COLUMBIANA METROPOLITAN
HOUSING AUTHORITY
COLUMBIANA COUNTY

AUDIT REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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

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

We have reviewed the *Independent Auditor's Report* of the Columbiana County Metropolitan Housing Authority, Columbiana County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2019

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COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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, 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during 2018, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming 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 December 28, 2018, 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

December 28, 2018

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 6 percent over 2017, by about $348,000, making revenues $5,965,481 compared to that of $5,617,831 in 2017.

- The Authority's net position decreased by $298,884. 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 decreased by $59,627. Total expenses were $6,264,365 in 2018 compared to $6,323,992 in 2017.

- Related to the change in net position from the prior year end, the Authority implemented a new accounting pronouncement, GASB Statement No. 75, that resulted in a restatement in net position of $(644,144).

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

	2018	Restated 2017
Assets and Deferred Outflows		
Current and Other Assets	$ 1,201,837	$ 1,204,151
Capital Assets	10,073,726	10,390,092
Deferred Outflows of Resources	259,221	513,973
Total Assets and Deferred Outflows of Resources	$ 11,534,784	$ 12,108,216
Liabilities and Deferred Inflows		
Current Liabilities	$ 360,878	$ 352,388
Noncurrent Liabilities	2,903,038	3,452,138
Deferred Inflows Of Resources	301,174	35,112
Total Liabilities and Deferred Inflows of Resources	3,565,090	3,839,638
Net Position		
Net Investment in Capital Assets	8,838,177	8,995,914
Restricted	59,031	37,622
Unrestricted	(927,514)	(764,958)
Total Net Position	7,969,694	8,268,578
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 11,534,784	$ 12,108,216

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

Major Factors Affecting the Statement of Net Position

Current and other assets and current liabilities were virtually unchanged from the prior year end. Capital assets changed minimally, dropping by a little more than $300,000, or 3 percent. See the section later in this MD&A regarding changes in capital assets. The significant changes were to balances impacted by financial reporting pursuant to GASB Statement No 68 and GASB Statement No. 75. Those changes were to deferred outflows of resources, non-current liabilities, deferred inflows of resources, and unrestricted net position. $1.7 million of the $2.9 million of non-current liabilities are liabilities reported pursuant to GASB 68 and GASB 75, with the remainder primarily being long-term debt. See section later in this MD&A about changes to debt.

Major Factors Affecting the Statement of Net Position (Continued)

GASB 68 is the accounting standard implemented in recent years that requires the Authority 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 implemented with this reporting period and similar to GASB 68, GASB 75 requires the Authority to report what is estimated to be its share of the unfunded other post-employment benefits (OPEB), or health care, liability of OPERS. State law requires employees of the Authority to participate in the retirement system and requires the Authority to make retirement contributions on behalf of its employees to OPERS. It is important to note, unlike other liabilities of the Authority, the net pension liability of more than $997,000 and the OPEB liability of almost $715,000, does not represent invoices to be paid by the Authority. The concept behind the standards is to highlight the extent to which participants and their employers will have to increase contributions to the retirement system in order for OPERS to fully fund its future retirement and health care 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 primarily the result of financial reporting pursuant to GASB 68 and GASB 75. Unrestricted net position dropped by approximately $163,000. More than $148,000 of the reduction in unrestricted net position is due to pension expense reported pursuant to GASB 68 and GASB 75.

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, andChanges in Net Position

	2018	2017
Revenues		
Total Tenant Revenues	$ 642,961	$ 623,566
Operating Subsidies	4,826,975	4,694,631
Capital Grants	436,593	216,909
Investment Income	1,015	1,657
Other Revenues	57,937	81,068
Total Revenues	5,965,481	5,617,831
Expenses		
Administrative	1,080,652	1,088,319
Tenant Services	87,965	86,607
Utilities	485,970	466,887
Maintenance	1,298,690	1,177,390
Protective Services	55,780	87,334
Insurance and General Expenses	240,434	233,730
Housing Assistance Payaments	2,272,418	2,427,705
Depreciation	742,456	756,020
Total Expenses	6,264,365	6,323,992
Change in Net Position	(298,884)	(706,161)
Beginning Net Position	8,268,578	N/A
Ending Net Position	$ 7,969,694	$ 8,268,578

N/A - information necessary to restate the fiscal year 2017 beginning net position and the 2017 OPEB expense related to the implementation of GASB 75 is not available

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

Overall revenues increased modestly, by approximately $348,000, or 6 percent. The increase was concentrated in increases in subsidies and capital grant revenue from HUD, which increased about 7 percent, and the bulk of that was in the capital grants part which isn't truly due to more funding being made available to the Authority, but more because of when the funding provided for recent years was spent. HUD provides capital grant funds annually but it doesn't necessarily get spent when it is provided, but rather based on when planning and procurement of work items is completed, and for larger projects once funds accumulate from more than one year, until enough has accumulated to proceed with and pay for the larger projects.

Expenses overall remained stagnant from the prior year, dropping by less than 1% from the prior year-end. One more significant change was the increase to maintenance expense. Capital Fund Program grant revenue played a part in the increase. As was addressed in the above paragraph, the increase in spending of Capital Grant funds is a result of timing of when the funds were spent and not due to an increase in funding. The other more significant change was the decrease in HAP expense. The reduction in HAP expense corresponded with a drop in lease up rate in the Housing Choice Voucher program as the agency worked to keep spending on rental assistance in line with funding provided by HUD for this purpose.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year end, the Authority had $10,073,726 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions, and depreciation) of $316,366 from the end of last fiscal year.

Table 3 - Condensed Statement of Changes in Capital Assets

	2018	2017
Land	$ 1,074,029	$ 1,060,629
Buildings and Leasehold Improvements	31,339,302	31,016,727
Equipment	1,121,966	1,121,966
Accumulated Depreciation	(23,461,571)	(22,809,230)
Total	$ 10,073,726	$ 10,390,092

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, 2017	$ 10,390,092
Current year Additions	469,593
Current Year Disposals (Net of Accumulated Depreciation)	(43,503)
Current year Depreciation Expense	(742,456)
Ending Balance - June 30, 2018	$ 10,073,726

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

	2018
Beginning Balance	$ 1,394,178
Current Year Principal Payments	(158,629)
Ending Balance	$ 1,235,549

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, 2018

ASSETS	
Current Assets	
Cash and Cash Equivalents:	$ 684,920
Restricted Cash and Cash Equivalents	109,069
Receivables, Net	290,793
Prepaid Expenses and Other Assets	54,075
Inventory	40,801
Total Current Assets	1,179,658
Non-Current Assets	
Non-Depreciable Capital Assets	1,074,029
Depreciable Capital Assets, Net	8,999,697
Net Pension Asset (See Note 7)	22,179
Total Non-Current Assets	10,095,905
DEFERRED OUTFLOWS OF RESOURCES	
Pension	199,804
OPEB	59,417
Total Deferred Outflows of Resources	259,221
TOTAL ASSETS AND DEFRRED OUTFLOWS OF RESOURCES	$ 11,534,784
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 18,235
Accrued Liabilities	22,584
Tenant Security Deposits	50,038
Intergovernmental Payable	99,019
Current Portion - Mortgages Payable	171,002
Total Current Liabilities	360,878
Non-Current Liabilities	
Mortgages Payable, Net of Current Portion	1,064,547
Accrued Compensated Absences, Net of Current Portion	104,996
Net Pension Liability (See Note 6)	997,133
Net OPEB Liability (See Note 7)	714,540
Other Non-Current Liabilities	21,822
Total Non-Current Liabilities	2,903,038
TOTAL LIABILITIES	3,263,916
DEFERRED INFLOWS OF RESOURCES	
Pension	247,945
OPEB	53,229
Total Deferred Inflows of Resources	301,174
NET POSITION	
Net Investment in Capital Assets	8,838,177
Restricted	59,031
Unrestricted Net Position	(927,514)
TOTAL NET POSITION	7,969,694
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 11,534,784

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, 2018

Operating Revenue	
Tenant Rental Revenue	$ 642,961
Government Operating Grants	4,826,975
Other Revenue	74,464
Total Operating Revenue	5,544,400
Operating Expenses	
Administrative	1,080,652
Tenant Services	87,965
Utilities	485,970
Maintenance	1,298,690
Protective Services	55,780
Insurance and General Expense	197,576
Housing Assistance Payments	2,272,418
Depreciation Expense	742,456
Total Operating Expenses	6,221,507
Operating Income	(677,107)
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	1,015
Interest Expense	(42,858)
Loss on Disposition	(16,527)
Total Non-Operating Revenues (Expenses)	(58,370)
(Loss) Before Capital Contributions and Grants	(735,477)
Capital Grants	436,593
Change In Net Position	(298,884)
Total Net Position - Beginning of Year (Restated)	8,268,578
Total Net Position - End of Year	$ 7,969,694

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, 2018

Cash Flows from Operating Activities	
Cash Received- HUD Operating Subsidies and Grants	$ 4,591,862
Cash Received from Tenants and Other Sources	710,154
Cash Payments for Housing Assistance Payments	(2,272,418)
Cash Payments for Administrative Costs	(1,025,504)
Cash Payments for Other Operating Expenses	(2,079,544)
Net Cash Provided (Used) by Operating Activities	(75,450)
Cash Flows from Capital and Related Financing Activities	
Capital Additions	(469,593)
Capital Grants	436,593
Interest Expense	(42,858)
Repayment of Long-Term Debt	(158,629)
Cash from Capital Assets Disposal	26,976
Net Cash Provided (Used) by Capital and Related Financing Activities	(207,511)
Cash Flows from Investing Activities	
Investment Income	1,015
Net Cash Provided (Used) by Investing Activities	1,015
Increase in Cash and Cash Equivalents	(281,946)
Cash and Cash Equivalents - Beginning of Year	1,075,935
Cash and Cash Equivalents - End of Year	$ 793,989
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ (677,107)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities	
Depreciation	742,456
(Increase) Decrease in:	
Accounts Receivable	(256,438)
Prepaid Expenses	(3,047)
Inventory	(7,262)
Other Non-Current Assets	(12,885)
Deferred Outflows of Resources	254,752
Increase (Decrease) in:	
Accounts Payable	(1,433)
Intergovernmental	16,631
Compensated Absences	3,551
Security Deposits	(2,577)
Other Current Liabilities	(16,505)
Other Non-Current Liabilities	(21,821)
Net Position Liability	(359,827)
Deferred Inflow of Resources	266,062
Net Cash Provided (Used) by Operating Activities	$ (75,450)

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, a component unit of the Authority, over which the Authority exercises significant control, as a blended entity.

Twenty Six 3 Properties, Incorporated (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.

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, 2018 totaled $1,015.

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, 2018 on tenants' accounts receivable of $6,195.

Prepaid Expenses
Payments made to vendors for services that will benefit periods beyond June 30, 2018, 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, 2018 on inventory of $40,801.

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

Change in Accounting Principle and Restatement of Net Position

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

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

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net Position June 30, 2017	$ 8,912,722
Adjustments	
Net OPEB liability	(654,502)
Deferred Outflow - Payments Subsequent to Measurment Date	10,358
Restated Net Position June 30, 2017	$ 8,268,578

Other than employer contributions subsequent to the measurement date, the Academy made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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, 2018, the carrying amount of the Authority's deposits totaled $793,989 (including $100 petty cash) and its bank balance was $1,001,436. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2018, $671,785 was covered by the Federal Depository Insurance Corporation, and $329,651 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, 2018.

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

Unspent Section 8 HCV Program HAP Funds	$ 59,031
Tenant Security Deposits	50,038
Total Restricted Cash	$ 109,069

NOTE 3: CAPITAL ASSETS

The following is a summary of capital assets:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets Not Being Depreciated				
Land	$ 1,060,629	$ 13,400	$ 0	$ 1,074,029
Total Capital Assets Not Being Depreciated	1,060,629	13,400	0	$ 1,074,029
Capital Assets Being Depreciated				
Buildings	27,776,844	456,193	(133,618)	28,099,419
Equipment	1,121,966	0	0	1,121,966
Improvements	3,239,883	0	0	3,239,883
Total Capital Assets Being Depreciated	32,138,693	456,193	(133,618)	32,461,268
Accumulated Depreciation				
Buildings and Improvements	(21,821,172)	(715,630)	90,115	(22,446,687)
Equipment	(988,058)	(26,826)	0	(1,014,884)
Total Accumulated Depreciation	(22,809,230)	(742,456)	90,115	(23,461,571)
Depreciable Assets, Net	9,329,463	(286,263)	(43,503)	8,999,697
Total Capital Assets, Net	$ 10,390,092	$ (272,863)	$ (43,503)	$ 10,073,726

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, 2018 is $1,235,549.

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

Year Ended June 30	Principal	Interest	Total
2019	$ 171,002	$ 37,536	$ 208,538
2020	184,032	31,804	215,836
2021	203,683	19,708	223,391
2022	218,554	12,656	231,210
2023	227,379	11,923	239,302
2024-2025	230,899	16,957	247,856
Total	$ 1,235,549	$ 130,584	$ 1,366,133

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, 2018 is $43,643.

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2018:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due In One Year
PNC Equipment Lease	$ 1,394,178	$ 0	$ (158,629)	$ 1,235,549	$ 171,002
Accrued Compensated Absences	101,445	63,557	(52,395)	112,607	7,611
Net Pension Liability	1,416,998	0	(419,865)	997,133	0
Net OPEB Liability	654,502	60,038	0	714,540	0
Subsidy Repayment to HUD	65,464	0	(21,821)	43,643	21,821
Total	$ 3,632,587	$ 123,595	$ (652,710)	$ 3,103,472	$ 200,434

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)

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the Member-Directed plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension 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:

	State and Local
2017 - 2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

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

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

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and 0.0 percent for 2018.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for pension was $123,027 for fiscal year ending June 30, 2018.

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.006240%	0.016699%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.006356%	0.016292%	
Change in Proportionate Share	0.000116%	-0.000407%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 997,133	$ (22,179)	$ 974,954
Pension Expense	$ 148,988	$ (903)	$ 148,085

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)

At June 30, 2018, 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			
Differences between expected and actual experience	$ 1,018	$ 0	$ 1,018
Changes of assumptions	119,163	1,938	121,101
Changes in proportion and differences between Authority contributions and proportionate share of contributions	13,299	195	13,494
Authority contributions subsequent to the measurement date	59,467	4,724	64,191
Total Deferred Outflows of Resources	$ 192,947	$ 6,857	$ 199,804
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 214,069	$ 3,499	$ 217,568
Differences between expected and actual experience	19,651	6,605	26,256
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,949	1,172	4,121
Total Deferred Inflows of Resources	$ 236,669	$ 11,276	$ 247,945

$64,191 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending June 30:			
2019	$ 93,639	$ (1,268)	$ 92,371
2020	(14,599)	(1,363)	(15,962)
2021	(94,264)	(2,146)	(96,410)
2022	(87,965)	(2,062)	(90,027)
2023	0	(835)	(835)
Thereafter	0	(1,469)	(1,469)
Total	$ (103,189)	$ (9,143)	$ (112,332)

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

Actuarial Assumptions - OPERS

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

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

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

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

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (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 rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Traditional Pension Plan	$ 1,770,654	$ 997,133	$ 352,250
Combined Plan	$ (12,056)	$ (22,179)	$ (29,163)

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.

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)

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and decreased to 0.0 percent for 2018. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts was 4.0 percent for 2017. The Authority's contractually required contribution was $5,610 for fiscal year ending June 30, 2018.

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

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

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.006480%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.006580%
Change in Proportionate Share	0.000100%
Proportionate Share of the Net OPEB Liability	$ 714,540
OPEB Expense	$ 64,208

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

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

At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		OPERS
Deferred Outflows of Resources		
Differences between expected and actual experience	$	557
Changes of assumptions		52,026
Changes in proportion and differences between Authority contributions and proportionate share of contributions		6,834
Total Deferred Outflows of Resources	$	59,417
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	$	53,229
Total Deferred Inflows of Resources	$	53,229

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:		
2019	$	15,099
2020		15,099
2021		(10,702)
2022		(13,308)
Total	$	6,188

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.

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

	1% Decrease (2.85%)	Single Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	$ 949,297	$ 714,540	$ 524,623

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary's 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	$ 683,662	$ 714,540	$ 746,435

NOTE 8: **CONTINGENCIES**

In the normal course of operations, the Authority may be subject to litigations and claims. At June 30, 2018, 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 FIVE FISCAL YEARS (1)

Traditional Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.006356%	0.062400%	0.006214%	0.006694%	0.006694%
Authority's Proportionate Share of the Net Pension Liability	$ 997,133	$ 1,416,988	$ 1,076,344	$ 807,371	$ 789,135
Authority's Covered-Employee Payroll	$ 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 Employee Payroll	118.72%	175.66%	139.16%	98.37%	90.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.016292%	0.016699%	0.016030%	0.011370%	0.011370%
Authority's Proportionate Share of the Net Pension (Asset)	($22,179)	($9,294)	($7,801)	($4,378)	($1,193)
Authority's Covered-Employee Payroll	$ 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 Employee Payroll	33.24%	11.54%	13.38%	10.53%	2.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	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 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 SIX FISCAL YEARS (1)

	2018	2017	2016	2015	2014	2013
Contractually Required Contributions						
Traditional Plan	$ 113,972	$ 105,905	$ 95,544	$ 96,479	$ 100,871	$ 107,994
Combined Plan	9,055	8,529	7,205	5,793	4,779	4,792
Total Required Contributions	$ 123,027	$ 114,434	$ 102,749	$ 102,272	$ 105,650	$ 112,786
Contributions in Relation to the Contractually Required Contribution	(123,027)	(114,434)	(102,749)	(102,272)	(105,650)	(112,786)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered-Employee Payroll						
Traditional Plan	$ 844,037	$ 847,240	$ 796,200	$ 803,992	$ 840,592	$ 830,723
Combined Plan	$ 67,055	$ 68,232	$ 60,042	$ 48,275	$ 39,825	$ 36,862
Pension Contributions as a Percentage of Covered-Employee Payroll						
Traditional Plan	13.50%	12.50%	12.00%	12.00%	12.00%	13.00%
Combined Plan	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 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 TWO FISCAL YEARS (1)

	2018	2017
Authority's Proportion of the Net OPEB Liability	0.006580%	0.006480%
Authority's Proportionate Share of the Net OPEB Liability	$ 714,540	$ 654,502
Authority's Covered Payroll	$ 932,316	$ 895,642
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.64%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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 it 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 FOUR FISCAL YEARS (1)

	2018	2017	2016	2015
Contractually Required Contribution	$ 5,610	$ 14,205	$ 17,418	$ 17,045
Contributions in Relation to the Contractually Required Contribution	(5,610)	(14,205)	(17,418)	(17,045)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 936,923	$ 915,479	$ 857,775 0	$ 852,266
Contributions as a Percentage of Covered Payroll	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 it 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 2014-2018.

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

Net OPEB Liability

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

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

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2018

COLUMBIANA METROPOLITAN HOUSING AUTHORITY (OH026)	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	Component Unit - Blended	Other Federal Program	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	320,017	108,032	100,201	71,852	15,021	69,797	684,920	-	684,920
113 Cash - Other Restricted	-	59,031	-	-	-	-	59,031	-	59,031
114 Cash - Tenant Security Deposits	50,038	-	-	-	-	-	50,038	-	50,038
100 Total Cash	370,055	167,063	100,201	71,852	15,021	69,797	793,989	-	793,989
122 Accounts Receivable - HUD Other Projects	248,937	-	-	-	1,267	30,456	280,660	-	280,660
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	3,938	3,938	-	3,938
126 Accounts Receivable - Tenants	6,195	-	-	-	-	-	6,195	-	6,195
120 Total Receivables, Net of Allowances for Doubtful Accounts	255,132	-	-	-	1,267	34,394	290,793	-	290,793
142 Prepaid Expenses and Other Assets	53,855	96	14	-	-	110	54,075	-	54,075
143 Inventories	-	-	-	-	-	40,801	40,801	-	40,801
144 Inter Program Due From	-	-	-	-	-	108,819	108,819	-108,819	-
150 Total Current Assets	679,042	167,159	100,215	71,852	16,288	253,921	1,288,477	-108,819	1,179,658
161 Land	1,060,629	-	-	13,400	-	-	1,074,029	-	1,074,029
162 Buildings	27,998,741	-	-	19,600	-	81,078	28,099,419	-	28,099,419
163 Furniture, Equipment & Machinery - Dwellings	304,406	-	-	-	-	-	304,406	-	304,406
164 Furniture, Equipment & Machinery - Administration	637,285	114,785	3,008	-	-	62,482	817,560	-	817,560
165 Leasehold Improvements	3,239,883	-	-	-	-	-	3,239,883	-	3,239,883
166 Accumulated Depreciation	-23,279,150	-98,680	-602	-356	-	-82,783	-23,461,571	-	-23,461,571
160 Total Capital Assets, Net of Accumulated Depreciation	9,961,794	16,105	2,406	32,644	-	60,777	10,073,726	-	10,073,726
174 Other Assets	8,294	3,271	599	-	-	10,015	22,179	-	22,179
180 Total Non-Current Assets	9,970,088	19,376	3,005	32,644	-	70,792	10,095,905	-	10,095,905
200 Deferred Outflow of Resources	96,927	38,227	7,003	-	-	117,064	259,221	-	259,221
290 Total Assets and Deferred Outflow of Resources	10,746,057	224,762	110,223	104,496	16,288	441,777	11,643,603	-108,819	11,534,784

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2018

COLUMBIANA METROPOLITAN HOUSING AUTHORITY (OH026)	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	Component Unit - Blended	Other Federal Program	COCC	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	15,789	225	34	-	-	920	16,968	-	16,968
321 Accrued Wage/Payroll Taxes Payable	8,444	1,151	172	-	-	2,952	12,719	-	12,719
322 Accrued Compensated Absences - Current Portion	-	-	-	-	-	7,611	7,611	-	7,611
331 Accounts Payable - HUD PHA Programs	21,821	-	-	-	-	-	21,821	-	21,821
333 Accounts Payable - Other Government	77,198	-	-	-	-	-	77,198	-	77,198
341 Tenant Security Deposits	50,038	-	-	-	-	-	50,038	-	50,038
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	171,002	-	-	-	-	-	171,002	-	171,002
345 Other Current Liabilities	-	-	-	-	1,267	-	1,267	-	1,267
346 Accrued Liabilities - Other	-	-	-	2,254	-	-	2,254	-	2,254
347 Inter Program - Due To	-	51,826	41,972	-	15,021	-	108,819	-108,819	-
310 Total Current Liabilities	344,292	53,202	42,178	2,254	16,288	11,483	469,697	-108,819	360,878
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	1,064,547	-	-	-	-	-	1,064,547	-	1,064,547
353 Non-current Liabilities - Other	21,822	-	-	-	-	-	21,822	-	21,822
354 Accrued Compensated Absences - Non Current	68,944	4,727	706	-	-	30,619	104,996	-	104,996
357 Accrued Pension and OPEB Liabilities	640,024	252,423	46,257	-	-	772,969	1,711,673	-	1,711,673
350 Total Non-Current Liabilities	1,795,337	257,150	46,963	-	-	803,588	2,903,038	-	2,903,038
300 Total Liabilities	2,139,629	310,352	89,141	2,254	16,288	815,071	3,372,735	-108,819	3,263,916
400 Deferred Inflow of Resources	112,614	44,416	8,141	-	-	136,003	301,174	-	301,174
508.4 Net Investment in Capital Assets	8,726,245	16,105	2,406	32,644	-	60,777	8,838,177	-	8,838,177
511.4 Restricted Net Position	-	59,031	-	-	-	-	59,031	-	59,031
512.4 Unrestricted Net Position	-232,431	-205,142	10,535	69,598	-	-570,074	-927,514	-	-927,514
513 Total Equity - Net Assets / Position	8,493,814	-130,006	12,941	102,242	-	-509,297	7,969,694	-	7,969,694
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	10,746,057	224,762	110,223	104,496	16,288	441,777	11,643,603	-108,819	11,534,784

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

COLUMBIANA METROPOLITAN HOUSING AUTHORITY (OH026)	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	Component Unit - Blended	Other Federal Program	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	619,237	-	-	-	-	10,795	630,032	-	630,032
70400 Tenant Revenue - Other	12,929	-	-	-	-	-	12,929	-	12,929
70500 Total Tenant Revenue	632,166	-	-	-	-	10,795	642,961	-	642,961
70600 HUD PHA Operating Grants	2,271,457	1,990,230	266,925	-	298,363	-	4,826,975	-	4,826,975
70610 Capital Grants	436,593	-	-	-	-	-	436,593	-	436,593
70710 Management Fee	-	-	-	-	-	433,760	433,760	-433,760	-
70720 Asset Management Fee	-	-	-	-	-	7,360	7,360	-7,360	-
70730 Book Keeping Fee	-	-	-	-	-	77,345	77,345	-77,345	-
70700 Total Fee Revenue	-	-	-	-	-	518,465	518,465	-518,465	-
71100 Investment Income - Unrestricted	948	55	9	3	-	-	1,015	-	1,015
71400 Fraud Recovery	-	648	-	-	-	-	648	-	648
71500 Other Revenue	64,003	-	-	8,313	-	1,500	73,816	-	73,816
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-16,527	-16,527	-	-16,527
70000 Total Revenue	3,405,167	1,990,933	266,934	8,316	298,363	514,233	6,483,946	-518,465	5,965,481
91100 Administrative Salaries	240,514	87,472	13,100	-	-	213,008	554,094	-	554,094
91200 Auditing Fees	7,467	4,721	655	-	-	2,425	15,268	-	15,268
91300 Management Fee	355,739	53,000	10,000	-	15,021	-	433,760	-433,760	-
91310 Book-keeping Fee	42,345	33,000	2,000	-	-	-	77,345	-77,345	-
91400 Advertising and Marketing	317	-	-	-	-	52	369	-	369
91500 Employee Benefit contributions - Administrative	154,382	54,781	9,252	-	-	170,861	389,276	-	389,276
91600 Office Expenses	29,971	16,603	1,073	-	-	11,842	59,489	-	59,489
91700 Legal Expense	5,366	-	-	-	-	7,389	12,755	-	12,755
91800 Travel	2,960	1,172	182	-	-	1,969	6,283	-	6,283
91900 Other	28,741	236	1,956	-	-	12,185	43,118	-	43,118
91000 Total Operating - Administrative	867,802	250,985	38,218	-	15,021	419,731	1,591,757	-511,105	1,080,652
92000 Asset Management Fee	7,360	-	-	-	-	-	7,360	-7,360	-
92100 Tenant Services - Salaries	52,836	-	-	292	-	-	53,128	-	53,128
92300 Employee Benefit Contributions - Tenant Services	31,276	-	-	-	-	-	31,276	-	31,276
92400 Tenant Services - Other	3,561	-	-	-	-	-	3,561	-	3,561
92500 Total Tenant Services	87,673	-	-	292	-	-	87,965	-	87,965
93100 Water	120,051	-	-	-	-	202	120,253	-	120,253
93200 Electricity	212,522	-	-	-	-	4,153	216,675	-	216,675
93300 Gas	54,279	-	-	-	-	4,170	58,449	-	58,449
93600 Sewer	90,431	-	-	-	-	162	90,593	-	90,593
93000 Total Utilities	477,283	-	-	-	-	8,687	485,970	-	485,970

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

COLUMBIANA METROPOLITAN HOUSING AUTHORITY (OH026)	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	Component Unit - Blended	Other Federal Program	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	369,578	-	-	-	-	-	369,578	-	369,578
94200 Ordinary Maintenance and Operations - Materials and Other	175,534	-	-	-	-	17,130	192,664	-	192,664
94300 Ordinary Maintenance and Operations Contracts	316,053	-	-	-	-	14,857	330,910	-	330,910
94500 Employee Benefit Contributions - Ordinary Maintenance	234,682	-	-	-	-	-	234,682	-	234,682
94000 Total Maintenance	1,095,847	-	-	-	-	31,987	1,127,834	-	1,127,834
95200 Protective Services - Other Contract Costs	55,780	-	-	-	-	-	55,780	-	55,780
95000 Total Protective Services	55,780	-	-	-	-	-	55,780	-	55,780
96110 Property Insurance	106,764	-	-	-	-	-	106,764	-	106,764
96120 Liability Insurance	-	1,725	1,612	-	-	1,933	5,270	-	5,270
96100 Total insurance Premiums	106,764	1,725	1,612	-	-	1,933	112,034	-	112,034
96200 Other General Expenses	1,931	-	-	5,947	-	1,817	9,695	-	9,695
96210 Compensated Absences	18,195	-	-	-	-	7,197	25,392	-	25,392
96300 Payments in Lieu of Taxes	16,632	-	-	-	-	-	16,632	-	16,632
96400 Bad debt - Tenant Rents	33,823	-	-	-	-	-	33,823	-	33,823
96000 Total Other General Expenses	70,581	-	-	5,947	-	9,014	85,542	-	85,542
96710 Interest of Mortgage (or Bonds) Payable	42,858	-	-	-	-	-	42,858	-	42,858
96700 Total Interest Expense and Amortization Cost	42,858	-	-	-	-	-	42,858	-	42,858
96900 Total Operating Expenses	2,811,948	252,710	39,830	6,239	15,021	471,352	3,597,100	-518,465	3,078,635
97000 Excess of Operating Revenue over Operating Expenses	593,219	1,738,223	227,104	2,077	283,342	42,881	2,886,846	-	2,886,846
97100 Extraordinary Maintenance	149,910	-	-	-	-	-	149,910	-	149,910
97200 Casualty Losses - Non-capitalized	20,946	-	-	-	-	-	20,946	-	20,946
97300 Housing Assistance Payments	-	1,758,086	230,990	-	283,342	-	2,272,418	-	2,272,418
97400 Depreciation Expense	730,001	2,014	301	356	-	9,784	742,456	-	742,456
90000 Total Expenses	3,712,805	2,012,810	271,121	6,595	298,363	481,136	6,782,830	-518,465	6,264,365
10010 Operating Transfer In	303,538	-	-	-	-	-	303,538	-303,538	-
10020 Operating transfer Out	-303,538	-	-	-	-	-	-303,538	303,538	-
10091 Inter Project Excess Cash Transfer In	70,000	-	-	-	-	-	70,000	-70,000	-
10092 Inter Project Excess Cash Transfer Out	-70,000	-	-	-	-	-	-70,000	70,000	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-307,638	-21,877	-4,187	1,721	-	33,097	-298,884	-	-298,884

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

COLUMBIANA METROPOLITAN HOUSING AUTHORITY (OH026)	Project Total	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	Component Unit - Blended	Other Federal Program	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	158,629	-	-	-	-	-	158,629	-	158,629
11030 Beginning Equity	9,085,811	-13,136	34,536	100,521	-	-295,010	8,912,722	-	8,912,722
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-284,359	-94,993	-17,408	-	-	-247,384	-644,144	-	-644,144
11170 Administrative Fee Equity	-	-189,037	-	-	-	-	-189,037	-	-189,037
11180 Housing Assistance Payments Equity	-	59,031	-	-	-	-	59,031	-	59,031
11190 Unit Months Available	5,736	5,844	890	-	797	12	13,279	-	13,279
11210 Number of Unit Months Leased	5,646	4,419	873	-	784	12	11,734	-	11,734
11270 Excess Cash	27,830	-	-	-	-	-	27,830	-	27,830
11620 Building Purchases	19,752	-	-	-	-	-	19,752	-	19,752

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/ *Pass-Through Grantor/* Program Title	**Federal CFDA Number**	**Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Low Rent Public Housing Program	14.850	$ 1,735,050
Capital Fund	14.872	973,000
Housing Choice Voucher Program Cluster		
Section 8 Housing Choice Voucher Program	14.871	1,990,230
Mainstream Vouchers Program	14.879	266,925
Total Housing Choice Voucher Cluster		2,257,155
Continuum of Care Program	14.267	298,363
Total Direct Programs		5,263,568
Total U.S. Department of Housing and Urban Development		5,263,568
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 5,263,568

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, 2018. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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 BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH 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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 28, 2018, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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

December 28, 2018

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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 each of the Authority's major federal programs for the year ended June 30, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the 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 each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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

December 28, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

2018(i)	Type of Financial Statement Opinion	Unmodified
2018(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2018(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2018(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2018(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2018(iv)	Were there any significant deficiencies in internal control reported for major federal programs	No
2018(v)	Type of Major Programs' Compliance Opinion	Unmodified
2018(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2018(vii)	Major Programs (list): Low Rent Public Housing Program - CFDA #14.850 Capital Fund - CFDA #14.872	
2018(viii)	Dollar Threshold: Type A\B Programs	Type A: $750,000 Type B: All Others
2018(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2018

The prior audit report, as of June 30, 2017, 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
MARCH 5, 2019