COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY

AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Commissioners
Columbiana Metropolitan Housing Authority
325 Moore Street
East Liverpool, Ohio 43920

We have reviewed the *Independent Auditor's Report* of the Columbiana Metropolitan Housing Authority, Columbiana County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2018 through June 30, 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 Columbiana Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

April 1, 2020

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COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Columbiana Metropolitan Housing Authority
East Liverpool, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Columbiana Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Columbiana Metropolitan Housing Authority as of June 30, 2019, and the 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.

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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is 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 March 10, 2020, on our consideration of the Authority'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, Inc.

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

March 10, 2020

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The Columbiana Metropolitan Housing Authority's (the Authority) Management's Discussion and Analysis is designed to a) assist the reader in focusing on significant financial issues, b) provide an overview of the Authority's financial activity, c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and d) identify individual issues or concerns.

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

FINANCIAL HIGHLIGHTS

- The Authority's total revenues increased about 2 percent over 2018, by about $94,000, making revenues $6,059,839 compared to that of $5,965,481 in 2018.

- The Authority's net position decreased by $476,557. Since the Authority engages in only business-type activities, the decrease is all in the category of business-type net position.

- The total expenses of all Authority-wide programs increased by $272,031. Total expenses were $6,536,396 in 2019 compared to $6,264,365 in 2018.

USING THIS ANNUAL REPORT

The following outlines the format of this report:

MD&A
- Management Discussion and Analysis -

Basic Financial Statements
- Authority-wide Financial Statements -
- Fund Financial Statements -
- Notes to the Financial Statements -

Other Required Supplementary Information
- Required Supplementary Information (other than MD&A)

The focus is on both the Authority as a whole (authority-wide) and the major individual programs. Both perspectives (authority-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority), and enhance the Authority's accountability.

Authority-Wide Financial Statements

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

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

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

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

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

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position". This account resembles the old operating reserves account.

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

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

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

Financial Statements

Traditional users of governmental financial statements will find the financial statements presentation more familiar. The focus is now on major funds, rather than fund types. The Authority consists of exclusively enterprise funds. The enterprise fund utilizes the full accrual basis of accounting. The enterprise fund method of accounting is similar to accounting utilized by private sector accounting.

THE AUTHORITY'S PROGRAMS

Business-Type Programs

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

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

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

Continuum of Care - Under the Continuum of Care Program, the Authority provides rental assistance to clients with special needs to make rent affordable for these Authority clients who rent units from independent landlords, and the Authority partners with support agencies in the community to provide supportive services to clients to help them live independently. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household.

Component Unit – Twenty-Six 3, Incorporated was created with the stated purpose of providing transitional and permanent housing to at risk families.

AUTHORITY-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior fiscal year. The Authority is engaged in only business-type activities.

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

	2019	2018
Assets and Deferred Outflows		
Current and Other Assets	$ 1,415,536	$ 1,201,837
Capital Assets	9,413,530	10,073,726
Deferred Outflows of Resources	511,532	259,221
Total Assets and Deferred Outflows of Resources	$ 11,340,598	$ 11,534,784
Liabilities and Deferred Inflows		
Current Liabilities	$ 347,846	$ 360,878
Noncurrent Liabilities	3,388,151	2,903,038
Deferred Inflows Of Resources	111,464	301,174
Total Liabilities and Deferred Inflows of Resources	3,847,461	3,565,090
Net Position		
Net Investment in Capital Assets	8,363,785	8,838,177
Restricted	29,795	59,031
Unrestricted	(900,443)	(927,514)
Total Net Position	7,493,137	7,969,694
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 11,340,598	$ 11,534,784

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

Major Factors Affecting the Statement of Net Position

Favorable results from operations led to current and other assets growing by almost $214,000 (or 18%) over last year, while current liabilities were virtually unchanged. Depreciation on capital assets was far more than capital investment in the period, resulting in capital assets to drop by slightly more than $660,000, about 7%. The change to net investment in capital assets was not as great as the reduction in capital assets because of routine capital debt retirement in the period. And following a trend of recent years since the implementation of these relatively new accounting standards, the other balances reflecting significant changes were to balances impacted by financial reporting pursuant to GASB 68 and GASB 75, deferred outflow of resources, deferred inflow of resources and non-current liabilities. The changes in deferred outflow of resources and deferred inflow of resources is fully due to reporting pursuant to those standards. The increase in pension and other post-employment liabilities reported as non-current liabilities pursuant to those standards (almost $700,000), was offset by routine debt retirement of about $186,000 in the period.

GASB 68 is the accounting standard implemented in recent years that requires Columbiana MHA to report what is estimated to be its share of the unfunded pension liability of the Ohio Public Employees Retirement System (OPERS). GASB 75 is the accounting implemented last year that similarly to GASB 68 requires Columbiana MHA to report what is estimated to be its share of the unfunded other post-employment benefits (OPEB), or healthcare, liability of OPERS. State law requires employees of Columbiana MHA to participate in the retirement system and requires Columbiana MHA to make retirement contributions on behalf of its employees to OPERS. But it is important to note unlike other liabilities of the agency, the net pension liability of nearly $1,612,000 (up from $997,000 last year) and the OPEB liability of almost $799,000 (up from $715,000 last year) do not represent invoices to be paid by Columbiana MHA. The concept behind the standards is to highlight the extent to which participants and their employers would have to increase contributions to the retirement system in order for OPERS to fully fund its future retirement and healthcare obligations. State law determines contribution rates for employers and participants. Changes to state law would be required for contribution rates to OPERS to be changed.

Even the change to unrestricted net position is greatly affected by financial reporting pursuant to GASB 68 & GASB 75. Unrestricted net position increased only minimally despite the favorable increase in current and other assets due to favorable results from operations. Pension expense resulting from the changes to the other GASB 68 & 75 balances was more than $263,000, greatly restricting the increase in unrestricted net position.

Statement of Revenues, Expenses, and Changes in Net Position

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in only business-type activities.

Table 2 - Condensed Statement of Revenue, Expenses, and Changes in Net Position

	2019	2018
Revenues		
Total Tenant Revenues	$ 1,005,766	$ 642,961
Operating Subsidies	4,930,918	4,826,975
Capital Grants	86,228	436,593
Investment Income	1,205	1,015
Other Revenues	35,722	57,937
Total Revenues	6,059,839	5,965,481
Expenses		
Administrative	1,137,812	1,080,652
Tenant Services	163,749	87,965
Utilities	821,035	485,970
Maintenance	1,236,779	1,298,690
Protective Services	43,988	55,780
Insurance and General Expenses	235,757	240,434
Housing Assistance Payaments	2,150,852	2,272,418
Depreciation	746,424	742,456
Total Expenses	6,536,396	6,264,365
Change in Net Position	(476,557)	(298,884)
Beginning Net Position	7,969,694	8,268,578
Ending Net Position	$ 7,493,137	$ 7,969,694

Major Factors Affecting the Statement of Revenues, Expenses, and Changes in Net Position

Overall revenues and expenses increased modestly, income by about 2% and expenses by about 4%. Despite the overall increases, there are two particularly notable changes to balances reported on the statement. Tenant revenues and utilities expense both increased dramatically, by offsetting amounts. These changes were caused by the switch the Authority implemented in the period to move away from tenant paid utilities to agency paid utilities in units owned by the Authority. Other changes to balances from the prior year were primarily due to normal year to year fluctuations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year end, the Authority had $9,413,530 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions, and depreciation) of $660,196 from the end of last fiscal year.

Table 3 - Condensed Statement of Changes in Capital Assets

	2019	2018
Land	$ 1,074,029	$ 1,074,029
Buildings and Leasehold Improvements	31,425,530	31,339,302
Equipment	1,074,437	1,121,966
Accumulated Depreciation	(24,160,466)	(23,461,571)
Total	$ 9,413,530	$ 10,073,726

The following reconciliation summarizes the change in capital assets, which is presented in detail in Note 3 of the financial statements.

Table 4 - Changes in Capital Assets

Beginning Balance - June 30, 2018	$ 10,073,726
Current year Additions	86,228
Current year Depreciation Expense	(746,424)
Ending Balance - June 30, 2019	$ 9,413,530

The current year additions were primarily capital improvements to the structures and systems using Capital Fund Program grant funding.

Debt Outstanding

Below is a summary of changes in debt of the Authority in the period:

Table 5 - Condensed Statement of Changes in Debt Outstanding

	2019
Beginning Balance	$ 1,235,549
Current Year Principal Payments	(185,804)
Ending Balance	$ 1,049,745

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Bernard Bennett, Executive Director of the Columbiana Metropolitan Housing Authority. Specific requests may be submitted to Bernard Bennett, Executive Director, Columbiana Metropolitan Housing Authority, 325 Moore Street, East Liverpool, Ohio 43920.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS		
Current Assets		
Cash and Cash Equivalents:	$	1,148,135
Restricted Cash and Cash Equivalents		83,785
Receivables, Net		76,234
Prepaid Expenses and Other Assets		49,214
Inventory		40,801
Total Current Assets		1,398,169
Non-Current Assets		
Non-Depreciable Capital Assets		1,074,029
Depreciable Capital Assets, Net		8,339,501
Net Pension Asset (See Note 7)		17,367
Total Non-Current Assets		9,430,897
DEFERRED OUTFLOWS OF RESOURCES		
Pension		444,470
OPEB		67,062
Total Deferred Outflows of Resources		511,532
TOTAL ASSETS AND DEFRRED OUTFLOWS OF RESOURCES	$	11,340,598
LIABILITIES		
Current Liabilities		
Accounts Payable	$	7,785
Accrued Liabilities		73,737
Tenant Security Deposits		53,990
Intergovernmental Payable		38,028
Current Portion - Mortgages Payable		174,306
Total Current Liabilities		347,846
Non-Current Liabilities		
Mortgages Payable, Net of Current Portion		875,439
Accrued Compensated Absences, Net of Current Portion		101,462
Net Pension Liability (See Note 6)		1,611,782
Net OPEB Liability (See Note 7)		799,468
Total Non-Current Liabilities		3,388,151
TOTAL LIABILITIES		3,735,997
DEFERRED INFLOWS OF RESOURCES		
Pension		76,528
OPEB		34,936
Total Deferred Inflows of Resources		111,464
NET POSITION		
Net Investment in Capital Assets		8,363,785
Restricted		29,795
Unrestricted Net Position		(900,443)
TOTAL NET POSITION		7,493,137
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	11,340,598

See accompanying notes to the basic financial statements.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Operating Revenue	
Tenant Rental Revenue	$ 1,005,766
Government Operating Grants	4,930,918
Other Revenue	34,822
Total Operating Revenue	5,971,506
Operating Expenses	
Administrative	1,137,812
Tenant Services	163,749
Utilities	821,035
Maintenance	1,236,779
Protective Services	43,988
Insurance and General Expense	195,347
Housing Assistance Payments	2,150,852
Depreciation Expense	746,424
Total Operating Expenses	6,495,986
Operating Income	(524,480)
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	1,205
Interest Expense	(40,410)
Gain on Disposition	900
Total Non-Operating Revenues (Expenses)	(38,305)
(Loss) Before Capital Contributions and Grants	(562,785)
Capital Grants	86,228
Change In Net Position	(476,557)
Total Net Position - Beginning of Year (Restated)	7,969,694
Total Net Position - End of Year	$ 7,493,137

See accompanying notes to the basic financial statements.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities	
Cash Received- HUD Operating Subsidies and Grants	$ 5,121,277
Cash Received from Tenants and Other Sources	1,043,372
Cash Payments for Housing Assistance Payments	(2,152,119)
Cash Payments for Administrative Costs	(874,886)
Cash Payments for Other Operating Expenses	(2,475,604)
Net Cash Provided (Used) by Operating Activities	662,040
Cash Flows from Capital and Related Financing Activities	
Capital Additions	(86,228)
Capital Grants	86,228
Interest Expense	(40,410)
Repayment of Long-Term Debt	(185,804)
Cash from Capital Assets Disposal	900
Net Cash Provided (Used) by Capital and Related Financing Activities	(225,314)
Cash Flows from Investing Activities	
Investment Income	1,205
Net Cash Provided (Used) by Investing Activities	1,205
Increase in Cash and Cash Equivalents	437,931
Cash and Cash Equivalents - Beginning of Year	793,989
Cash and Cash Equivalents - End of Year	$ 1,231,920
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ (524,480)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities	
Depreciation	746,424
(Increase) Decrease in:	
Accounts Receivable	214,559
Prepaid Expenses	4,861
Other Non-Current Assets	4,812
Deferred Outflows of Resources	(252,311)
Increase (Decrease) in:	
Accounts Payable	36,219
Intergovernmental	(60,991)
Compensated Absences	(11,145)
Security Deposits	3,952
Other Current Liabilities	12,095
Other Non-Current Liabilities	(21,822)
Net Pension/OPEB Liability	699,577
Deferred Inflow of Resources	(189,710)
Net Cash Provided (Used) by Operating Activities	$ 662,040

See accomnpanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code Section 3735.27 for the purpose of engaging in the development, acquisition, and administrative activities of the low-income housing program and other programs with similar objectives. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the low-income housing program under the United States Housing Act of 1937, as amended. The Authority contracts with HUD to provide low and moderate income persons with safe and sanitary housing through rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 61), in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

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

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

Component Unit
The accompanying financial statements present the Twenty-Six 3 Properties, Incorporated, (the Corporation) a component unit of the Authority, over which the Authority exercises significant control, as a blended entity.

The Corporation is a not-for-profit corporation under the IRS ruling 501c(3). The Corporation was created by the Authority to provide increase opportunities for transitional and permanent housing for income eligible families. The Board Members of the Corporation consist of the Executive Director and other staff members of the Authority.

Housing Programs Limited Corporation, a component unit reported in prior years, was dissolved following procedures under ORC 1702.47 by its Board of Directors on September 26, 2017, with its assets, after debtors were paid, being donated to Twenty-Six 3 Properties, Inc.

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

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

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.

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

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

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

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

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

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

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

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

Continuum of Care Program
This program is designed to provide rental assistance for targeted populations and link the rental assistance provided to supporting services for those receiving the rental assistance. The Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The Program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income and the Authority partners with other Agencies in the community to provide in kind supportive services for program participants.

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

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

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

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

Cash and Cash Equivalents
For the purpose of the Statement of Cash Flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less, and non-negotiable certificates of deposit regardless of original maturity.

Investments
Investments are restricted by the provisions of the HUD regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2019 totaled $1,205.

Receivables - Net of Allowance
Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the fiscal year. No allowance for doubtful accounts was made at June 30, 2019 on tenants' accounts receivable of $7,755.

Prepaid Expenses
Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the fiscal year in which the services are consumed.

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

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charges as expenditures when used. No allowance for obsolete inventory was made at June 30, 2019 on inventory of $40,801.

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

Implementation of New Accounting Principles
For the fiscal year ended June 30, 2019, the following Governmental Accounting Standards Board (GASB) statements have been implemented: GASB Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*

GASB Statement No, 83 sets out to address the accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The implementation of GASB Statement No. 83 did not have an effect on the financial statements.

GASB Statement No. 88 sets out to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to the financial statements.

Capital Assets
Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and a purchase price of $500 or more per unit; and property betterment and additions costing $2,500 and more. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

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

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

Compensated Absences

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

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

Unearned Revenue

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

Net Position

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

Operating Revenues and Expenses

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

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

Capital Grant

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

Income Taxes

No provision for income taxes is recorded as the Authority is a non-profit, tax exempt entity under the Internal Revenue Code.

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

Budgetary Accounting
The Authority annually prepares its budget as prescribed by HUD. This budget is submitted to HUD, when applicable, and once approved, is adopted by the Board of the Authority.

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

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

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

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

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

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

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

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

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

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

At fiscal year end June 30, 2019, the carrying amount of the Authority's deposits totaled $1,231,920 (including $100 petty cash) and its bank balance was $1,146,852. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2019, $578,095 was covered by the Federal Depository Insurance Corporation, and $568,751 was uninsured and collateralized with securities held by the financial institution's agent.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve banks or at member banks of the Federal Reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve bank in the name of the Authority.

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

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

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

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

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

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

The Authority held no investments at June 30, 2019.

Restricted Cash
A summary of restricted cash of the Authority is as follows:

Unspent Section 8 HCV Program HAP Funds	$	29,795
Tenant Security Deposits		53,990
Total Restricted Cash	$	83,785

NOTE 3: CAPITAL ASSETS

The following is a summary of capital assets:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets Not Being Depreciated				
Land	$ 1,074,029	$ 0	$ 0	$ 1,074,029
Total Capital Assets Not Being Depreciated	1,074,029	0	0	$ 1,074,029
Capital Assets Being Depreciated				
Buildings	28,099,419	86,228	0	28,185,647
Equipment	1,121,966	0	(47,529)	1,074,437
Improvements	3,239,883	0	0	3,239,883
Total Capital Assets Being Depreciated	32,461,268	86,228	(47,529)	32,499,967
Accumulated Depreciation				
Buildings and Improvements	(22,446,687)	(719,598)	0	(23,166,285)
Equipment	(1,014,884)	(26,826)	47,529	(994,181)
Total Accumulated Depreciation	(23,461,571)	(746,424)	47,529	(24,160,466)
Depreciable Assets, Net	8,999,697	(660,196)	0	8,339,501
Total Capital Assets, Net	$ 10,073,726	$ (660,196)	$ 0	$ 9,413,530

NOTE 4: LONG-TERM DEBT

Lease/Purchase Agreement – PNC Equipment Finance

The Authority entered into a second phase energy performance contract (EPC) with Honeywell International Inc., on April 21, 2015 for $1,667,198. This amount included a payoff of $141,252 to Citicorp North America for the initial EPC. The term of the agreement is 112 monthly payments at a fixed interest rate of 3.24 percent. The outstanding balance as of June 30, 2019 is $1,049,745.

Debt maturities for the next five years are estimated as follows:

Year Ended June 30	Principal	Interest	Total
2020	174,306	23,853	198,159
2021	197,751	25,640	223,391
2022	212,188	19,021	231,209
2023	227,379	11,923	239,302
2024	225,266	4,443	229,709
Thereafter	12,855	145	13,000
Total	$ 1,049,745	$ 85,025	$ 1,134,770

NOTE 4: **LONG-TERM DEBT** (Continued)

Repayment Agreement - HUD

In 2016, the Authority entered into a repayment with HUD. HUD concluded the Authority had been overpaid subsidy in prior periods for its Woodland Hills property (AMP 2) related to changes the Authority made to resident paid utilities at the property in previous periods. The agreement calls for the Authority to repay HUD $87,285 over a period of no more than 4 years. Remaining to be paid at June 30, 2019 is $21,821.

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due In One Year
PNC Equipment Lease	$ 1,235,549	$ 0	$ (185,804)	$ 1,049,745	$ 174,306
Accrued Compensated Absences	112,607	72,687	(83,832)	101,462	0
Net Pension Liability	997,133	614,649	0	1,611,782	0
Net OPEB Liability	714,540	84,928	0	799,468	0
Subsidy Repayment to HUD	43,643	0	(21,822)	21,821	21,821
Total	$ 3,103,472	$ 772,264	$ (291,458)	$ 3,584,278	$ 196,127

NOTE 5: **RISK MANAGEMENT**

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

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

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Net Pension Liability (Continued)

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

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

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

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.

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2019 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 $138,182 for fiscal year ending June 30, 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 6: **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	0.006356%	0.016292%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.005885%	0.015531%	
Change in Proportionate Share	-0.000471%	-0.000761%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 1,611,782	$ (17,367)	$ 1,594,415
Pension Expense	$ 274,193	$ (615)	$ 273,578

At June 30, 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	$ 218,764	$ 3,744	$ 222,508
Differences between expected and actual experience	73	0	73
Changes of assumptions	140,310	3,880	144,190
Changes in proportion and differences between Authority contributions and proportionate share of contributions	6,026	1,473	7,499
Authority contributions subsequent to the measurement date	64,913	5,287	70,200
Total Deferred Outflows of Resources	$ 430,086	$ 14,384	$ 444,470
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 21,163	$ 7,094	$ 28,257
Changes in proportion and differences between Authority contributions and proportionate share of contributions	47,278	993	48,271
Total Deferred Inflows of Resources	$ 68,441	$ 8,087	$ 76,528

$70,200 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 June 30, 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 6: **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 June 30:			
2020	$ 126,449	$ 594	$ 127,043
2021	48,244	(154)	48,090
2022	20,296	(77)	20,219
2023	101,743	1,097	102,840
2024	0	(443)	(443)
Thereafter	0	(7)	(7)
Total	$ 296,732	$ 1,010	$ 297,742

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

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:

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

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 6: **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	$ 2,381,071	$ 1,611,782	$ 972,496
Combined Plan	$ (5,746)	$ (17,367)	$ (25,781)

NOTE 7: **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 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

Net OPEB Liability (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 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

Net OPEB Liability (Continued)

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

The Authority's contractually required contribution was $1,428 for fiscal year ending June 30, 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	0.006580%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.006132%
Change in Proportionate Share	-0.000448%
Proportionate Share of the Net OPEB Liability	$ 799,468
OPEB Expense	$ 59,786

At June 30, 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	$ 36,651
Differences between expected and actual experiences	271
Changes of assumptions	25,776
Changes in proportion and differences between Authority contributions and proportionate share of contributions	3,568
Authority contributions subsequent to the measurement date	796
Total Deferred Outflows of Resources	$ 67,062
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 2,170
Changes in proportion and differences between Authority contributions and proportionate share of contributions	32,766
Total Deferred Inflows of Resources	$ 34,936

NOTE 7: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

$796 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 June 30, 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 June 30:	
2020	$ 15,786
2021	(8,459)
2022	5,541
2023	18,462
Total	$ 31,330

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 7: **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 7: **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	$1,022,818	$799,468	$621,846

NOTE 7: **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	$ 768,462	$ 799,468	$ 835,178

NOTE 8: **CONTINGENCIES**

In the normal course of operations, the Authority may be subject to litigations and claims. At June 30, 2019, the Authority was not aware of any such matters.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA 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	0.005885%	0.006356%	0.062400%	0.006214%	0.006694%	0.006694%
Authority's Proportionate Share of the Net Pension Liability	$ 1,611,782	$ 997,133	$ 1,416,988	$ 1,076,344	$ 807,371	$ 789,135
Authority's Covered Payroll	$ 868,683	$ 839,886	$ 806,682	$ 773,442	$ 820,742	$ 870,272
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	185.54%	118.72%	175.66%	139.16%	98.37%	90.68%
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	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.015531%	0.016292%	0.016699%	0.016030%	0.011370%	0.011370%
Authority's Proportionate Share of the Net Pension (Asset)	$ 17,367	$ (22,179)	$ (9,294)	$ (7,801)	$ (4,378)	$ (1,193)
Authority's Covered Payroll	$ 72,599	$ 66,725	$ 80,552	$ 58,325	$ 41,563	$ 39,881
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-23.92%	33.24%	11.54%	13.38%	10.53%	2.99%
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

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

	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions							
Traditional Plan	$ 127,639	$ 113,972	$ 105,905	$ 95,544	$ 96,479	$ 100,871	$ 107,994
Combined Plan	10,543	9,055	8,529	7,205	5,793	4,779	4,792
Total Required Contributions	138,182	123,027	114,434	102,749	102,272	105,650	112,786
Contributions in Relation to the Contractually Required Contribution	(138,182)	(123,027)	(114,434)	(102,749)	(102,272)	(105,650)	(112,786)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll							
Traditional Plan	$ 911,707	$ 844,037	$ 847,240	$ 796,200	$ 803,992	$ 840,592	$ 830,723
Combined Plan	$ 75,307	$ 67,055	$ 68,232	$ 60,042	$ 48,275	$ 39,825	$ 36,862
Pension Contributions as a Percentage of Covered Pavroll							
Traditional Plan	14.00%	13.50%	12.50%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	13.50%	12.50%	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

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE 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	0.006132%	0.006580%	0.006480%
Authority's Proportionate Share of the Net OPEB Liability	$ 799,468	$ 714,540	$ 654,502
Authority's Covered Payroll	$ 972,023	$ 932,316	$ 895,642
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	82.25%	76.64%	73.08%
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

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA 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	$ 1,428	$ 5,610	$ 14,205	$ 17,418	$ 17,045
Contributions in Relation to the Contractually Required Contribution	(1,428)	(5,610)	(14,205)	(17,418)	(17,045)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 1,022,715	$ 936,923	$ 915,479	$ 857,775 0	$ 852,266
Contributions as a Percentage of Covered Payroll	0.14%	0.60%	1.55%	2.03%	2.00%

(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%.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2019

	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.2 Component Unit - Blended	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	831,131	83,121	67,282	78,095	17,957	70,549	1,148,135	-	1,148,135
113 Cash - Other Restricted	-	29,795	-	-	-	-	29,795	-	29,795
114 Cash - Tenant Security Deposits	53,990	-	-	-	-	-	53,990	-	53,990
100 Total Cash	885,121	112,916	67,282	78,095	17,957	70,549	1,231,920	-	1,231,920
122 Accounts Receivable - HUD Other Projects	-	-	-	-	34,250	34,229	68,479	-	68,479
126 Accounts Receivable - Tenants	7,755	-	-	-	-	-	7,755	-	7,755
120 Total Receivables, Net of Allowances for Doubtful Accounts	7,755	-	-	-	34,250	34,229	76,234	-	76,234
142 Prepaid Expenses and Other Assets	1,000	-	-	-	-	48,214	49,214	-	49,214
143 Inventories	-	-	-	-	-	40,801	40,801	-	40,801
144 Inter Program Due From	-	-	-	-	-	95,597	95,597	-95,597	-
150 Total Current Assets	893,876	112,916	67,282	78,095	52,207	289,390	1,493,766	-95,597	1,398,169
161 Land	1,060,629	-	-	13,400	-	-	1,074,029	-	1,074,029
162 Buildings	28,084,969	-	-	19,600	-	81,078	28,185,647	-	28,185,647
163 Furniture, Equipment & Machinery - Dwellings	304,406	-	-	-	-	-	304,406	-	304,406
164 Furniture, Equipment & Machinery - Administration	612,310	92,231	3,008	-	-	62,482	770,031	-	770,031
165 Leasehold Improvements	3,239,883	-	-	-	-	-	3,239,883	-	3,239,883
166 Accumulated Depreciation	-23,985,475	-80,152	-1,204	-1,068	-	-92,567	-24,160,466	-	-24,160,466
160 Total Capital Assets, Net of Accumulated Depreciation	9,316,722	12,079	1,804	31,932	-	50,993	9,413,530	-	9,413,530
174 Other Assets	6,494	2,561	469	-	-	7,843	17,367	-	17,367
180 Total Non-Current Assets	9,323,216	14,640	2,273	31,932	-	58,836	9,430,897	-	9,430,897
200 Deferred Outflow of Resources	191,272	75,435	13,821	-	-	231,004	511,532	-	511,532
290 Total Assets and Deferred Outflow of Resources	10,408,364	202,991	83,376	110,027	52,207	579,230	11,436,195	-95,597	11,340,598
312 Accounts Payable <= 90 Days	450	130	19	-	-	7,186	7,785	-	7,785
321 Accrued Wage/Payroll Taxes Payable	16,464	1,712	262	-	-	5,984	24,422	-	24,422
331 Accounts Payable - HUD PHA Programs	21,821	-	-	-	-	-	21,821	-	21,821
333 Accounts Payable - Other Government	13,953	-	-	2,254	-	-	16,207	-	16,207
341 Tenant Security Deposits	53,990	-	-	-	-	-	53,990	-	53,990
342 Unearned Revenue	392	-	-	-	-	-	392	-	392
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	174,306	-	-	-	-	-	174,306	-	174,306
346 Accrued Liabilities - Other	48,923	-	-	-	-	-	48,923	-	48,923
347 Inter Program - Due To	-	36,974	-	6,416	52,207	-	95,597	-95,597	-
310 Total Current Liabilities	330,299	38,816	281	8,670	52,207	13,170	443,443	-95,597	347,846
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	875,439	-	-	-	-	-	875,439	-	875,439

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2019

	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.2 Component Unit - Blended	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
354 Accrued Compensated Absences - Non Current	58,895	5,609	838	-	-	36,120	101,462	-	101,462
357 Accrued Pension and OPEB Liabilities	901,608	355,591	65,163	-	-	1,088,888	2,411,250	-	2,411,250
350 Total Non-Current Liabilities	1,835,942	361,200	66,001	-	-	1,125,008	3,388,151	-	3,388,151
300 Total Liabilities	2,166,241	400,016	66,282	8,670	52,207	1,138,178	3,831,594	-95,597	3,735,997
400 Deferred Inflow of Resources	41,677	16,440	3,013	-	-	50,334	111,464	-	111,464
508.4 Net Investment in Capital Assets	8,266,977	12,079	1,804	31,932	-	50,993	8,363,785	-	8,363,785
511.4 Restricted Net Position	-	29,795	-	-	-	-	29,795	-	29,795
512.4 Unrestricted Net Position	-66,531	-255,339	12,277	69,425	-	-660,275	-900,443	-	-900,443
513 Total Equity - Net Assets / Position	8,200,446	-213,465	14,081	101,357	-	-609,282	7,493,137	-	7,493,137
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	10,408,364	202,991	83,376	110,027	52,207	579,230	11,436,195	-95,597	11,340,598

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.2 Component Unit - Blended	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	947,111	-	-	-	-	5,600	952,711	-	952,711
70400 Tenant Revenue - Other	53,055	-	-	-	-	-	53,055	-	53,055
70500 Total Tenant Revenue	1,000,166	-	-	-	-	5,600	1,005,766	-	1,005,766
70600 HUD PHA Operating Grants	2,545,641	1,794,514	275,719	-	315,044	-	4,930,918	-	4,930,918
70610 Capital Grants	86,228	-	-	-	-	-	86,228	-	86,228
70710 Management Fee	-	-	-	-	-	389,206	389,206	-389,206	-
70720 Asset Management Fee	-	-	-	-	-	19,502	19,502	-19,502	-
70730 Book Keeping Fee	-	-	-	-	-	56,062	56,062	-56,062	-
70700 Total Fee Revenue	-	-	-	-	-	464,770	464,770	-464,770	-
71100 Investment Income - Unrestricted	982	135	25	-	-	63	1,205	-	1,205
71400 Fraud Recovery	-	80	-	-	-	-	80	-	80
71500 Other Revenue	25,890	-	-	8,532	-	320	34,742	-	34,742
71600 Gain or Loss on Sale of Capital Assets	750	150	-	-	-	-	900	-	900
70000 Total Revenue	3,659,657	1,794,879	275,744	8,532	315,044	470,753	6,524,609	-464,770	6,059,839
91100 Administrative Salaries	190,252	74,610	11,433	-	-	283,121	559,416	-	559,416
91200 Auditing Fees	9,375	2,719	406	-	-	3,125	15,625	-	15,625
91300 Management Fee	313,357	47,560	10,332	-	17,957	-	389,206	-389,206	-
91310 Book-keeping Fee	19,665	29,940	6,457	-	-	-	56,062	-56,062	-
91400 Advertising and Marketing	1,892	68	4	-	-	1,765	3,729	-	3,729
91500 Employee Benefit contributions - Administrative	123,679	66,285	11,962	-	-	216,762	418,688	-	418,688
91600 Office Expenses	58,717	22,675	3,691	-	-	7,579	92,662	-	92,662
91700 Legal Expense	5,134	-	-	-	-	-	5,134	-	5,134
91800 Travel	3,053	330	-	-	-	2,287	5,670	-	5,670
91900 Other	23,966	821	106	-	-	11,995	36,888	-	36,888
91000 Total Operating - Administrative	749,090	245,008	44,391	-	17,957	526,634	1,583,080	-445,268	1,137,812
92000 Asset Management Fee	19,502	-	-	-	-	-	19,502	-19,502	-
92100 Tenant Services - Salaries	80,240	-	-	-	-	-	80,240	-	80,240
92300 Employee Benefit Contributions - Tenant Services	52,128	-	-	-	-	-	52,128	-	52,128
92400 Tenant Services - Other	31,381	-	-	-	-	-	31,381	-	31,381
92500 Total Tenant Services	163,749	-	-	-	-	-	163,749	-	163,749
93100 Water	146,290	-	-	-	-	402	146,692	-	146,692
93200 Electricity	399,083	-	-	-	-	4,568	403,651	-	403,651
93300 Gas	170,004	-	-	-	-	1,781	171,785	-	171,785
93600 Sewer	98,619	-	-	-	-	288	98,907	-	98,907
93000 Total Utilities	813,996	-	-	-	-	7,039	821,035	-	821,035
94100 Ordinary Maintenance and Operations - Labor	426,285	-	-	-	-	-	426,285	-	426,285
94200 Ordinary Maintenance and Operations - Materials and Other	203,052	-	-	-	-	2,878	205,930	-	205,930

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	6.2 Component Unit - Blended	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts	258,057	-	-	-	-	15,650	273,707	-	273,707
94500 Employee Benefit Contributions - Ordinary Maintenance	276,379	-	-	-	-	-	276,379	-	276,379
94000 Total Maintenance	1,163,773	-	-	-	-	18,528	1,182,301	-	1,182,301
95200 Protective Services - Other Contract Costs	43,988	-	-	-	-	-	43,988	-	43,988
95000 Total Protective Services	43,988	-	-	-	-	-	43,988	-	43,988
96110 Property Insurance	117,384	-	-	1,816	-	2,951	122,151	-	122,151
96120 Liability Insurance	-	2,241	1,876	-	-	-	4,117	-	4,117
96100 Total insurance Premiums	117,384	2,241	1,876	1,816	-	2,951	126,268	-	126,268
96200 Other General Expenses	55	-	19	6,889	-	5,802	12,765	-	12,765
96210 Compensated Absences	5,629	882	132	-	-	-	6,643	-	6,643
96300 Payments in Lieu of Taxes	14,819	-	-	-	-	-	14,819	-	14,819
96400 Bad debt - Tenant Rents	34,852	-	-	-	-	-	34,852	-	34,852
96000 Total Other General Expenses	55,355	882	151	6,889	-	5,802	69,079	-	69,079
96710 Interest of Mortgage (or Bonds) Payable	40,410	-	-	-	-	-	40,410	-	40,410
96700 Total Interest Expense and Amortization Cost	40,410	-	-	-	-	-	40,410	-	40,410
96900 Total Operating Expenses	3,167,247	248,131	46,418	8,705	17,957	560,954	4,049,412	-464,770	3,584,642
97000 Excess of Operating Revenue over Operating Expenses	492,410	1,546,748	229,326	-173	297,087	-90,201	2,475,197	-	2,475,197
97100 Extraordinary Maintenance	54,477	-	-	-	-	-	54,477	-	54,477
97300 Housing Assistance Payments	-	1,626,181	227,584	-	297,087	-	2,150,852	-	2,150,852
97400 Depreciation Expense	731,301	4,026	602	712	-	9,784	746,425	-	746,425
90000 Total Expenses	3,953,025	1,878,338	274,604	9,417	315,044	570,738	7,001,166	-464,770	6,536,396
10010 Operating Transfer In	45,240	-	-	-	-	-	45,240	-45,240	-
10020 Operating transfer Out	-45,240	-	-	-	-	-	-45,240	45,240	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-293,368	-83,459	1,140	-885	-	-99,985	-476,557	-	-476,557
11020 Required Annual Debt Principal Payments	185,804	-	-	-	-	-	185,804	-	185,804
11030 Beginning Equity	8,493,814	-130,006	12,941	102,242	-	-509,297	7,969,694	-	7,969,694
11170 Administrative Fee Equity	-	-243,260	-	-	-	-	-243,260	-	-243,260
11180 Housing Assistance Payments Equity	-	29,795	-	-	-	-	29,795	-	29,795
11190 Unit Months Available	5,736	5,844	890	-	797	12	13,279	-	13,279
11210 Number of Unit Months Leased	5,736	3,992	861	-	784	12	11,385	-	11,385

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/ *Pass-Through Grantor/* Program Title	**Federal CFDA Number**	**Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Public and Indian Housing	14.850	$ 2,324,337
Capital Fund	14.872	307,532
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	1,794,514
Mainstream Vouchers	14.879	275,719
Total Housing Voucher Cluster		2,070,233
Continuum of Care Program	14.267	315,044
Total Direct Programs		5,017,146
Total U.S. Department of Housing and Urban Development		5,017,146
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 5,017,146

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

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of Expenditures of federal awards (the Schedule) includes the federal award activity of the Columbiana Metropolitan Housing Authority under programs of the federal government for the year ended June 30, 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 Columbiana Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Columbiana Metropolitan Housing Authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the GAAP 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 as to reimbursement.

NOTE 3: INDIRECT COST RATE

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

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

To the Members of the Board
Columbiana Metropolitan Housing Authority
East Liverpool, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Columbiana Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 10, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered a material weakness as Finding 2019-001.

Compliance and Other Matters

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

Authority's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

March 10, 2020

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

To the Members of the Board
Columbiana Metropolitan Housing Authority
East Liverpool, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Columbiana Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2019. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority'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 Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Columbiana Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

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

March 10, 2020

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)?	Yes
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): Low Rent Public Housing Program - CFDA #14.850	
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

Finding 2019-001 – Material Weakness – Cash Reconciliations

Condition/Criteria
During our testing of the Authority's bank reconciliations, we noted that reconciliations were not performed after September 2018 to current date. We performed independent cash analysis of cash accounts and noted variances between book and bank balances in each account that were not material to the financial statements.

Cause/Effect
The above was attributable to changes in the accounting position. The Authority failed to exercise controls to ensure bank reconciliations were prepared or reviewed on a timely basis. The lack of controls over performance of timely bank reconciliations can result in errors and irregularities that may go undetected and decreases the reliability of the financial data at fiscal year end.

Recommendation
We recommend that the Authority implement procedures to ensure all of the Authority's bank accounts are reconciled monthly. Also, the reconciliations should be reviewed and approved by the Director of the Authority.

Authority Response
The Authority is taking prompt steps to implement controls to ensure corrective action is taken to rectify the weakness and to ensure reconciliations are performed as prescribed.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2019

The prior audit report, as of June 30, 2018, included no citations or instances of noncompliance.

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OHIO AUDITOR OF STATE
KEITH FABER

COLUMBIANA COUNTY METROPOLITAN HOUSING AUTHORITY

COLUMBIANA 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
APRIL 14, 2020