ 5,072,363	$ 5,298,782

Note 11 - Deferred Compensation

The Authority offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all regular employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Authority made no contributions to the plan in 2018.

All assets of the plan are held in a trust for the exclusive benefit of the participants and their beneficiaries. Investments are managed by the Ohio Public Employees Deferred Compensation Program. The plan is not included in the Authority's financial statements, as the Authority does not hold these assets in a trustee capacity.

Note 12 - Nonexchange Financial Guarantees

Operating Deficit Guarantees

In relation to the performance of the tax credit companies for which the Authority is a member, the Authority has agreed to provide certain levels of funding in the event operating deficits exceed operating reserves. The maximum amount required to fund the excess operating deficit ranges by company. The guarantees are in place until specific milestones specifically defined in the operating agreements are met. If the Authority is required to fund a deficit under these guarantees, the advances would be structured as a loan to the companies. These loans would be repayable, without interest, in accordance with available cash flow. The Authority has not recognized any additional liability relating to these nonexchange financial guarantees as of December 31, 2018.

Note 13 - Commitments and Contingencies

The Authority received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2018.

Note 14 - Change in Accounting Principle

During the year ended December 31, 2018, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which established standards for measuring and recognizing other postemployment benefit liabilities, as well as related deferred outflows of resources, deferred inflows of resources, and expense. The implementation of this pronouncement had the following effect on net position as reported at December 31, 2017:

	As Computed Under Old Method	As Reported Under New Method	Effect of Change
Deferred outflows of resources - OPEB	$ -	$ 74,793	$ 74,793
Net OPEB liability	$ -	$ 4,717,869	$ 4,717,869
Net position - Beginning of year	180,782,822	176,139,746	(4,643,076)
Total liabilities and net position	$ 180,782,822	$ 180,857,615	$ 74,793

Note 15 - Blended Component Units

A condensed statement of net position for the Authority's blended component units as of December 31, 2018 is presented as follows:

	Gender Road Limited Partnership	Homes at Second Avenue, LLC	Four Pointe MHA, LLC	SR-MHA, LLC
Assets				
Current assets	$ 286,453	$ 1,194,404	$ 816,458	$ 714,922
Noncurrent assets:				
Capital assets - Net	3,504,100	11,422,229	-	-
Capital assets leased from primary government	-	-	16,644,014	19,638,889
Other noncurrent assets	-	-	211,200	82,781
Total noncurrent assets	3,504,100	11,422,229	16,855,214	19,721,670
Total assets	3,790,553	12,616,633	17,671,672	20,436,592
Liabilities				
Current liabilities	81,657	66,045	835,618	784,552
Noncurrent liabilities:				
Note payable to primary government	6,015,082	-	-	-
Capital lease payable to primary government	-	-	16,644,014	19,638,889
Other noncurrent liabilities	4,619	-	13,896,265	14,630,729
Total noncurrent liabilities	6,019,701	-	30,540,279	34,269,618
Total liabilities	6,101,358	66,045	31,375,897	35,054,170
Net Position				
Net investment in capital assets	(2,510,982)	11,422,229	(14,168,129)	(14,880,000)
Restricted for required reserves	10,143	9,236	579,541	-
Unrestricted	190,034	1,119,123	(115,637)	262,422
Total net position	$ (2,310,805)	$ 12,550,588	$ (13,704,225)	$ (14,617,578)

A condensed statement of activities for the Authority's blended component units as of December 31, 2018 is presented as follows:

	Gender Road Limited Partnership	Homes at Second Avenue, LLC	Four Pointe MHA, LLC	SR-MHA, LLC
Operating Revenue	$ 801,836	$ 736,063	$ 2,249,023	$ 1,720,499
Operating Expense	1,139,565	1,262,521	1,993,890	1,458,077
Operating (Loss) Income	(337,729)	(526,458)	255,133	262,422
Distribution of Mortgage Proceeds to Primary Government	-	-	-	(14,880,000)
Change in Net Position	(337,729)	(526,458)	255,133	(14,617,578)
Net Position - Beginning of year	(1,973,076)	13,077,046	(13,959,358)	-
Net Position - End of year	$ (2,310,805)	$ 12,550,588	$ (13,704,225)	$ (14,617,578)

Note 15 - Blended Component Units (Continued)

A condensed statement of cash flows for Authority's blended component units as of December 31, 2018 is presented as follows:

	Gender Road Limited Partnership	Homes at Second Avenue, LLC	Four Pointe MHA, LLC	SR-MHA, LLC
Cash Flows (Used in) Provide by Operating Activities	$ (296,816)	$ (420,420)	$ 167,936	$ 688,634
Cash Flows (Used in) Provided by Financing Activities	(19,908)	(334,113)	(261,103)	14,880,000
Cash Flows Used in Investing Activities	(25,000)	-	-	(14,880,000)
Net (Decrease) Increase in Cash	(341,724)	(754,533)	(93,167)	688,634
Cash and Cash Equivalents - Beginning of year	584,496	1,882,580	871,904	-
Cash and Cash Equivalents - End of year	$ 242,772	$ 1,128,047	$ 778,737	$ 688,634
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	$ (337,729)	$ (526,458)	$ 255,133	$ 262,422
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation and amortization	391,757	754,721	-	-
Changes in assets and liabilities	(395,754)	(982,796)	(87,197)	426,212
Total adjustments	40,913	106,038	(87,197)	426,212
Net cash (used in) provided by operating activities	$ (296,816)	$ (420,420)	$ 167,936	$ 688,634

Required Supplemental Information

Required Supplemental Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System

Last Five Fiscal Years

Years Ended December 31

	2014	2015	2016	2017	2018
Authority's proportion of the net pension liability - Traditional Pension Plan	0.06429 %	0.06429 %	0.05960 %	0.04729 %	0.04751 %
Authority's proportion of the net pension liability - Combined Plan	0.01813 %	0.01813 %	0.02353 %	0.02069 %	0.01236 %
Authority's proportionate share of the net pension liability	$ 7,577,523	$ 7,747,594	$ 10,326,292	$ 10,726,284	$ 7,424,984
Authority's covered payroll	$ 7,948,700	$ 7,488,142	$ 7,503,592	$ 6,308,662	$ 7,180,629
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	102.43 %	97.47 %	137.90 %	142.95 %	117.70 %
Plan fiduciary net position as a percentage of total pension liability	86.36 %	86.45 %	81.08 %	77.25 %	84.66 %

Amounts presented for each year were determined as of the Authority's measurement date. Information prior to 2013 is not available. The Authority will continue to present information for years available until a full 10-year trend is compiled.

Required Supplemental Information
Schedule of the Authority's Pension Contributions
Ohio Public Employees Retirement System

Last Six Fiscal Years

Years Ended December 31

	2013	2014	2015	2016	2017	2018
Contractually required contribution	$ 961,753	$ 953,844	$ 898,577	$ 900,431	$ 820,126	$ 1,005,288
Contributions in relation to the contractually required contribution	961,753	953,844	898,577	900,431	820,126	1,005,288
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 7,398,100	$ 7,948,700	$ 7,488,142	$ 7,503,592	$ 6,308,662	$ 7,180,629
Contributions as a Percentage of Covered Payroll	13.00 %	12.00 %	12.00 %	12.00 %	13.00 %	14.00 %

Years listed represent the Authority's calendar year. Information prior to 2013 is not available. The Authority will continue to present information for years available until a full 10-year trend is compiled. Information broken down by plan type (Traditional Pension Plan vs. Combined Plan) was not available.

See note to the financial data schedules.

Required Supplemental Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System

Last Fiscal Year

Fiscal Year Ended December 31

	2018
Authority's proportion of the net OPEB liability	0.04671 %
Authority's proportionate share of the net OPEB liability	$ 5,072,363
Authority's covered payroll	$ 6,308,662
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	80.40 %
Plan fiduciary net position as a percentage of total OPEB liability	54.14 %

Amounts presented for each year were determined as of the Authority's measurement date. Information prior to 2017 is not available. The Authority will continue to present information for years available until a full 10-year trend is compiled.

Required Supplemental Information
Schedule of the Authority's OPEB Contributions
Ohio Public Employees Retirement System

Last Two Fiscal Years

Years Ended December 31

	2017	2018
Contractually required contribution	$ 63,087	$ -
Contributions in relation to the contractually required contribution	63,087	-
Contribution Excess	**$ -**	**$ -**
Authority's Covered Payroll	$ 6,308,662	$ 7,180,629
Contributions as a Percentage of Covered Payroll	1.00 %	- %

Years listed represent the Authority's calendar year. Information prior to 2017 is not available. The Authority will continue to present information for years available until a full 10-year trend is compiled.

Other Supplemental Information

December 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.892 Choice Neighborhoods Planning Grants	14.327 Performance Based Contract Administrator Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.181 Supportive Housing for Persons with Disabilities	97.109 Disaster Housing Assistance Grant	1 Business Activities	14.267 Continuum of Care Program	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	7,078,433			51,478	77,110	3,850,195	243,723		5,017,020	139,630		5,861,148	22,318,737		22,318,737
112 Cash - Restricted - Modernization and Development	-											12,252,666	12,252,666		12,252,666
113 Cash - Other Restricted	19,940			1,577	197,943	36,344,204			658,283			5,389,494	42,611,441		42,611,441
114 Cash - Tenant Security Deposits	164,653					297,327			208,625				670,605		670,605
115 Cash - Restricted for Payment of Current Liabilities	-												-		-
100 Total Cash	7,263,026	-	-	53,055	275,053	40,491,726	243,723	-	5,883,928	139,630	-	23,503,308	77,853,449	-	77,853,449
121 Accounts Receivable - PHA Projects	-												-		-
122 Accounts Receivable - HUD Other Projects	-			4,837,197						-			4,837,197		4,837,197
124 Accounts Receivable - Other Government															
125 Accounts Receivable - Miscellaneous	1,974				518	1,484	2,417		25,269	1,766,292		10,292,479	12,090,433	(6,899,454)	5,190,979
126 Accounts Receivable - Tenants	155,462					139,655			22,560				317,677		317,677
126.1 Allowance for Doubtful Accounts -Tenants	(101,346)					(2,254)			-				(103,600)		(103,600)
126.2 Allowance for Doubtful Accounts - Other	-			-	-	-	-		-	-		-	-		-
127 Notes, Loans, & Mortgages Receivable - Current												2,350,887	2,350,887	(25,000)	2,325,887
128 Fraud Recovery															
128.1 Allowance for Doubtful Accounts - Fraud															
129 Accrued Interest Receivable									38,239			920,771	959,010		959,010
120 Total Receivables, Net of Allowances for Doubtful Accounts	56,090	-	-	4,837,197	518	138,885	2,417	-	86,068	1,766,292	-	13,564,137	20,451,604	(6,924,454)	13,527,150
131 Investments - Unrestricted	-												-		-
132 Investments - Restricted															
135 Investments - Restricted for Payment of Current Liability															
142 Prepaid Expenses and Other Assets	87,131				15,192	349,467			112,413	1,495		525,966	1,091,664		1,091,664
143 Inventories															
143.1 Allowance for Obsolete Inventories															
144 Inter Program Due From															
145 Assets Held for Sale															
150 Total Current Assets	7,406,247	-	-	4,890,252	290,763	40,980,078	246,140	-	6,082,409	1,907,417	-	37,593,411	99,396,717	(6,924,454)	92,472,263
161 Land	34,307				785,041	4,385,000			353,273			10,016,750	15,574,371		15,574,371
162 Buildings	70,530,829				684,136	97,518,974			33,581,890			49,895,052	252,210,881		252,210,881
163 Furniture, Equipment & Machinery - Dwellings	14,603					1,246,721			205,987				1,467,311		1,467,311
164 Furniture, Equipment & Machinery - Administration	182,005			266,609	2,076,206				370,287			3,579,491	6,474,598		6,474,598
165 Leasehold Improvements									-				-		-
166 Accumulated Depreciation	(50,550,168)			(266,609)	(2,215,430)	(14,583,466)			(15,299,115)			(14,596,116)	(97,510,904)		(97,510,904)
167 Construction in Progress	1,093,156					2,556,875			737,892			627,082	5,015,005		5,015,005
168 Infrastructure	-												-		-
160 Total Capital Assets, Net of Accumulated Depreciation	21,304,732	-	-	-	1,329,953	91,124,104	-	-	19,950,214	-	-	49,522,259	183,231,262	-	183,231,262

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.892 Choice Neighborhoods Planning Grants	14.327 Performance Based Contract Administrator Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.181 Supportive Housing for Persons with Disabilities	97.109 Disaster Housing Assistance Grant	1 Business Activities	14.267 Continuum of Care Program	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current									2,513,441			103,305,942	105,819,383	(41,808,937)	64,010,446
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due															
173 Grants Receivable - Non Current															
174 Other Assets						901,500			36,654,777			20,000	37,576,277	(36,282,903)	1,293,374
176 Investments in Joint Ventures									4,583,023			33,626,401	38,209,424	(2,080,000)	36,129,424
180 Total Non-Current Assets	21,304,732	-	-	-	1,329,953	92,025,604	-	-	63,701,455	-	-	186,474,602	364,836,346	(80,171,840)	284,664,506
200 Deferred Outflow of Resources					1,081,555					16,805		1,208,712	2,307,072		2,307,072
290 Total Assets and Deferred Outflow of Resources	28,710,979	-	-	4,890,252	2,702,271	133,005,682	246,140	-	69,783,864	1,924,222	-	225,276,725	466,540,135	(87,096,294)	379,443,841
311 Bank Overdraft															
312 Accounts Payable <= 90 Days	722,048			4,830,846	2,010,405	2,400,434			1,145,867	1,759,044		1,194,393	14,063,037	(6,732,140)	7,330,897
313 Accounts Payable >90 Days Past Due															
321 Accrued Wage/Payroll Taxes Payable	5,051					4,660			6,438			397,192	413,341		413,341
322 Accrued Compensated Absences - Current Portion					74,877					1,655		90,469	167,001		167,001
324 Accrued Contingency Liability	-					-			465,526				465,526		465,526
325 Accrued Interest Payable						917,077			75,693				992,770		992,770
331 Accounts Payable - HUD PHA Programs															
332 Account Payable - PHA Projects															
333 Accounts Payable - Other Government															
341 Tenant Security Deposits	127,420					286,863			226,905				641,188		641,188
342 Unearned Revenue	6,648					35,424			49,612			37,776,755	37,868,439	(36,282,903)	1,585,536
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-					2,475,651			563,759				3,039,410		3,039,410
344 Current Portion of Long-term Debt - Operating Borrowings															
345 Other Current Liabilities	11,939					5,089				1,148		3,821	21,997		21,997
346 Accrued Liabilities - Other	1,150					259,686			355,747				616,583		616,583
347 Inter Program - Due To															
348 Loan Liability - Current															
310 Total Current Liabilities	874,256	-	-	4,830,846	2,085,282	6,384,884	-	-	2,889,547	1,761,847	-	39,462,630	58,289,292	(43,015,043)	15,274,249

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.892 Choice Neighborhoods Planning Grants	14.327 Performance Based Contract Administrator Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.181 Supportive Housing for Persons with Disabilities	97.109 Disaster Housing Assistance Grant	1 Business Activities	14.267 Continuum of Care Program	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	6,015,082					76,989,651			32,940,689				115,945,422	(6,182,395)	109,763,027
352 Long-term Debt, Net of Current - Operating Borrowings															
353 Non-current Liabilities - Other	17,520				278,677	5,689,678			36,282,903				42,268,778	(36,282,903)	5,985,875
354 Accrued Compensated Absences - Non Current					78,559					1,736		94,918	175,213		175,213
355 Loan Liability - Non Current															
356 FASB 5 Liabilities	-												-		-
357 Accrued Pension and OPEB Liabilities					5,816,459					181,654		6,499,231	12,497,344		12,497,344
350 Total Non-Current Liabilities	6,032,602	-	-	-	6,173,695	82,679,329	-	-	69,223,592	183,390	-	6,594,149	170,886,757	(42,465,298)	128,421,459
300 Total Liabilities	6,906,858	-	-	4,830,846	8,258,977	89,064,213	-	-	72,113,139	1,945,237	-	46,056,779	229,176,049	(85,480,341)	143,695,708
400 Deferred Inflow of Resources					1,283,615					47,485		1,434,209	2,765,309		2,765,309
508.3 Nonspendable Fund Balance															
508.4 Net Investment in Capital Assets	21,304,732				1,329,953	11,689,802			(13,386,921)		-	49,522,259	70,459,825		70,459,825
509.3 Restricted Fund Balance															
510.3 Committed Fund Balance															
511.3 Assigned Fund Balance															
511.4 Restricted Net Position	52,647			2,306	197,214	36,354,668			640,003		-	17,642,160	54,888,998		54,888,998
512.3 Unassigned Fund Balance															
512.4 Unrestricted Net Position	446,742	-	-	57,100	(8,367,488)	(4,103,001)	246,140	-	10,417,643	(68,500)	-	110,621,318	109,249,954	(1,615,953)	107,634,001
513 Total Equity - Net Assets / Position	21,804,121	-	-	59,406	(6,840,321)	43,941,469	246,140	-	(2,329,275)	(68,500)	-	177,785,737	234,598,777	(1,615,953)	232,982,824
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	28,710,979	-	-	4,890,252	2,702,271	133,005,682	246,140	-	69,783,864	1,924,222	-	225,276,725	466,540,135	(87,096,294)	379,443,841

December 31, 2018

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.892 Choice Neighborhoods Planning Grants	14.327 Performance Based Contract Administrator Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.181 Supportive Housing for Persons with Disabilities	97.109 Disaster Housing Assistance Grant	1 Business Activities	14.267 Continuum of Care Program	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	950,750					4,470,961			6,793,592				12,215,303	(729,859)	11,485,444
70400 Tenant Revenue - Other	-					38,223							38,223		38,223
70500 Total Tenant Revenue	950,750	-	-	-	-	4,509,184	-	-	6,793,592	-	-	-	12,253,526	(729,859)	11,523,667
70600 HUD PHA Operating Grants	8,145,387	144,404	2,371,303	640,652,187	100,243,620		543,520			3,499,481	37,367		755,637,269		755,637,269
70610 Capital Grants															
70710 Management Fee												2,325,204	2,325,204	(2,256,484)	68,720
70720 Asset Management Fee												103,250	103,250	(103,250)	-
70730 Book Keeping Fee												1,330,905	1,330,905	(1,317,188)	13,717
70740 Front Line Service Fee															
70750 Other Fees															
70700 Total Fee Revenue												3,759,359	3,759,359	(3,676,922)	82,437
70800 Other Government Grants															
71100 Investment Income - Unrestricted	73,414				-	112,462			22,369			953,299	1,161,544		1,161,544
71200 Mortgage Interest Income															
71300 Proceeds from Disposition of Assets Held for Sale															
71310 Cost of Sale of Assets	-												-		-
71400 Fraud Recovery					26,814								26,814		26,814
71500 Other Revenue	179,336				51,999	3,572,784			2,506,500			11,921,684	18,232,303	(8,491,120)	9,741,183
71600 Gain or Loss on Sale of Capital Assets						(4,872)						7,492,347	7,487,475		7,487,475
72000 Investment Income - Restricted												135,958	135,958		135,958
70000 Total Revenue	9,348,887	144,404	2,371,303	640,652,187	100,322,433	8,189,558	543,520	-	9,322,461	3,499,481	37,367	24,262,647	798,694,248	(12,897,901)	785,796,347
91100 Administrative Salaries	397,544	100,203			3,553,297	435,846			453,953	95,261		4,385,744	9,421,848		9,421,848
91200 Auditing Fees	23,792				111,963	77,770			1,043	4,256		93,753	312,577		312,577
91300 Management Fee	833,224	-	496,225	5,308,297	1,898,388	458,195	11,076		294,250	72,193	7,000		9,378,848	(8,235,180)	1,143,668
91310 Book-keeping Fee	70,991				1,186,492	16,056	6,923		7,665	45,120			1,333,247	(1,317,192)	16,055
91400 Advertising and Marketing	1,261					9,584			101,231			9,003	121,079		121,079
91500 Employee Benefit contributions - Administrative	386,055	32,575			1,322,148	180,894			81,710	48,536		1,112,261	3,164,179		3,164,179
91600 Office Expenses	313,112		193,852	7,230,065	521,414	312,455			554,342	17,869		3,254,322	12,397,431	(1,338,901)	11,058,530
91700 Legal Expense	18,235				44,591	27,552			44,281	1,703	30,367	577,502	744,231		744,231
91800 Travel	32,278				19,900	10,173			20,401			318,817	401,569		401,569
91810 Allocated Overhead															
91900 Other	356,978		694,003	6,641,853					568,974			1,066	8,262,874	(561,111)	7,701,763
91000 Total Operating - Administrative	2,433,470	132,778	1,384,080	19,180,215	8,658,193	1,528,525	17,999	-	2,127,850	284,938	37,367	9,752,468	45,537,883	(11,452,384)	34,085,499
92000 Asset Management Fee	103,250					4,332			9,000				116,582	(112,250)	4,332
92100 Tenant Services - Salaries	-												-		-
92200 Relocation Costs															
92300 Employee Benefit Contributions - Tenant Services															
92400 Tenant Services - Other	117,951					25,871			8,453			62,753	215,028		215,028
92500 Total Tenant Services	117,951	-	-	-	-	25,871	-	-	8,453	-	-	62,753	215,028	-	215,028

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.892 Choice Neighborhoods Planning Grants	14.327 Performance Based Contract Administrator Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.181 Supportive Housing for Persons with Disabilities	97.109 Disaster Housing Assistance Grant	1 Business Activities	14.267 Continuum of Care Program	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
93100 Water	828,557				1,527	294,336			169,170			14,473	1,308,063		1,308,063
93200 Electricity	215,229				9,398	385,070			130,630			119,207	859,534		859,534
93300 Gas	68,247				2,048	81,920			49,424			963	202,602		202,602
93400 Fuel															
93500 Labor															
93600 Sewer															
93700 Employee Benefit Contributions - Utilities															
93800 Other Utilities Expense															
93000 Total Utilities	1,112,033	-	-	-	12,973	761,326	-	-	349,224	-	-	134,643	2,370,199	-	2,370,199
94100 Ordinary Maintenance and Operations - Labor	659,470					293,701			68,995				1,022,166		1,022,166
94200 Ordinary Maintenance and Operations - Materials and Other	260,007				12,930	193,667			329,114			196,721	992,439		992,439
94300 Ordinary Maintenance and Operations Contracts	1,418,061				3,410	662,824			551,284			335,213	2,970,792		2,970,792
94500 Employee Benefit Contributions - Ordinary Maintenance	34,063	6,477			183,365				15,632	9,651		234,658	483,846		483,846
94000 Total Maintenance	2,371,601	6,477	-	-	199,705	1,150,192	-	-	965,025	9,651	-	766,592	5,469,243	-	5,469,243
95100 Protective Services - Labor															
95200 Protective Services - Other Contract Costs	79,093				4,065				11,360			9,750	104,268		104,268
95300 Protective Services - Other						302,518							302,518		302,518
95500 Employee Benefit Contributions - Protective Services	8,560	1,628			46,077				3,929	2,425		58,967	121,586		121,586
95000 Total Protective Services	87,653	1,628	-	-	50,142	302,518	-	-	15,289	2,425	-	68,717	528,372	-	528,372
96110 Property Insurance	212,487				11,221	128,346			76,471			6,708	435,233		435,233
96120 Liability Insurance									56,301			139,420	195,721		195,721
96130 Workmen's Compensation		3,521			95,499	609				2,460		115,754	217,843		217,843
96140 All Other Insurance					1,612	10,574			36,728	66		1,142	50,122		50,122
96100 Total insurance Premiums	212,487	3,521	-	-	108,332	139,529	-	-	169,500	2,526	-	263,024	898,919	-	898,919
96200 Other General Expenses	228,783				27,060	15,552			15,132	1,457		111,621	399,605		399,605
96210 Compensated Absences															
96300 Payments in Lieu of Taxes									1,268,200			35	1,268,235		1,268,235
96400 Bad debt - Tenant Rents	72,753				75,968				43,002			26,924	218,647		218,647
96500 Bad debt - Mortgages															
96600 Bad debt - Other						6,176			4,029				10,205		10,205
96800 Severance Expense												13,413	13,413		13,413
96000 Total Other General Expenses	301,536	-	-	-	103,028	21,728	-	-	1,330,363	1,457	-	151,993	1,910,105	-	1,910,105
96710 Interest of Mortgage (or Bonds) Payable						277,864			536,275				814,139		814,139
96720 Interest on Notes Payable (Short and Long Term)						498,266			687,699				1,185,965		1,185,965
96730 Amortization of Bond Issue Costs									9,889				9,889		9,889
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	776,130	-	-	1,233,863	-	-	-	2,009,993	-	2,009,993
96900 Total Operating Expenses	6,739,981	144,404	1,384,080	19,180,215	9,132,373	4,710,151	17,999	-	6,208,567	300,997	37,367	11,200,190	59,056,324	(11,564,634)	47,491,690
97000 Excess of Operating Revenue over Operating Expenses	2,608,906	-	987,223	621,471,972	91,190,060	3,479,407	525,521	-	3,113,894	3,198,484	-	13,062,457	739,637,924	(1,333,267)	738,304,657

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.892 Choice Neighborhoods Planning Grants	14.327 Performance Based Contract Administrator Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.181 Supportive Housing for Persons with Disabilities	97.109 Disaster Housing Assistance Grant	1 Business Activities	14.267 Continuum of Care Program	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance	-												-		-
97200 Casualty Losses - Non-capitalized															
97300 Housing Assistance Payments	122,448			621,508,951	91,922,701		453,170			3,139,473			717,146,743	(729,859)	716,416,884
97350 HAP Portability-In															
97400 Depreciation Expense	2,520,002				110,548	2,594,824			1,588,797			1,890,819	8,704,990	(603,408)	8,101,582
97500 Fraud Losses															
97600 Capital Outlays - Governmental Funds															
97700 Debt Principal Payment - Governmental Funds															
97800 Dwelling Units Rent Expense															
90000 Total Expenses	9,382,431	144,404	1,384,080	640,689,166	101,165,622	7,304,975	471,169	-	7,797,364	3,440,470	37,367	13,091,009	784,908,057	(12,897,901)	772,010,156
10010 Operating Transfer In	4,263,238								192,043			22,534,550	26,989,831	(26,989,831)	-
10020 Operating transfer Out	(8,334,107)		(987,223)						(17,476,470)			(192,031)	(26,989,831)	26,989,831	-
10030 Operating Transfers from/to Primary Government															
10040 Operating Transfers from/to Component Unit	-												-		-
10050 Proceeds from Notes, Loans and Bonds															
10060 Proceeds from Property Sales															
10070 Extraordinary Items, Net Gain/Loss	-												-		-
10080 Special Items (Net Gain/Loss)	-												-		-
10091 Inter Project Excess Cash Transfer In	-												-		-
10092 Inter Project Excess Cash Transfer Out	-												-		-
10093 Transfers between Program and Project - In	-												-		-
10094 Transfers between Project and Program - Out	-												-		-
10100 Total Other financing Sources (Uses)	(4,070,869)	-	(987,223)	-	-	-	-	-	(17,284,427)	-	-	22,342,519	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(4,104,413)	-	-	(36,979)	(843,189)	884,583	72,351	-	(15,759,330)	59,011	-	33,514,157	13,786,191	-	13,786,191
11020 Required Annual Debt Principal Payments	-	-	-	-	-	2,197,805	-	-	305,459	-	-	-	2,503,264		2,503,264
11030 Beginning Equity	32,311,852	-	-	96,385	(3,673,533)	42,248,033	173,789	82,193	11,277,599	-	-	142,769,462	225,285,780		225,285,780
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(6,403,318)				(2,323,599)	808,853		(82,193)	2,152,456	(127,511)		1,502,118	(4,473,194)		(4,473,194)
11050 Changes in Compensated Absence Balance															
11060 Changes in Contingent Liability Balance															
11070 Changes in Unrecognized Pension Transition Liability															
11080 Changes in Special Term/Severance Benefits Liability															
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents															
11100 Changes in Allowance for Doubtful Accounts - Other															
11170 Administrative Fee Equity					(7,037,535)								(7,037,535)		(7,037,535)
11180 Housing Assistance Payments Equity					197,214								197,214		197,214
11190 Unit Months Available	10,325	-	-	-	158,199	8,895	923	-	8,016	6,016		-	192,374		192,374
11210 Number of Unit Months Leased	9,465	-	-	-	158,199	7,326	923	-	7,791	6,016		-	189,720		189,720
11270 Excess Cash	5,965,936												5,965,936		5,965,936
11610 Land Purchases	-											-	-		-
11620 Building Purchases	-											-	-		-
11630 Furniture & Equipment - Dwelling Purchases	-											-	-		-
11640 Furniture & Equipment - Administrative Purchases	-											-	-		-
11650 Leasehold Improvements Purchases	-											-	-		-
11660 Infrastructure Purchases	-											-	-		-
13510 CFFP Debt Service Payments	-											-	-		-
13901 Replacement Housing Factor Funds	-											-	-		-

REAC Supplemental Information Requirement

As required by the Department of Housing and Urban Development (HUD) for REAC reporting purposes, the Authority prepares its financial data schedules in accordance with HUD requirements in a prescribed format. The HUD prescribed format differs from the required classification of several balances under accounting principles generally accepted in the United States of America as follows: (1) depreciation expense and housing assistance payments are excluded from operating activities; (2) gain (loss) on sales of capital assets, interest income, and capital grants are included in operating activities; (3) tenant receivable and allowance for doubtful accounts are reflected separately; (4) noncurrent restricted cash is presented as a current asset; and (5) the blended component unit activities are presented in the “other business activities” column, which is included in total programs.

For reporting purposes, REAC requires Public Housing Authorities to distinguish capital grant revenue between funds used for hard and soft costs. Hard costs refer to activities associated with the purchase of equipment, modernization work and other capital activity. Hard costs are reported within the Capital Grants line item on the financial data schedules. Soft costs refer to the use of funds to either support a project’s operation or other expenses that do not meet the Authority’s capitalization threshold policy. Soft costs are reported within the HUD PHA operating grants line item on the financial data schedules. All capital grant revenue for the year ended December 31, 2018 was reported in the HUD PHA operating grants line item.

Columbus Metropolitan Housing Authority

Federal Awards Supplemental Information

December 31, 2018

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*

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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*

Independent Auditor's Report

To Management and the Board of Commissioners
Columbus Metropolitan Housing Authority

We have audited, 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, the financial statements of the business-type activities and discretely presented component units of Columbus Metropolitan Housing Authority (the "Authority") as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 28, 2019. Our report includes a reference to other auditors who audited the financial statements of Jenkins Terrace, LLC; Worley Terrace, LLC; Elim Manor Elderly Housing, LLC; Franklin Station, LLC; Poindexter Place, LLC; and Sawyer Manor and Trevitt Heights, LLC which represent 76, 99, and 92 percent of the assets, net position, and revenue, respectively, of the aggregate discretely presented component units, as described in our report on the Columbus Metropolitan Housing Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Jenkins Terrace, LLC; Worley Terrace, LLC; Franklin Station, LLC; Poindexter Place, LLC; and Sawyer Manor and Trevitt Heights, LLC were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free 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.*

To Management and the Board of Commissioners
Columbus Metropolitan Housing Authority

Purpose of this Report

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

Plante & Moran, PLLC

May 28, 2019

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Commissioners
Columbus Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Columbus Metropolitan Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Columbus Metropolitan Housing Authority's basic financial statements include the operations of Elim Manor Elderly Housing, LLC, which expended $2,639,025 in federal awards that is not included in the schedule of expenditures of federal awards during the year ended December 31, 2018. Our audit, described below, did not include the operations of Elim Manor Elderly Housing, LLC because this component unit engaged other auditors to perform an audit in accordance with compliance requirements in the *Consolidated Audit Guide for Audits of HUD Programs.*

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 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* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

To the Board of Commissioners
Columbus Metropolitan Housing Authority

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Plante & Moran, PLLC

May 28, 2019

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Housing Voucher Cluster - Section 8 Housing Choice Vouchers	14.871	$ -	$ 100,243,620
HOPE VI Cluster - Choice Neighborhoods Implementation Grants	14.889	100,000	2,371,303
Performance Based Contract Administrator Program	14.327	-	640,652,187
Public Housing Capital Fund Program	14.872	-	3,933,863
Supportive Housing for Persons with Disabilities	14.181	-	543,520
Continuum of Care Program	14.267	-	3,499,481
Public and Indian Housing	14.850	-	4,211,523
Family Self-Sufficiency Program	14.896	-	144,404
Resident Opportunity and Supportive Services - Service Coordinators	14.870	-	37,367
Total federal awards		**$ 100,000**	**$ 755,637,268**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Columbus Metropolitan Housing Authority (the "Authority") under programs of the federal government for the year ended December 31, 2018. The information in the Schedule is presented 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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

Schedule of Findings and Questioned Costs

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Schedule of Findings and Questioned Costs

Year Ended December 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	______	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	Yes	X	None reported
Noncompliance material to financial statements noted?	______	Yes	X	None reported

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?	______	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	Yes	X	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	______	Yes	X	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.327	Performance Based Contract Administrator Program
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs:	$3,000,000			
Auditee qualified as low-risk auditee?	X	Yes	______	No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

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OHIO AUDITOR OF STATE
KEITH FABER

COLUMBUS METROPOLITAN HOUSING AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 9, 2019

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