STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 2019

James G. Zupka, CPA, Inc.
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Directors
Stark Metropolitan Housing Authority
400 East Tuscarawas Street
Canton, Ohio 44702

We have reviewed the *Independent Auditor's Report* of the Stark Metropolitan Housing Authority, Stark County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2018 through March 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

October 24, 2019

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STARK COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Stark Metropolitan Housing Authority
Canton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Stark County, Ohio, (the Authority) as of and for the fiscal year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Hunter House PSH, LLC, which represent 68 percent, 79 percent, and 50 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hunter House PSH, 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. The other auditors audited the financial statements of Hunter House PSH, LLC, in accordance with auditing standards generally accepted in the United State of America and not in accordance with *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 Authority'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 Authority'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 opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Ohio, as of March 31, 2019, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, during fiscal year 2019, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stark Metropolitan Housing Authority, Ohio's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2019, on our consideration of the Stark Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, President

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James G. Zupka, CPA, Inc., ou=Accounting, email=jgz@jgzcpa.com, c=US
Date: 2019.09.30 11:35:15 -04'00'

James G. Zupka, CPA, Inc.
Certified Public Accountants

September 12, 2019

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Stark Metropolitan Housing Authority's ("the Authority") management discussion and analysis complies with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis–for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Disclosures*. Purpose of Management Discussion and Analysis (MD&A) is to assist reader on significant financial issues, provide an overview of Authority's financial activity, identify changes in Authority's financial position, and identify individual fund issues or concerns.

Management's Discussion and Analysis (MD&A) is designed to focus on fiscal year end March 31, 2019 activities, resulting changes, and currently known facts of primary government. Please read it in conjunction with Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's financial position at March 31, 2019, reflected total assets and deferred outflows of resources of $59.19 million and total liabilities and deferred inflows of $26.61 million. Total net position was $36.57 million. Financial operations were in accordance with revenue expectations and approved budget plan. Net position decreased by $815 thousand, or approximately 2.2 percent.

- Operating revenue increased by $2.83 million, or 10.10 percent, in fiscal year 2019. Operating revenue was $30.80 million in fiscal year 2019 and $27.97 in fiscal year 2018.

- Operating expenses were $31.5 million in fiscal year 2019 and $29.2 million in fiscal year 2018.

FINANCIAL STATEMENTS

The Authority's financial statements include a Statement of Net Position, which is similar to a balance sheet. Statement of Net Position reports all financial and capital resources of the Authority. The Statement is presented in a format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal Net Position, formerly known as equity. Assets and liabilities are in order of liquidity and classified as "current" (convertible into cash within one year) and "non-current".

STATEMENT OF NET POSITION

The Statement of Net Position presents financial position of the Authority at the end of fiscal year and includes all assets and liabilities. Net position, difference between total assets and deferred outflows of resources from total liabilities and deferred inflows of resources, is an important indicator of current financial condition, while change in net position is an indicator of whether overall financial position has improved or worsened during the year.

Focus of the Statement of Net Position (the "unrestricted" net position) is designed to represent net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position (formerly net assets) is reported in three broad categories.

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

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

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

Financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position, which is similar to an income statement. This Statement includes Operating Revenues, such as rental income; Operating Expenses, such as administrative, utilities, maintenance, and depreciation; and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income, and interest expense.

Focus of Statement of Revenues, Expenses, and Changes in Net Position is "Changes in Net Position", which is similar to Net Income or Loss.

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

The Authority's Programs

***Conventional Public Housing* -** Under Conventional Public Housing Program, the Authority rents units it owns to low-income households. Operation of Conventional Public Housing Program is under an Annual Contributions Contract (ACC) with HUD. HUD provides Operating Subsidy and Capital Grant funding. Subsidy enables the Authority to provide housing and sets participants' rent at 30 percent of household income. Capital Fund Program is primary funding for physical and management improvements to the Authority's properties.

***Housing Choice Voucher Program* -** Under Housing Choice Voucher Program, the Authority administers contracts with independent property owners. The Authority subsidizes family's rent through a Housing Assistance Payment made to property owner. The Program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets participants' rent at 30 percent of household income.

***Capital Fund Program (CFP)* -** This is the current primary funding source for the Authority's physical and management improvements. CFP uses a revised HUD CPG formula funding methodology. HUD's formula allocation, size, and age of units determine the Authority's funding.

***Continuum of Care Program* -** This grant program, funded by U.S. Department of Housing and Urban Development (HUD), is designed to link rental assistance to supportive services for hard-to-reach homeless persons with disabilities (primarily those who are seriously mentally ill, have chronic problems with alcohol, drugs, or both, or have acquired immune deficiency syndrome (AIDS) and related diseases), and their families.

***Component Unit* -** These resources were developed from a variety of activities.

***Business Activities* -** These non-HUD resources were developed from a variety of activities.

GASB 68 and GASB 75

The net pension liability (NPL) is the largest single liability reported by the Authority at March 31, 2019 and is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For fiscal year 2019, the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pension costs (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability or net OPEB liability*.

GASB 68 and GASB 75 takes an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employee's past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of "employment exchange" - that is, employee is trading his or her labor in exchange for wages, benefits, and promise of a future pension and Other Postemployment Benefits. GASB noted that the unfunded portion of this promise is a present obligation of government, part of a bargained for benefit to employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps require action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute.

The Ohio Revised Code permits but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments.

There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liabilities are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating the net position at March 31, 2018, from $ 41,140,865 to $37,387,414.

AUTHORITY-WIDE STATEMENTS

Following table reflects condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

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

	2019	Restated 2018
Assets and Deferred Outflows		
Current Assets	$ 8,958,750	$ 8,240,825
Capital Assets	46,778,558	48,002,632
Deferred Outflows	2,568,440	1,087,340
Other Non-Current Assets	884,165	307,577
Total Assets and Deferred Outflows	59,189,913	57,638,374
Liabilities		
Current Liabilities	2,754,040	2,734,861
Non-Current Liabilities	19,520,870	15,657,079
Total Liabilities	22,274,910	18,391,940
Deferred Inflows	342,603	1,859,020
Net Position		
Net Investment in Capital Assets	42,690,751	43,503,957
Restricted	63,121	11,509
Unrestricted	(6,181,472)	(6,128,052)
Total Net Position	36,572,400	37,387,414
Total Liabilities, Deferred Inflows and Net Position	$ 59,189,913	$ 57,638,374

For more detailed information see page 12 for the Statement of Net Position.

Major Factors Affecting Statement of Net Position

Total assets and deferred outflow of resources increased by $1.55 million, or 2.7 percent. The change includes a $1.22 million decrease in capital assets and $1.48 million increase in GASB 68 pension and GASB 75 OPEB deferred outflows. Total liabilities increased by $3.88 million, or 21.1 percent, primarily due to recording GASB 68 pension and GASB 75 OPEB liabilities.

Table 2 presents details on the change in Unrestricted Net Position.

Table 2 - Change in Unrestricted Net Position
Primary Government

	2019
Beginning Balance - March 31, 2018 restated	$ (6,128,052)
Results of Operations	(815,014)
Adjustments:	
Current Year Depreciation Expense (1)	3,788,666
Capital Expenditures Less Deletion of Assets (2)	(2,564,593)
Debt Principal Payments	(410,867)
Transfer from Restricted Net Position	(51,612)
Ending Balance - March 31, 2019	$ (6,181,472)

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

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

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

Statement of Revenues, Expenses, and Changes in Net Position

Total revenues increased by $2.40 million, or 8.45 percent. Operating Subsidies and Capital Grants contributed $2.89 million to the increase. Total expenses increased by $4.33 million or 15.84 percent. GASB 68 pension and GASB 75 OPEB contributions were $1.58 million.

Table 3 - Condensed Statement of Revenues, Expenses, and Changes in Net Position
Primary Government

	2019	2018
Revenues		
Tenant Revenue - Rent and Other	$ 5,830,070	$ 5,698,375
Operating Subsidies and Grants	21,319,939	19,953,819
Capital Grants	2,977,414	1,448,297
Investment Income	87,253	47,781
Other Revenues	589,049	829,944
Gain on Disposal of Assets	20,841	0
Transfer to Primary	0	443,748
Total Revenues	30,824,566	28,421,964
Expenses		
Administrative	6,190,485	5,226,082
Utilities	3,481,247	3,391,553
Maintenance	7,245,191	6,275,227
Tenant Services	160,198	183,574
General and Protective Services	1,881,974	2,241,739
Interest Expense	133,350	235,752
Housing Assistance Payments	8,640,519	8,408,361
Depreciation	3,788,666	3,241,173
Casualty Loss	117,950	0
Extraordinary Items	0	(1,889,242)
Total Expenses	31,639,580	27,314,219
Net Increase (Decrease)	(815,014)	1,107,745
Beginning Net Position - Restated	37,387,414	N/A
End Position	$ 36,572,400	$ 37,387,414

N/A - Information necessary to restate the fiscal year 2018 beginning balance and the 2018 OPEB expense related to implementation of GASB 75 is not available.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had $47 million invested in a variety of capital assets as reflected in following schedule, which represents a net decrease (addition, deductions, and depreciation) of $1.2 million from end of last year.

Table 4 - Capital Assets at Year End (Net of Depreciation)
Primary Government

	2019	2018
Land	$ 12,801,672	$ 12,801,672
Construction in Progress	1,827,684	5,561,979
Buildings	155,136,230	150,557,320
Equipment	7,147,311	5,450,402
Accumulated Depreciation	(130,134,339)	(126,368,741)
Total	$ 46,778,558	$ 48,002,632

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes on capital asset

Table 5 - Change in Capital Assets
Primary Government

	2019
Beginning Balance - March 31, 2018	$ 48,002,632
Current Year Additions	2,661,782
Current Year Disposal	(97,190)
Current Year Depreciation Expense	(3,788,666)
Ending Balance - March 31, 2019	$ 46,778,558

DEBT OUTSTANDING

As of year-end, the Authority had $4.1 million of debt, a $410 thousand decrease from prior year. The decrease was due to normal debt schedule payments made during the year.

Table 6 - Outstanding Debt at Year-End
Primary Government

	2019	2018
Beginning Balance - March 31, 2018	$ 4,498,675	$ 6,942,376
Current Year Debt Issued	0	4,498,675
Current Year Prinicpal Payments	(410,867)	(6,942,376)
Ending Balance - March 31, 2019	$ 4,087,808	$ 4,498,675

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

Questions concerning any information provided in this report or request for additional information should be addressed to Herman Hill, Executive Director, Stark Metropolitan Housing Authority, 400 East Tuscarawas Street, Canton, Ohio 44702-1131, or call 330-454-8051.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
MARCH 31, 2019

	Primary Government	Component Units
ASSETS		
Current Assets:		
Cash - Unrestricted	$ 7,037,082	$ 337,388
Cash - Restricted	1,193,470	787,216
Accounts Receivable - Net of Allowance	390,341	10,048
Inventories - Net of Allowance	315,187	0
Prepaid Expense	22,670	35,105
Total Current Assets	8,958,750	1,169,757
Non-Current Assets:		
Capital Assets - Non-Depreciated	14,629,356	58,401
Depreciable Capital Assets - Net	32,149,202	7,209,381
Other Non-Current Assets	832,950	0
Other Non-Current Assets - Pension	51,215	0
Total Non-Current Assets	47,662,723	7,267,782
Deferred Outflow of Resources:		
Pension	2,213,518	0
OPEB	354,922	0
Total Deferred Outflow of Resources	2,568,440	0
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 59,189,913	$ 8,437,539
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 389,218	$ 13,941
Current Portion of Long-Term Debt	385,000	31,017
Intergovernmental Payable	291,462	30,339
Accrued Wages and Payroll Taxes	227,428	40
Tenant Security Deposits	403,962	29,851
Other Current Liabilities	1,056,970	895,420
Total Current Liabilities	2,754,040	1,000,608
Non-Current Liabilities:		
Long-Term Debt - Net of Current Portion	3,702,807	4,084,107
Net Pension Liability	9,095,820	0
Net OPEB Liability	4,489,772	0
Other Long-Term Liabilities and Compensated Absences	2,232,471	55,431
Total Non-Current Liabilities	19,520,870	4,139,538
Total Liabilities	22,274,910	5,140,146
Deferred Inflow of Resources:		
Pension	324,455	0
OPEB	18,148	0
Total Deferred Inflow of Resources	342,603	0
NET POSITION		
Net Investment in Capital Assets	42,690,751	3,152,658
Restricted	63,121	0
Unrestricted	(6,181,472)	144,735
Total Net Position	36,572,400	3,297,393
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 59,189,913	$ 8,437,539

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

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

	Primary Government	Component Units
Operating Revenues		
Program Operating Grants/Subsidy	$ 21,319,939	$ 50,659
Tenant Revenues	5,830,070	1,161,648
Other Income	589,049	15,267
Total Operating Revenues	27,739,058	1,227,574
Operating Expenses		
Administrative	6,190,485	306,649
Utilities Expense	3,481,247	204,208
Maintenance Expense	7,245,191	187,881
Tenant Services	160,198	50,659
Protective Services	415,202	105,840
Housing Assistance Payments	8,640,519	0
Other General Expenses	1,466,772	155,906
Depreciation	3,788,666	319,375
Total Operating Expenses	31,388,280	1,330,518
Operating Income (Loss)	(3,649,222)	(102,944)
Non-Operating Revenue (Expenses)		
Interest Income	87,253	1,224
Interest Expense	(133,350)	(113,562)
Total Non-Operating Revenue (Expenses)	(46,097)	(112,338)
Excess (Deficiency) of Revenue Over (Under) Expenses before Capital Revenue and Transfers	(3,695,319)	(215,282)
Capital Grants, Contributions and Special Items		
Capital Grants/Contributions	2,977,414	473,609
Casualty Loss	(117,950)	(3,280)
Gain on Disposal of Capital Assets	20,841	0
Total Capital Grants, Contributions and Special Items	2,880,305	470,329
Results of Operations	(815,014)	255,047
Beginning Net Position - Restated	37,387,414	3,042,346
ENDING NET POSITION	$ 36,572,400	$ 3,297,393

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

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

	Primary Government	Component Units
Cash Flows from Operating Activities		
Cash Received from HUD and Other Governments	$ 22,671,336	$ 67,401
Cash Received from Tenants	5,851,947	1,158,598
Cash Received from Other Sources	1,182,149	14,282
Cash Payments for Housing Assistance Payments	(8,640,519)	0
Cash Payments for Administration	(4,941,365)	(301,486)
Cash Payments for Other Operating Expenses	(13,036,190)	(640,494)
Net Cash Provided by Operating Activities	3,087,358	298,301
Cash Flows from Capital and Related Financing Activities		
Payments to HUD	(204,000)	0
Principal Payments on Debt	(410,867)	(399,957)
Cash from Capital Asset Sale	118,033	0
Interest Expense	(133,350)	(113,562)
Acquisition of Capital Assets	(2,661,782)	(15,615)
Capital Grants and Contributions	2,977,414	473,609
Casualty Loss	(117,950)	(3,280)
Net Cash (Used for) Capital and Other Related Financing Activities	(432,502)	(58,805)
Cash Flows from Investing Activities		
Investment Income	87,253	1,224
Net Cash (Used for) by Investing Activities	87,253	1,224
Net Increase (Decrease) in Cash and Cash Equivalents	2,742,109	240,720
Cash and Cash Equivalents, Beginning	5,488,443	883,884
Cash and Cash Equivalents, Ending	$ 8,230,552	$ 1,124,604
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Net Operating Income (Loss)	$ (3,649,222)	$ (102,944)
Net Cash Provided by Operating Activities		
Depreciation	3,788,666	319,375
(Increase) Decrease in:		
Receivables, Current and Non-Current	1,408,374	13,654
Inventory and Prepaid Expense	30,291	(7,073)
Deferred Outflows of Resources and Pension Asset	(1,751,250)	0
Increase (Decrease) in:		
Accounts Payable	(297,871)	(21,096)
Net Pension/OPEB Liability	4,565,973	0
Non-Current Liabilities	(306,805)	55,431
Accrued Wages/Payroll Taxes	(21,952)	0
Intergovernmental Payable	79,681	5,163
Deferred Inflow of Resources	(1,236,846)	0
Tenant Security Deposits	(3,330)	(797)
Deferred Credits/Other Liabilities	481,649	36,588
Net Cash Provided by Operating Activities	$ 3,087,358	$ 298,301

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity and Programs

Stark Metropolitan Housing Authority (the Authority) is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in acquisition, development, leasing, and administration of a low-rent housing program. The Authority contracts with United States Department of Housing and Urban Development (HUD) to provide low and moderate-income persons with safe and sanitary housing through rent subsidies provided by HUD. The Authority depends on subsidies from HUD to operate. The Authority participates in Section 8 Moderate Rehab and Voucher Programs provided by HUD. These programs help assist families in payment of rent. Under the Certificate Program, the dwelling unit a family will occupy must not exceed rent limitations in accordance with HUD guidelines. Under Voucher Program, the Authority determines amount of subsidy a family will receive using HUD guidelines; however, there is a limit to amount charged to family. Under Moderate Rehab Program, subsidy payments are made directly to landlord on behalf of families living in their respective unit. The Authority also participates in Public Housing Program. Under this Program, the Authority manages constructed or financed public housing units using grant funds from HUD. Tenants of these facilities pay a percentage of his/her adjusted gross income towards rent and utilities.

B. Summary of Significant Accounting Policies

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

C. Reporting Entity

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

Among factors considered were whether the Authority holds PCU's corporate power, appoints a voting majority of PCU's board, able to impose its will on, or whether a financial benefit / burden relationship exists with PCU.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Reporting Entity** (Continued)

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

D. **Discretely Presented Component Units**

Component units column in combined financial statements identifies financial data of the Authority's three component units: Alliance Senior Tower, LLC and Hunter House, LLC. They are reported separately to emphasize that they are legally separate from the Authority and provide services to clients other than the primary government.

Alliance Senior Tower, LLC, is a for-profit limited liability corporation formed under the laws of the State of Ohio. Corporation formed for purpose of acquiring and operating Alliance Tower, a multi-family residential housing project in Stark County, Ohio. Separately issued audited financial statements are available from the Authority.

Hunter House, LLC, is a for-profit limited liability corporation formed under the laws of the State of Ohio. The entity formed for purpose of acquiring and operating Hunter House, a multi-family residential housing project in Stark County, Ohio. Hunter House, LLC has a December 31 fiscal year end. Separately issued audited financial statements are available from the Authority.

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

E. **Fund Accounting**

The Authority uses enterprise funds to report on its financial position and results of its operations for Section 8 and Public Housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

F. **Proprietary Fund Types**

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

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

G. **Measurement Focus/Basis of Accounting**

Proprietary funds accounted for on accrual basis of accounting. Revenues are recognized in period earned and expenses are recognized in period incurred.

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

H. **Investments**

Investments restricted by provisions of HUD Regulations (See Note 3). Investments are valued at market value. Interest income earned in fiscal year 2019 totaled $87,253 for primary government and $1,224 for component units.

I. **Capital Assets**

Capital assets are stated at cost. Capitalization policy of the Authority is to depreciate all non-expendable personal property that have a useful life of more than one year and purchase price of $5,000 or more per unit. Not capitalized, cost of normal maintenance and repairs that do not add to value of asset or materially extend asset life.

Estimated useful lives for each major class of depreciable assets are as follows:

Buildings	40 years
Building and Improvements	15 Years
Furniture and Equipment Dwellings	5 to 10 Years
Furniture and Equipment Administrative	1 to 10 Years

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

J. **Cash and Cash Equivalents**

For purpose of Statement of Cash Flows, cash and cash equivalents include all liquid debt instruments with original maturities of three months or less.

K. **Compensated Absences**

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

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

In proprietary fund, compensated absences expensed when earned with balance reported as a fund liability.

L. **Capital Grants and Contributions**

Capital grants made available by HUD with respect to all federally aided projects under an annual contributions contract. Hunter House, LLC capital contributions in fiscal year 2019 came from private investors.

M. **Budgetary Accounting**

The Authority annually prepares its budget as prescribed by HUD. Budget adopted by Board of the Authority and then submitted to HUD when required.

N. **Estimates**

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

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

O. **Inter-Program Loans**

Inter-Program Due to and Due from are reflected on supplemental Financial Data Schedules (FDS) and are eliminated from totals on both the FDS and Statement of Net Position.

P. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the Statement of Net Position for pension and OPEB. Deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on Statement of Net Position for pension and OPEB. Deferred inflows of resources related to pension and OPEB are explained in Notes 7 and 8.

Q. **Pensions/Other Postemployment Benefits (OPEB)**

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

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION**

For fiscal year 2019, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 85, Omnibus 2017, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Authority's fiscal year 2019 financial statements; however, there was no effect on beginning net position.

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION** (Continued)

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense. The implementation of this pronouncement had the following effect on net position as reported March 31, 2018:

Net Position March 31, 2018	$	41,140,865
Adjustments:		
Net OPEB Liability		(3,752,961)
Deferred Inflow of Resources - OPEB		(279,571)
Deferred Outflow of Resources - OPEB		279,081
Restated Net Position March 31, 2018	$	37,387,414

NOTE 3: **DEPOSITS AND INVESTMENTS**

A. **Deposits**

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

Active deposits are public deposits necessary to meet demands on treasury. Such monies maintained as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are public deposits the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits either evidenced by certificates of deposit maturing no later than end of current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

At year-end, carrying amount of the Authority's deposits was $7,504,165, of which $1,193,470 was restricted funds.

Custodial Credit Risk
Custodial credit risk is the risk, in event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits of the primary government totaling $2,050,000 were covered by Federal Depository Insurance, and deposits totaling $5,651,440 were uninsured and collateralized with securities held by the financial institution's trust department or agent, but not in the Authority's name.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

A. **Deposits** (Continued)

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

B. **Investments**

The Authority has a formal investment policy. Objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is primary objective of investment program. The Authority follows GASB Statement No. 72, *Fair Value Measurement and Application*, and records all its investments at fair value using quoted prices in active markets for identical assets (Level 1).

Interest Rate Risk
As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires funds which are not operating reserve funds be invested in investments with a maximum term of one year or Authority's operating cycle. For investments of the Authority's operating reserve funds, maximum term can be up to three years. The intent of policy is to avoid the need to sell securities prior to maturity. The Authority's investment in Wells Fargo 100% Treasury Money Market Fund matures in less than six months.

Credit Risk
Credit risk is risk that an issuer of an investment will not fulfill its obligation to holder of investment. This is measured by assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit its investment choices. Credit risk does not apply to the Authority's investment in the Wells Fargo 100% Treasury Money Market Fund.

Concentration of Credit Risk
Generally, the Authority places no limit on amount it may invest in any one insurer. However, the investment policy limits the investment of HUD-approved mutual funds to no more than 20 percent of the Authority's available investment funds. The Authority's deposits in financial institutions represents 100 percent of its deposits.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

B. **Investments** (Continued)

Foreign Currency Risk
Foreign currency risk is risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD. Reconciliation of primary government's cash and cash equivalents and investments is as follows:

	Cash and Cash Equivalents	Investments
Per Statement of Net Position	$ 8,230,552	$ 0
Wells Fargo 100% Treasury Money Market Fund	(726,387)	726,387
Per GASB Statement No. 3	$ 7,504,165	$ 726,387

C. **Component Units**

At year-end, carrying amount of component units' investments and deposits was $1,124,604. Bank deposits of $787,216 covered by FDIC insurance and balance was pledged collateral pool. Investments of component units consisted of money market funds at a local financial institution.

NOTE 4: **RESTRICTED CASH**

Restricted cash balances as of March 31, 2019 represents cash on hand for following:

	Primary Government	Component Units
Tenant Security Deposit	$ 403,962	$ 29,851
Bond Proceeds to be Used for Capital Improvement	726,387	0
Other Restricted Cash	63,121	757,365
Total Restricted Cash	$ 1,193,470	$ 787,216

NOTE 5: **INSURANCE COVERAGE – PRIMARY GOVERNMENT**

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Authority covered for property damage and general liability through Housing Authority Insurance Company. Auto liability and auto physical damage are covered through separate insurance companies. Deductible and coverage limits summarized below:

NOTE 5: **INSURANCE COVERAGE – PRIMARY GOVERNMENT** (Continued)

	Deductible	Coverage Limits
Property	$ 10,000	$ 287,433,188
General Liability	5,000	5,000,000
Auto Liability	0	1,000,000
Auto Physical Damage	500	ACV
Lead Inspectors' Professional Liability	5,000	1,000,000
Equipment Breakdown	10,000	50,000,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation Program, in which rates are calculated retrospectively.

There was no significant reduction in coverages and no claims exceeded insurance coverage during the past three years.

NOTE 6: **CAPITAL ASSETS**

The following is a summary of the Authority's capital assets:

	Primary Government	Component Units
Capital Assets Not Being Depreciated		
Land	$ 12,801,672	$ 58,401
Construction in Progress	1,827,684	0
Total Capital Assets Not Being Depreciated	14,629,356	58,401
Capital Assets Being Depreciated		
Buildings and Building Improvements	155,136,230	9,133,563
Furniture and Equipment - Dwelling	7,147,311	210,247
Less: Accumulated Depreciation	(130,134,339)	(2,134,429)
Total Capital Assets Being Depreciated	32,149,202	7,209,381
Total Capital Assets	$ 46,778,558	$ 7,267,782

NOTE 6: **CAPITAL ASSETS** (Continued)

	Primary Government				
	Balance 3/31/2018	Reclasses	Additions	Deletions	Balance 3/31/2019
Capital Assest Not being Depreciated					
Land	$ 12,801,672	$ 0	$ 0	$ 0	$ 12,801,672
Construction in Progress	5,561,979	(5,336,927)	1,602,632	0	1,827,684
Total Capital Assets Not being Depreciated	18,363,651	(5,336,927)	1,602,632	0	14,629,356
Capital Assets Being Depreciated					
Buildings and Building Improvements	150,557,320	4,166,644	492,302	(80,036)	155,136,230
Furniture and Equipment Dwelling	5,450,402	1,170,283	566,848	(40,222)	7,147,311
Total Capital Assets Being Depreciated	156,007,722	5,336,927	1,059,150	(120,258)	162,283,541
Accumulated Depreciation					
Buildings and Improvements	(121,249,981)	0	(3,512,743)	15,024	(124,747,700)
Furniture and Equipment	(5,118,760)	0	(275,923)	8,044	(5,386,639)
Subtotal Accumulated Depreciation	(126,368,741)	0	(3,788,666)	23,068	(130,134,339)
Net Capital Assets being Depreciated	29,638,981	5,336,927	(2,729,516)	(97,190)	32,149,202
Total Primary Government	$ 48,002,632	$ 0	$ (1,126,884)	$ (97,190)	$ 46,778,558

	Component Unit				
	Balance 3/31/2018	Reclasses	Additions	Deletions	Balance 3/31/2019
Capital Assest Not being Depreciated					
Land	$ 58,401	$ 0	$ 0	$ 0	$ 58,401
Construction in Progress	0	0	0	0	0
Total Capital Assets Not being Depreciated	58,401	0	0	0	58,401
Capital Assets Being Depreciated					
Buildings and Building Improvements	9,117,948	0	15,615	0	9,133,563
Furniture and Equipment Dwelling	210,247	0	0	0	210,247
Total Capital Assets Being Depreciated	9,328,195	0	15,615	0	9,343,810
Accumulated Depreciation					
Buildings and Improvements	(1,645,617)	24,262	(318,768)	0	(1,940,123)
Furniture and Equipment	(169,437)	(24,262)	(607)	0	(194,306)
Subtotal Accumulated Depreciation	(1,815,054)	0	(319,375)	0	(2,134,429)
Net Capital Assets being Depreciated	7,513,141	0	(303,760)	0	7,209,381
Total Component Units	$ 7,571,542	$ 0	$ (303,760)	$ 0	$ 7,267,782

NOTE 7: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

Net pension liability / (asset) reported on 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 provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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. 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 receives benefit of employees' services in exchange for compensation, including pension.

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

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

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

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

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

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

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

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

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within combined plan are not used to fund the defined benefit retirement allowance

* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority's contractually required contributions was $662,874 for fiscal year ending March 31, 2019.

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

The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used

to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability/(asset) was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.033568%	0.044182%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.033211%	0.045800%	
Change in Proportionate Share	-0.000357%	0.001618%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 9,095,820	$ (51,215)	$ 9,044,605
Pension Expense	$ 1,347,826	$ (7,980)	$ 1,339,846

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 1,234,558	$ 11,033	$ 1,245,591
Differences between expected and actual experience	420	0	420
Changes of assumptions	791,808	11,439	803,247
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0	2,745	2,745
Authority contributions subsequent to the measurement date	154,629	6,886	161,515
Total Deferred Outflows of Resources	$ 2,181,415	$ 32,103	$ 2,213,518
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 119,434	$ 20,916	$ 140,350
Changes in proportion and differences between Authority contributions and proportionate share of contributions	176,740	7,365	184,105
Total Deferred Inflows of Resources	$ 296,174	$ 28,281	$ 324,455

$161,515 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending March 31:			
2020	$ 663,450	$ 889	$ 664,339
2021	378,470	(1,312)	377,158
2022	114,531	(1,081)	113,450
2023	574,161	2,373	576,534
2024	0	(2,162)	(2,162)
Thereafter	0	(1,771)	(1,771)
Total	$ 1,730,612	$ (3,064)	$ 1,727,548

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

The total pension asset in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health 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.

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

NOTE 7: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (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 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	$ 13,437,171	$ 9,095,820	$ 5,488,118
Combined Plan	($16,946)	$ (51,215)	($76,028)

NOTE 8: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority's contractually required contribution was $12,449 for fiscal year ending March 31, 2019.

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

The net OPEB liability and total OPEB liability were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.034560%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.034437%
Change in Proportionate Share	-0.000123%
Proportionate Share of the Net OPEB Liability	$ 4,489,772
OPEB Expense	$ 402,363

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

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 205,830
Differences between expected and actual experience	1,520
Changes of assumptions	144,756
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0
Authority contributions subsequent to the measurement date	2,816
Total Deferred Outflows of Resources	$ 354,922
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 12,182
Changes in proportion and differences between Authority contributions and proportionate share of contributions	5,966
Total Deferred Inflows of Resources	$ 18,148

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

$2,816 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending March 31:	
2020	$ 157,984
2021	38,464
2022	33,819
2023	103,691
Total	$ 333,958

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$ 5,744,092	$ 4,489,772	$ 3,492,256

NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.0 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 4,315,645	$ 4,489,772	$ 4,690,319

NOTE 9: **COMPENSATED ABSENCES**

Board of Commissioners based on local and state laws establishes vacation and sick leave policies.

All permanent employees earn 4.6 hours sick leave per eighty hours of service. Unused sick leave accumulated without limit. At time of separation, if an employee states separation is due to retirement, employee will be eligible to receive payment for 50 percent of their accumulated sick leave balance. Employees hired on or after April 1, 2008, payment on sick leave reduced from 50 percent to 33.33 percent. Employees hired on or after April 1, 2011, payment on sick leave reduced from 50 percent to 25 percent. All permanent employees earn vacation hours accumulated based on length of service. All vacation time earned may be accumulated up to three times annual amount that can be accrued in a calendar year.

Following is a summary of changes in compensated absences for the year ended March 31, 2019:

	Balances at 3/31/2018	Increase	Decrease	Balances at 3/31/2019	Due Within One Year
Compensated Absences Liability	$ 525,393	$ 19,730	$ (85,754)	$ 459,369	$ 50,071

NOTE 10: **LONG-TERM OBLIGATIONS**

Changes in the Authority's long-term obligations during fiscal year 2019 are as follows:

General Long-Term Obligations

	Restated Balance at 3/31/2018	Additions	Deletions	Balance at 3/31/2019	Due Within One Year
Primary Government					
Long-Term Debt:					
Ohio Housing Finance Agency					
Serial Bonds 2018A	$ 4,498,674	$ 0	$ (410,867)	$ 4,087,807	$ 385,000
HUD CF Repayment	2,039,507	0	(204,000)	1,835,507	204,000
Knights of Columbus	241,667	0	(25,000)	216,667	25,000
Net Pension Liability	5,266,169	3,829,651	0	9,095,820	0
Net OPEB Liability	3,752,961	736,811	0	4,489,772	0
Total Primary Government	$ 15,798,978	$ 4,566,462	$ (639,867)	$ 19,725,573	$ 614,000
Component Units					
Alliance Senior Tower, LLC	$ 1,933,175	$ 0	$ (152,825)	$ 1,780,350	$ 31,017
Hunter House, LLC	2,581,906	0	(247,132)	2,334,774	0
Total Component Units	$ 4,515,081	$ 0	$ (399,957)	$ 4,115,124	$ 31,017

The Authority was obligated on the following notes as of March 31, 2019:

	2019
Fifth Third Bank	
Serial Bond 2018A - Bond dated March 13, 2018; due April 2027, funding by a bond issue in the principal amount of $22,585,000, of which the Authority's share is $4,390,000. Payments are due semi-annually beginning April 1, 2018, totaling approximately $500,000 annually. This series replaces Serial Bond 2007A with a lower fixed interest rate between 3.00% and 4.00%. The bond is repaid from the Capital Fund Program and was issued to provide major renovations at three high-rise buildings: W.L. Hart Apartments, Plaza Apartments, and Lincoln Apartments. Premium on the bond if $108,675 was added to the debt and is being amortized over the life of the bond.	$ 4,087,807
HUD Capital Fund Repayment	
The Authority entered into the repayment agreement on September 28, 2017 for $3,789,507 as a result of ineligible expenditures in the Capital Fund Program for grant years 2005-2012. An initial payment of $1,750,000 was paid with the remaining balance, $2,039,507 paid in 10 equal annual installments. Payments will be made through a reduction in the annual Capital Fund Program starting with the 2017 Capital Grant year.	1,835,507
Total	$ 5,923,314

NOTE 10: **LONG-TERM OBLIGATIONS** (Continued)

Total payments including interest necessary over the next five years for the primary government on the above notes are as follows:

	Principal	Interest	Total
2020	$ 599,867	$ 127,575	$ 727,442
2021	609,867	115,875	725,742
2022	624,867	103,800	728,667
2023	639,867	91,275	731,142
2024	649,867	76,200	726,067
Thereafter	2,798,979	128,650	2,927,629
Total	$ 5,923,314	$ 643,375	$ 6,566,689

Debt schedule for component units is as follows:

Alliance Senior Tower LLC	
First Mortgage - Principal Amount $922,900 - Interest Rate of 1.0%	$ 634,797
2nd Mortgage - Payable to HUD - Interest Rate of 1.0%	801,639
3rd Mortgage - Payable to HUD - Interest Rate of 1.0%	143,914
Notes Payable Affiliates	200,000
Hunter House PSH, LLC	
OHFA Loan	1,038,982
HDAP Loan	1,100,000
Home Loan: Stark County	83,792
Home Loan: City of Canton	62,000
Managing Member	50,000
Total	$ 4,115,124

Amortization of the debt was not available.

NOTE 11: CONDENSED FINANCIAL STATEMENT INFORMATION - COMPONENT UNITS

	FYE 12/2018 Hunter House PSH, LLC	FYE 3/2019 Alliance Senior Tower, LLC	Total
Balance Sheet			
Current and Other Assets	$ 383,811	$ 785,946	$ 1,169,757
Capital Assets	5,346,828	1,920,954	7,267,782
Current Liabilities	(782,190)	(218,418)	(1,000,608)
Non-Current Liabilities	(2,334,774)	(1,804,764)	(4,139,538)
Net Position	$ 2,613,675	$ 683,718	$ 3,297,393
Revenues, Expenses, and Changes in Equity			
Total Revenues	$ 856,899	$ 845,508	$ 1,702,407
Total Expenses and Transfers	(754,169)	(693,191)	(1,447,360)
Excess Revenue Over Expenses	102,730	152,317	255,047
Beginning Net Position	2,510,945	531,401	3,042,346
Ending Net Position	$ 2,613,675	$ 683,718	$ 3,297,393

NOTE 12: CONTINGENCIES

Litigations and Claims

In normal course of operations, the Authority may be subjected to litigation and claims. At March 31, 2019, the Authority is involved in several matters. While the outcome of these matters cannot presently be determined, management believes that the ultimate resolution will not have a material effect on financial statements.

NOTE 13: RESTRICTED NET POSITION

For the fiscal year ended March 31, 2019, the Authority had $63,121 HAP reserve for the Section 8 Program, which was reported as restricted net pension.

NOTE 14: HUD REPAYMENT AGREEMENTS

During the prior fiscal year, the Authority entered into two repayment agreements with the U.S. Department of Housing and Urban Development (HUD). Note 10 discusses the repayment agreement of capital grant funds. The other repayment agreement is for operating funds and is in the amount of $6,793,413. The agreement obligates the Authority to make 38 annual payments of $178,744 from non-federal funds to reimburse the Low-Rent Public Housing Program. This interprogram transaction is eliminated on the Authority's financial statements.

NOTE 15: **SUBSEQUENT EVENT**

HUD has been in discussion with the Authority to resolve prior year audit findings covering the fiscal year end 2011 through fiscal year end 2013 for the Authority loaning Low Rent Public Housing Funds to the Central Office Cost Center (COCC). In a letter dated May 9, 2019, HUD requested a repayment of $1,123,368 from the COCC to the Public Housing Program. The Authority believes this amount has been included in the Repayment Agreement amount of $6,793,413 described in Note 14. As of the date of this report, the outcome of this matter is still unresolved.

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

Traditional Plan	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Authority's Proportion of the Net Pension Liability	0.033211%	0.033568%	0.036143%	0.037071%	0.035394%	0.035394%
Authority's Proportionate Share of the Net Pension Liability	$ 9,095,820	$ 5,266,168	$ 8,207,461	$ 6,421,164	$ 4,268,911	$ 4,172,491
Authority's Covered Payroll	$ 4,485,696	$ 4,435,990	$ 4,672,291	$ 4,613,808	$ 4,389,276	$ 4,463,332
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.77%	118.71%	175.66%	139.17%	97.26%	93.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	**2018**	**2018**	**2017**	**2016**	**2015**	**2014**
Authority's Proportion of the Net Pension Asset	0.045800%	0.044182%	0.050612%	0.041660%	0.023007%	0.023007%
Authority's Proportionate Share of the Net Pension (Asset)	$ (51,215)	$ (60,146)	$ (28,169)	$ (20,273)	$ (8,858)	$ (2,414)
Authority's Covered Payroll	$ 195,882	$ 180,948	$ 197,008	$ 151,627	$ 144,204	$ 146,681
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	26.15%	33.24%	14.30%	13.37%	6.14%	1.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

(1) - Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

Amounts presented as of the Authority's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PENSION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS (1)

	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions							
Traditional Plan	$ 634,933	$ 589,854	$ 550,035	$ 556,134	$ 522,711	$ 538,107	$ 572,085
Combined Plan	27,941	24,991	23,028	18,277	17,178	17,684	18,801
Total Required Contributions	$ 662,874	$ 614,845	$ 573,063	$ 574,411	$ 539,889	$ 555,791	$ 590,886
Contributions in Relation to the Contractually Required Contribution	(662,874)	(614,845)	(573,063)	(574,411)	(539,889)	(555,791)	(590,886)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll							
Traditional Plan	$ 4,535,236	$ 4,455,591	$ 4,482,494	$ 4,634,450	$ 4,355,925	$ 4,484,225	$ 4,400,654
Combined Plan	$ 199,579	$ 188,775	$ 187,667	$ 152,308	$ 143,150	$ 147,367	$ 144,623
Pension Contributions as a Percentage of Covered Payroll							
Traditional Plan	14.00%	13.24%	12.27%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	13.24%	12.27%	12.00%	12.00%	12.00%	13.00%

(1) - Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

See accompanying notes to the required supplementary information

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS (1)

	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.034437%	0.034560%	0.036890%
Authority's Proportionate Share of the Net OPEB Liability	$ 4,489,772	$ 3,752,961	$ 3,726,015
Authority's Covered Payroll	$ 4,994,943	$ 4,895,787	$ 5,098,046
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.89%	76.66%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

Amounts presented as of the Authority's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS (1)

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 12,449	$ 46,963	$ 91,756	$ 97,614	$ 94,244
Contributions in Relation to the Contractually Required Contribution	(12,449)	(46,963)	(91,756)	(97,614)	(94,244)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 5,046,054	$ 4,917,411	$ 4,902,245	$ 4,967,620 0	$ 4,650,833
Contributions as a Percentage of Covered Payroll	0.25%	0.96%	1.87%	1.97%	2.03%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%.

Net OPEB Liability

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00%.

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

	Project Total	2 State/Local	6.1 Component Unit - Discretely Presented	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	4,461,463	209,443	337,388	106,772	-	114,651	115,281	112,574	116,898	5,574,470	-	5,574,470
112 Cash - Restricted - Modernization and Development	726,387	-	-	-	-	-	-	-	-	726,387	-	726,387
113 Cash - Other Restricted	-	-	757,365	-	-	-	63,121	-	-	820,486	-	820,486
114 Cash - Tenant Security Deposits	399,549	4,413	29,851	-	-	-	-	-	-	433,813	-	433,813
100 Total Cash	5,587,399	213,856	1,124,604	106,772	-	114,651	178,402	112,574	116,898	7,555,156	-	7,555,156
122 Accounts Receivable - HUD Other Projects	94,210	-	5,463	-	-	-	-	9,142	-	108,815	-	108,815
125 Accounts Receivable - Miscellaneous	20,398	-	198	-	-	-	2,755	14,626	173,533	211,510	-20,399	191,111
126 Accounts Receivable - Tenants	99,055	1,309	5,049	-	-	-	-	-	-	105,413	-	105,413
126.1 Allowance for Doubtful Accounts -Tenants	-29,780	-	-662	-	-	-	-	-	-	-30,442	-	-30,442
127 Notes, Loans, & Mortgages Receivable - Current	204,266	-	-	-	-	-	-	-	-	204,266	-178,774	25,492
128 Fraud Recovery	-	-	-	-	-	2,733	6,814	-	-	9,547	-	9,547
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-2,733	-6,814	-	-	-9,547	-	-9,547
120 Total Receivables, Net of Allowances for Doubtful Accounts	388,149	1,309	10,048	-	-	-	2,755	23,768	173,533	599,562	-199,173	400,389
131 Investments - Unrestricted	-	-	-	-	-	-	-	-	1,800,000	1,800,000	-	1,800,000
142 Prepaid Expenses and Other Assets	-	-	35,105	-	-	-	5,270	-	17,400	57,775	-	57,775
143 Inventories	421,571	-	-	-	-	-	-	-	-	421,571	-	421,571
143.1 Allowance for Obsolete Inventories	-106,384	-	-	-	-	-	-	-	-	-106,384	-	-106,384
150 Total Current Assets	6,290,735	215,165	1,169,757	106,772	-	114,651	186,427	136,342	2,107,831	10,327,680	-199,173	10,128,507
161 Land	12,293,459	-	58,401	-	-	-	-	-	508,213	12,860,073	-	12,860,073
162 Buildings	151,928,993	961,182	9,133,563	-	-	-	-	-	2,246,055	164,269,793	-	164,269,793
163 Furniture, Equipment & Machinery - Dwellings	4,255,914	-	196,447	-	-	-	-	-	-	4,452,361	-	4,452,361
164 Furniture, Equipment & Machinery - Administration	1,571,985	-	13,800	-	-	-	5,650	-	1,313,762	2,905,197	-	2,905,197
166 Accumulated Depreciation	-127,220,596	-447,186	-2,134,429	-	-	-	-404	-	-2,466,153	-132,268,768	-	-132,268,768
167 Construction in Progress	1,827,684	-	-	-	-	-	-	-	-	1,827,684	-	1,827,684
160 Total Capital Assets, Net of Accumulated Depreciation	44,657,439	513,996	7,267,782	-	-	-	5,246	-	1,601,877	54,046,340	-	54,046,340
171 Notes, Loans and Mortgages Receivable - Non-Current	6,257,091	-	-	-	-	-	-	-	908,414	7,165,505	-6,332,555	832,950
174 Other Assets	31,272	-	-	-	-	-	2,312	254	17,377	51,215	-	51,215
180 Total Non-Current Assets	50,945,802	513,996	7,267,782	-	-	-	7,558	254	2,527,668	61,263,060	-6,332,555	54,930,505
200 Deferred Outflow of Resources	1,568,370	-	-	-	-	-	115,959	12,747	871,364	2,568,440	-	2,568,440
290 Total Assets and Deferred Outflow of Resources	58,804,907	729,161	8,437,539	106,772	-	114,651	309,944	149,343	5,506,863	74,159,180	-6,531,728	67,627,452
312 Accounts Payable <= 90 Days	365,269	1,693	13,941	1	-	771	2,261	67	19,156	403,159	-	403,159
321 Accrued Wage/Payroll Taxes Payable	74,930	665	40	46	-	734	6,861	599	143,593	227,468	-	227,468
322 Accrued Compensated Absences - Current Portion	26,337	-	-	-	-	-	3,905	-	19,829	50,071	-	50,071
325 Accrued Interest Payable	66,675	-	169,801	-	-	-	-	-	-	236,476	-	236,476
331 Accounts Payable - HUD PHA Programs	-	-	-	9,722	-	-	-	73,692	-	83,414	-	83,414
333 Accounts Payable - Other Government	208,048	-	30,339	-	-	-	-	-	-	238,387	-	238,387
341 Tenant Security Deposits	399,549	4,413	29,851	-	-	-	-	-	-	433,813	-	433,813
342 Unearned Revenue	534,943	35,851	5,872	-	-	50,813	232	-	-	627,711	-	627,711
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	385,000	-	31,017	-	-	-	-	-	-	416,017	-	416,017
345 Other Current Liabilities	297,667	-	718,407	-	-	-	-	14,626	205,265	1,235,965	-199,173	1,036,792
346 Accrued Liabilities - Other	-	-	1,340	-	-	-	-	-	-	1,340	-	1,340
347 Inter Program - Due To	-	-	-	-	-	-	-	-	-	-	-	-
310 Total Current Liabilities	2,358,418	42,622	1,000,608	9,769	-	52,318	13,259	88,984	387,843	3,953,821	-199,173	3,754,648

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

	Project Total	2 State/Local	6.1 Component Unit - Discretely Presented	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	3,702,808	-	4,084,107	-	-	-	-	-	-	7,786,915	-	7,786,915
353 Non-current Liabilities - Other	1,631,507	-	55,431	-	-	-	75,464	-	6,448,758	8,211,160	-6,332,555	1,878,605
354 Accrued Compensated Absences - Non Current	215,289	-	-	-	-	-	31,920	-	162,087	409,296	-	409,296
357 Accrued Pension and OPEB Liabilities	8,295,783	-	-	-	-	-	613,349	67,434	4,609,026	13,585,592	-	13,585,592
350 Total Non-Current Liabilities	13,845,387	-	4,139,538	-	-	-	720,733	67,434	11,219,871	29,992,963	-6,332,555	23,660,408
300 Total Liabilities	16,203,805	42,622	5,140,146	9,769	-	52,318	733,992	156,418	11,607,714	33,946,784	-6,531,728	27,415,056
400 Deferred Inflow of Resources	209,211	-	-	-	-	-	15,469	1,698	116,225	342,603	-	342,603
508.4 Net Investment in Capital Assets	40,569,632	513,996	3,152,658	-	-	-	5,246	-	1,601,877	45,843,409	-	45,843,409
511.4 Restricted Net Position	-	-	-	-	-	-	63,121	-	-	63,121	-	63,121
512.4 Unrestricted Net Position	1,822,259	172,543	144,735	97,003	-	62,333	-507,884	-8,773	-7,818,953	-6,036,737	-	-6,036,737
513 Total Equity - Net Assets / Position	42,391,891	686,539	3,297,393	97,003	-	62,333	-439,517	-8,773	-6,217,076	39,869,793	-	39,869,793
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	58,804,907	729,161	8,437,539	106,772	-	114,651	309,944	149,343	5,506,863	74,159,180	-6,531,728	67,627,452

STARK METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

	Project Total	2 State/Local	6.1 Component Unit - Discretely Presented	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	5,480,760	123,430	1,158,659	-	-	-	-	-	-	6,762,849	-	6,762,849
70400 Tenant Revenue - Other	225,462	418	2,989	-	-	-	-	-	-	228,869	-	228,869
70500 Total Tenant Revenue	5,706,222	123,848	1,161,648	-	-	-	-	-	-	6,991,718	-	6,991,718
70600 HUD PHA Operating Grants	11,553,455	-	-	107,567	-	619,174	8,539,865	421,504	-	21,241,565	-	21,241,565
70610 Capital Grants	2,977,414	-	-	-	-	-	-	-	-	2,977,414	-	2,977,414
70710 Management Fee	-	-	-	-	-	-	-	-	2,414,230	2,414,230	-2,355,528	58,702
70720 Asset Management Fee	-	-	-	-	-	-	-	-	156,387	156,387	-156,387	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-	318,170	318,170	-309,237	8,933
70740 Front Line Service Fee	-	-	-	-	-	-	-	-	631,615	631,615	-536,315	95,300
70750 Other Fees	-	-	-	-	-	-	-	-	68,701	68,701	-	68,701
70700 Total Fee Revenue	-	-	-	-	-	-	-	-	3,589,103	3,589,103	-3,357,467	231,636
70800 Other Government Grants	-	68,578	50,659	-	9,796	-	-	-	-	129,033	-	129,033
71100 Investment Income - Unrestricted	61,578	-	1,107	-	-	-	22	-	25,653	88,360	-	88,360
71400 Fraud Recovery	-	-	-	-	-	4,258	12,480	275	-	17,013	-	17,013
71500 Other Revenue	236,573	1,453	15,267	-	-	278	47,315	-	54,781	355,667	-	355,667
71600 Gain or Loss on Sale of Capital Assets	5,822	-	-	-	-	-	-	-	15,019	20,841	-	20,841
72000 Investment Income - Restricted	-	-	117	-	-	-	-	-	-	117	-	117
70000 Total Revenue	20,541,064	193,879	1,228,798	107,567	9,796	623,710	8,599,682	421,779	3,684,556	35,410,831	-3,357,467	32,053,364
91100 Administrative Salaries	947,050	17,995	72,491	1,954	-	31,394	281,374	26,311	1,476,743	2,855,312	-	2,855,312
91200 Auditing Fees	15,453	97	12,150	219	85	589	9,027	542	1,657	39,819	-	39,819
91300 Management Fee	2,183,736	-	58,702	3,985	-	2,315	165,492	-	-	2,414,230	-2,355,528	58,702
91310 Book-keeping Fee	221,288	-	8,932	2,963	150	9,375	67,992	7,470	-	318,170	-309,237	8,933
91400 Advertising and Marketing	-	-	1,692	-	-	-	-	-	4,513	6,205	-	6,205
91500 Employee Benefit contributions - Administrative	826,468	9,083	2,682	720	-	11,632	207,880	23,867	1,053,576	2,135,908	-	2,135,908
91600 Office Expenses	234,383	1,558	31,931	88	-	2,963	41,128	687	148,071	460,809	-8,371	452,438
91700 Legal Expense	76,998	-	1,801	-	-	-	2,785	-	23,262	104,846	-47,029	57,817
91800 Travel	17,994	1,614	7,338	-	-	4,789	2,723	-	49,321	83,779	-	83,779
91900 Other	460,725	41,173	108,930	-	1,127	34,248	17,370	236	134,412	798,221	-	798,221
91000 Total Operating - Administrative	4,984,095	71,520	306,649	9,929	1,362	97,305	795,771	59,113	2,891,555	9,217,299	-2,720,165	6,497,134
92000 Asset Management Fee	156,387	-	-	-	-	-	-	-	-	156,387	-156,387	-
92100 Tenant Services - Salaries	89,072	-	-	-	-	-	-	-	-	89,072	-	89,072
92300 Employee Benefit Contributions - Tenant Services	41,817	-	-	-	-	-	-	-	-	41,817	-	41,817
92400 Tenant Services - Other	29,309	-	50,659	-	-	-	-	-	-	79,968	-	79,968
92500 Total Tenant Services	160,198	-	50,659	-	-	-	-	-	-	210,857	-	210,857
93100 Water	588,380	8,372	31,060	-	-	-	456	-	2,209	630,477	-	630,477
93200 Electricity	1,039,481	1,165	143,173	-	-	-	8,172	538	39,007	1,231,536	-	1,231,536
93300 Gas	1,142,845	159	13,875	-	-	-	988	-	7,852	1,165,719	-	1,165,719
93600 Sewer	636,646	4,454	16,100	-	-	-	87	-	436	657,723	-	657,723
93000 Total Utilities	3,407,352	14,150	204,208	-	-	-	9,703	538	49,504	3,685,455	-	3,685,455
94100 Ordinary Maintenance and Operations - Labor	1,845,331	-	40,417	-	-	-	-	-	224,231	2,109,979	-	2,109,979
94200 Ordinary Maintenance and Operations - Materials and Other	877,629	1,446	28,322	-	-	-	-	-	24,723	932,120	-	932,120
94300 Ordinary Maintenance and Operations Contracts	2,986,254	18,537	110,106	-	-	-	962	-	81,522	3,197,381	-480,915	2,716,466
94500 Employee Benefit Contributions - Ordinary Maintenance	1,498,916	-	9,036	-	-	-	-	-	166,555	1,674,507	-	1,674,507
94000 Total Maintenance	7,208,130	19,983	187,881	-	-	-	962	-	497,031	7,913,987	-480,915	7,433,072
95100 Protective Services - Labor	174,443	-	-	-	-	-	-	-	-	174,443	-	174,443

STARK METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

	Project Total	2 State/Local	6.1 Component Unit - Discretely Presented	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.239 HOME Investment Partnerships Program	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
95200 Protective Services - Other Contract Costs	104,807	-	102,971	-	-	-	-	-	-	207,778	-	207,778
95300 Protective Services - Other	7,808	-	2,869	-	-	-	9,037	-	36,926	56,640	-	56,640
95500 Employee Benefit Contributions - Protective Services	82,181	-	-	-	-	-	-	-	-	82,181	-	82,181
95000 Total Protective Services	369,239	-	105,840	-	-	-	9,037	-	36,926	521,042	-	521,042
96110 Property Insurance	413,031	5,019	45,786	-	-	-	-	-	3,431	467,267	-	467,267
96120 Liability Insurance	146,740	913	4,266	-	-	-	11,378	-	1,643	164,940	-	164,940
96130 Workmen's Compensation	39,078	247	24,490	16	-	384	3,546	-	26,377	94,138	-	94,138
96140 All Other Insurance	33,637	-	3,820	-	-	20	10,716	15	10,407	58,615	-	58,615
96100 Total insurance Premiums	632,486	6,179	78,362	16	-	404	25,640	15	41,858	784,960	-	784,960
96200 Other General Expenses	99,456	864	64,971	762	9,796	2,474	38,800	1,973	59,945	279,041	-	279,041
96210 Compensated Absences	-2,477	-	-	-	-	-	10,933	622	85,338	94,416	-	94,416
96300 Payments in Lieu of Taxes	200,500	-	-	-	-	-	-	-	-	200,500	-	200,500
96400 Bad debt - Tenant Rents	251,188	-	12,573	-	-	-	-	-	-	263,761	-	263,761
96000 Total Other General Expenses	548,667	864	77,544	762	9,796	2,474	49,733	2,595	145,283	837,718	-	837,718
96710 Interest of Mortgage (or Bonds) Payable	133,350	-	113,562	-	-	-	-	-	-	246,912	-	246,912
96700 Total Interest Expense and Amortization Cost	133,350	-	113,562	-	-	-	-	-	-	246,912	-	246,912
96900 Total Operating Expenses	17,599,904	112,696	1,124,705	10,707	11,158	100,183	890,846	62,261	3,662,157	23,574,617	-3,357,467	20,217,150
97000 Excess of Operating Revenue over Operating Expenses	2,941,160	81,183	104,093	96,860	-1,362	523,527	7,708,836	359,518	22,399	11,836,214	-	11,836,214
97200 Casualty Losses - Non-capitalized	104,368	-	3,280	-	-	5,000	-	-	8,582	121,230	-	121,230
97300 Housing Assistance Payments	-	-	-	80,602	-	514,972	7,666,958	348,176	-	8,610,708	-	8,610,708
97350 HAP Portability-In	-	-	-	-	-	-	29,811	-	-	29,811	-	29,811
97400 Depreciation Expense	3,618,845	44,695	319,375	-	-	-	404	-	124,722	4,108,041	-	4,108,041
90000 Total Expenses	21,323,117	157,391	1,447,360	91,309	11,158	620,155	8,588,019	410,437	3,795,461	36,444,407	-3,357,467	33,086,940
10010 Operating Transfer In	7,935,482	-	-	-	-	-	-	-	12,457	7,947,939	-7,947,939	-
10020 Operating transfer Out	-7,935,482	-	-	-	-12,457	-	-	-	-	-7,947,939	7,947,939	-
10080 Special Items (Net Gain/Loss)	-	-	473,609	-	-	-	-	-	-	473,609	-	473,609
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-	36,445	36,445	-36,445	-
10094 Transfers between Project and Program - Out	-36,445	-	-	-	-	-	-	-	-	-36,445	36,445	-
10100 Total Other financing Sources (Uses)	-36,445	-	473,609	-	-12,457	-	-	-	48,902	473,609	-	473,609
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-818,498	36,488	255,047	16,258	-13,819	3,555	11,663	11,342	-62,003	-559,967	-	-559,967
11020 Required Annual Debt Principal Payments	400,000	-	344,526	-	-	-	-	-	-	744,526	-	744,526
11030 Beginning Equity	45,438,099	650,051	3,042,346	80,745	13,819	58,778	-281,723	-1,484	-4,817,420	44,183,211	-	44,183,211
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-2,227,710	-	-	-	-	-	-169,457	-18,631	-1,337,653	-3,753,451	-	-3,753,451
11170 Administrative Fee Equity	-	-	-	-	-	-	-502,638	-	-	-502,638	-	-502,638
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	63,121	-	-	63,121	-	63,121
11190 Unit Months Available	30,422	180	2,400	432	19	1,212	19,716	1,104	-	55,485	-	55,485
11210 Number of Unit Months Leased	29,511	166	2,388	401	19	1,157	17,455	986	-	52,083	-	52,083

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STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

Federal Grantor *Pass Through Grantor/* Program/Title	**Federal CFDA Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs		
Public and Indian Housing	14.850	$ 11,553,456
Section 8 Project Based Cluster		
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	107,567
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	421,504
Total Section 8 Project Based Cluster		529,071
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	8,539,865
Total Housing Voucher Cluster		8,539,865
Public Housing Capital Fund	14.872	2,977,414
Continuum of Care Program	14.267	619,174
Total Direct Programs		24,218,980
Pass Through Programs		
Passed through Stark County		
HOME Investement Partnerships Program	14.239	9,796
Total Passed through Stark County		9,796
Total Pass Through Programs		9,796
Total U.S. Department of Housing and Urban Development		24,228,776
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 24,228,776

See accompanying notes to the Schedule of Expenditures of Federal Awards.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

NOTE 1: **PRESENTATION**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal award activity of the Stark Metropolitan Housing Authority under programs of the federal government for the year ended March 31, 2019. The information in this 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Stark Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Stark Metropolitan Housing Authority.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business in amounts reported as expenditures in prior years.

NOTE 3: INDIRECT COST RATE

The Stark Metropolitan Housing Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

Board of Directors
Stark Metropolitan Housing Authority
Canton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Stark Metropolitan Housing Authority, Ohio, (Housing Authority) as of and for the fiscal year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Stark Metropolitan Housing Authority, Ohio's basic financial statements and have issued our report thereon dated September 12, 2019, wherein we noted the Authority adopted new accounting guidance in Government Accounting Standards Board (GASB) Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Our report includes a reference to other auditors who audited the financial statements of Hunter House PSH, LLC, as described in our report on the Housing Authority's financial statements. The financial statements of Hunter House PSH, 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 Stark Metropolitan Housing Authority, Ohio'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 Stark Metropolitan Housing Authority, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stark Metropolitan Housing Authority, Ohio'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 Stark Metropolitan Housing Authority, Ohio'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 Stark Metropolitan Housing Authority, Ohio'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*.

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 Stark Metropolitan Housing Authority Ohio'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 Stark Metropolitan Housing Authority Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka, CPA, President

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Date: 2019.09.30 11:35:57 -04'00'

James G. Zupka, CPA, Inc.
Certified Public Accountants

September 12, 2019

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

Board of Directors
Stark Metropolitan Housing Authority
Canton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Stark Metropolitan Housing Authority, Stark County, Ohio's (Housing Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Stark Metropolitan Housing Authority, Ohio's major federal program for the year ended March 31, 2019. The Stark Metropolitan Housing Authority, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Stark Metropolitan Housing Authority Ohio's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Stark Metropolitan Housing Authority, Ohio'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 the major federal program. However, our audit does not provide a legal determination of the Stark Metropolitan Housing Authority, Ohio's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

The management of the Stark Metropolitan Housing Authority, Ohio, 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 Stark Metropolitan Housing Authority, Ohio'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 Stark Metropolitan Housing Authority, Ohio's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination 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 the section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses of 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.

Purpose of this Report

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

James G. Zupka, CPA, President

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James G. Zupka, CPA, Inc.
Certified Public Accountants

September 12, 2019

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

2019(i)	Type of Financial Statement Opinion	Unmodified
2019(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2019(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2019(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2019(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2019(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2019(v)	Type of Major Programs' Compliance Opinion	Unmodified
2019(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2019(vii)	Major Programs (list): Section 8 Housing Choice Vouchers - CFDA #14.871	
2019(viii)	Dollar Threshold: Type A\B Programs	Type A: $750,000 Type B: All Others
2019(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

STARK METROPOLITAN HOUSING AUTHORITY
STARK COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
MARCH 31, 2019

The prior audit report, as of March 31, 2018, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE
KEITH FABER

STARK COUNTY METROPOLITAN HOUSING AUTHORITY

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 7, 2019