



**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
Single Audit
For the Fiscal Year Ended March 31, 2019**

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KEITH FABER



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Board of Commissioners
Tuscarawas Metropolitan Housing Authority
134 Second Street SW
New Philadelphia, Ohio 44663

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

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 17, 2019

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**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FOR THE YEAR ENDED MARCH 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

September 20, 2019

Tuscarawas Metropolitan Housing Authority
Tuscarawas County
134 Second Street SW
New Philadelphia, Ohio 44663

To the Director and Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Tuscarawas Affordable Housing One, LLC, which represent 66%, 53%, and 7% of the assets, net position, and revenues, respectively, of the proprietary funds. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amount included for the Tuscarawas Affordable Housing One, LLC, is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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Auditor's Responsibility (Continued)

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended March 31, 2019, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The Financial Data Schedule presented on pages 48 through 50 is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements.

Other Matters (Continued)

Supplementary and Other Information (Continued)

The Schedule of Expenditures of Federal Awards presents 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 not a required part of the financial statements.

The schedules are management's responsibility and derive from and relate to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2019
Unaudited

The Tuscarawas 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 fiscal year challenges), and **d)** identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Authority's financial statements, which begin on page 15.

Financial Highlights

The current year financial highlights were separated to identify changes in the Tuscarawas Metropolitan Housing Authority and its component units separately.

- During fiscal year 2019, the Authority's net position decreased by \$231,823 and the component units decreased by \$20,603.
- The Authority's revenue decreased by \$344,303 and its component unit's revenue decreased by \$6,416.
- Total expenses of the Authority increased by \$19,633 and the component unit's expenses decreased by \$6,445.

Using This Annual Report

This report includes four major sections, the Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Required Supplementary Information, and Other Supplementary Information.

MD&A

Management's Discussion and Analysis

Basic Financial Statements

Authority-Wide Financial Statements
Notes to the Basic Financial Statements

Required Supplementary Information

Pension and OPEB Schedules
Notes to the Required Supplementary Information

Other Supplementary Information

Financial Data Schedule
Schedule of Expenditures and Federal Awards

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2019
Unaudited

The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide).

Authority-Wide Financial Statements

The Authority-wide financial statements on pages 15 through 17 are designed to be corporate-like in that all business type activities are consolidated into columns, which add to a total for the entire Authority. The financial statements of the Authority include component units which are more fully discussed in the Notes to the Basic Financial Statements.

The 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 minus liabilities equal Net Position, formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "current" (convertible into cash within one year) and "non-current".

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

- Net 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 do not meet the definition of "Net Investment in Capital Assets" or "Restricted Net position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position, which is similar to an Income Statement. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenues and expenses, such as 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 on page 17 is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2019
Unaudited

Fund Financial Statements

The Authority is accounted for on a single enterprise fund. Enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Some of the programs operated by the Authority are required to be reported separately by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

Business-Type Program

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 adjusted household income.

Other Programs In addition to the program above, the Authority also operates the following programs:

- Business Activities - represents non-HUD resources primarily from housing management services.

Component Units

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

New GASB 75 Reporting

The net pension liability (NPL) is the largest single liability reported by the Authority at March 31, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2019, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net pension and subtracting deferred outflows related to pension and OPEB.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2019
Unaudited

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised code permits, but does not require the retirement systems to provide healthcare to eligible healthcare recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Most long-term liabilities have set repayment schedules or, in the case of the compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2019
Unaudited

balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 75, the Authority is reporting net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at March 31, 2018 for the Primary Government from \$5,525 to a negative \$124,912.

Authority-Wide Statements

The following is a condensed **Statement of Net Position** compared to prior year-end. Tuscarawas Metropolitan Housing Authority is engaged only in business-type activities.

	<u>Primary Government</u>	
	<u>2019</u>	<u>2018</u> <u>Restated</u>
<u>Assets</u>		
Current Assets	\$ 257,466	\$ 362,281
Capital Assets	194,963	208,089
Deferred Outflows of Resources	<u>118,012</u>	<u>115,558</u>
Total Assets and Deferred Outflows of Resources	\$ <u>570,441</u>	\$ <u>685,928</u>
<u>Liabilities</u>		
Current Liabilities	\$ 47,667	\$ 38,963
Long-Term Liabilities	<u>863,598</u>	<u>680,658</u>
Total Liabilities	<u>911,265</u>	<u>719,621</u>
Deferred Inflows of Resources	<u>15,911</u>	<u>91,219</u>
Net Position		
Net Investment in Capital Assets	5,463	9,089
Restricted	21,991	75,795
Unrestricted	<u>(384,189)</u>	<u>(209,796)</u>
Total Net Position	<u>(356,735)</u>	<u>(124,912)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ <u>570,441</u>	\$ <u>685,928</u>

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2019
Unaudited

	<u>Component Units</u>	
	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current Assets	\$ 117,157	\$ 107,671
Capital Assets	996,316	1,038,572
Total Assets	\$ 1,113,473	\$ 1,146,243
<u>Liabilities</u>		
Current Liabilities	\$ 169,302	\$ 155,628
Long-Term Liabilities	1,358,635	1,384,476
Total Liabilities	1,527,937	1,540,104
<u>Net Position</u>		
Net Investment in Capital Assets	(383,743)	(365,490)
Restricted	85,371	72,839
Unrestricted	(116,092)	(101,210)
Total Net Position	(414,464)	(393,861)
Total Liabilities and Net Position	\$ 1,113,473	\$ 1,146,243

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

Major Factors Affecting the Statement of Net Position

Total assets and deferred outflows of resources of the Authority decreased by \$115,487 and total liabilities and deferred inflows of resources increased by \$116,336. The decrease in assets was mainly due to housing assistance money received from HUD in prior year that was spent in this current period and the change in deferred outflows due to implementation of GASB 75. The increase in total liabilities and deferred inflows of resources is mainly due to change in GASB 68 and implementation of GASB 75.

The assets of the Authority's component units decreased by \$32,770 and the liabilities decreased by \$12,167. The decrease in assets was due to current year depreciation expense.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2019
Unaudited

Table 2 presents details on the change in Net Position.

	<u>Primary Government</u>		
	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>
Beginning Balance - March 31, 2018	\$ 9,089	\$ 75,795	\$ (209,796)
Results of Operation	-	(53,804)	(178,019)
Adjustments:			
Current year Depreciation Expense (1)	(16,558)	-	16,558
Capital Expenditure	3,432	-	(3,432)
Current year Debt Activities, Net	9,500	-	(9,500)
Ending Balance - March 31, 2019	<u>\$ 5,463</u>	<u>\$ 21,991</u>	<u>\$ (384,189)</u>

	<u>Component Units</u>		
	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>
Beginning Balance - March 31, 2018 Restated	\$ (365,490)	\$ 72,839	\$ (101,210)
Results of Operation	-	12,532	(33,135)
Adjustments:			
Current year Depreciation Expense (1)	(46,186)	-	46,186
Capital Expenditure	3,930	-	(3,930)
Current year Debt Activities, Net	24,003	-	(24,003)
Ending Balance - March 31, 2019	<u>\$ (383,743)</u>	<u>\$ 85,371</u>	<u>\$ (116,092)</u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net position.

While the result of operations is a significant measure of the Authority's activities, the analysis of the changes in unrestricted net position provides a clearer change in financial well-being.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2019
Unaudited

The following schedule reflects the condensed Statement of Revenues, Expenses, and Changes in Net Position compared to prior year and compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in only business-type activities.

	<u>Primary Government</u>	
	<u>2019</u>	<u>2018</u>
<u>Revenues</u>		
Operating Subsidies	\$ 2,311,499	\$ 2,660,794
Other Revenues	<u>83,167</u>	<u>78,175</u>
Total Revenues	<u>2,394,666</u>	<u>2,738,969</u>
<u>Expenses</u>		
Administrative	439,374	241,623
Tenant Services	50,000	50,000
Utilities	4,811	4,854
Maintenance	1,590	1,684
General and Interest Expenses	23,711	17,739
Housing Assistance Payments	2,057,377	2,234,711
HAP Portability -In	33,068	38,959
Depreciation	<u>16,558</u>	<u>17,286</u>
Total Expenses	<u>2,626,489</u>	<u>2,606,856</u>
Net Increases (Decreases)	<u>\$ (231,823)</u>	<u>\$ 132,113</u>

	<u>Component Units</u>	
	<u>2019</u>	<u>2018</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 179,550	\$ 186,062
Investment Income	<u>108</u>	<u>12</u>
Total Revenues	<u>179,658</u>	<u>186,074</u>
<u>Expenses</u>		
Administrative	40,054	38,957
Utilities	33,527	34,458
Maintenance	47,197	44,176
General and Interest Expenses	33,297	35,111
Depreciation	<u>46,186</u>	<u>54,004</u>
Total Expenses	<u>200,261</u>	<u>206,706</u>
Net Increases (Decreases)	<u>\$ (20,603)</u>	<u>\$ (20,632)</u>

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2019
Unaudited

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

The revenue of the Primary Government decreased by \$344,303. The decrease was due to less grant funds received from HUD for housing assistance payments in current year.

The component units' revenue decreased by \$6,416 due to tenant revenues.

Total expenses for the Primary Government increased by \$19,633 for the fiscal year. The main cause for the increase in expenses is due to implementation of GASB 75.

The component unit expenses decrease for the year by \$6,445. The decrease is due to depreciation expenses.

Capital Assets

As of March 31, 2019, the Authority had \$194,963 invested in capital assets and the component units had \$996,316 as reflected in the following schedule, which represents a net decrease (additions, disposals, and depreciation) of \$13,126 for the Primary Government and \$42,256 for the component units in comparison with prior year.

	<u>Primary Government</u>	
	<u>2019</u>	<u>2018</u>
Land and Land Rights	\$ 30,000	\$ 30,000
Buildings and Improvements	446,322	446,322
Equipment	70,087	66,655
Accumulated Depreciation	<u>(351,446)</u>	<u>(334,888)</u>
Total	<u>\$ 194,963</u>	<u>\$ 208,089</u>
<u>Component Units</u>		
	<u>2019</u>	<u>2018</u>
Land and Land Rights	\$ 100,000	\$ 100,000
Buildings	1,500,048	1,500,048
Equipment	157,218	153,288
Accumulated Depreciation	<u>(760,950)</u>	<u>(714,764)</u>
Total	<u>\$ 996,316</u>	<u>\$ 1,038,572</u>

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2019
Unaudited

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 26 of the notes.

	Primary Government	Component Units
Beginning Balance - March 31, 2018	\$ 208,089	\$ 1,038,572
Current year Additions	3,432	3,930
Current year Depreciation Expense	<u>(16,558)</u>	<u>(46,186)</u>
Ending Balance - March 31, 2019	<u>\$ 194,963</u>	<u>\$ 996,316</u>
Current year additions are summarized as follows:		
- Equipment	\$ 3,432	\$ 3,930
Total 2019 Additions	<u>\$ 3,432</u>	<u>\$ 3,930</u>

Debt

The Authority's debt was reduced by \$9,500 and the component unit debt decreased by \$24,003 during fiscal year 2019. Following is a comparison of the debt outstanding at year end 2019 and year end 2018.

	Primary Government	Restated Component Units
Beginning Balance - March 31, 2018	\$ 199,000	\$ 1,404,062
Current Year Principal Payments	<u>(9,500)</u>	<u>(24,003)</u>
Ending Balance - March 31, 2019	<u>\$ 189,500</u>	<u>\$ 1,380,059</u>

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, recession, and employment trends, which can affect resident incomes and therefore the amount of housing assistance
- Inflationary pressure on utility rates, supplies, and other costs.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2019
Unaudited

Financial Contact

The individual to be contacted regarding this report is Martin Howell, Executive Director for the Tuscarawas Metropolitan Housing Authority, at (330) 308-8099. Specific requests may be submitted to the Authority at 134 2nd Street SW, New Philadelphia, Ohio 44663.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Funds
March 31, 2019

	Primary Government	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,327	\$ 10,088
Restricted cash and cash equivalents	118,128	100,575
Receivables, net	128,386	-
Prepaid expenses and other assets	1,625	6,494
Total current assets	257,466	117,157
Noncurrent assets		
Capital assets:		
Land	30,000	100,000
Building and equipment	516,409	1,657,266
Less accumulated depreciation	(351,446)	(760,950)
Capital assets, net	194,963	996,316
Total noncurrent assets	194,963	996,316
Deferred Outflows of Resources		
Pension	100,100	-
OPEB	17,912	-
Total deferred outflows of resources	118,012	-
Total assets	\$570,441	\$1,113,473
LIABILITIES		
Current liabilities		
Accounts payable	\$ 10,226	\$ 11,437
Accrued liabilities	27,541	2,264
Intergovernmental payables	-	7,593
Tenant security deposits	-	15,204
Bonds, notes, and loans payable	9,900	21,424
Other current liabilities	-	111,380
Total current liabilities	47,667	169,302
Noncurrent liabilities		
Bonds, notes, and loans payable	179,600	1,358,635
Accrued compensated absences non-current	45,073	-
Net pension liability payable	376,037	-
Net OPEB liability payable	166,751	-
Noncurrent liabilities - other	96,137	-
Total noncurrent liabilities	863,598	1,358,635
Total liabilities	911,265	1,527,937
Deferred Inflows of Resources		
Pension	15,459	-
OPEB	452	-
Total deferred inflows of resources	15,911	-
NET POSITION		
Net invested in capital assets	5,463	(383,743)
Restricted net position	21,991	85,371
Unrestricted net position (deficit)	(384,189)	(116,092)
Total net position	(356,735)	(414,464)
Total liabilities, Deferred Inflows and net position	\$ 570,441	\$ 1,113,473

See accompanying notes to the basic financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended March 31, 2019

	Primary Government	Component Units
<i>OPERATING REVENUES</i>		
Tenant Revenue	\$ -	\$ 179,550
Government operating grants	2,311,499	-
Other revenue	83,167	-
Total operating revenues	2,394,666	179,550
<i>OPERATING EXPENSES</i>		
Administrative	439,374	40,054
Tenant Services	50,000	-
Utilities	4,811	33,527
Maintenance	1,590	47,197
General	14,507	22,384
Housing assistance payment	2,057,377	-
HAP Portability-In	33,068	-
Depreciation	16,558	46,186
Total operating expenses	2,617,285	189,348
Operating income (loss)	(222,619)	(9,798)
<i>NONOPERATING REVENUES (EXPENSES)</i>		
Interest and investment revenue	-	108
Interest expense	(9,204)	(10,913)
Total nonoperating revenues (expenses)	(9,204)	(10,805)
Change in net position	(231,823)	(20,603)
Total net position, Beginning of Year - Restated	(124,912)	(393,861)
Net Position, End of Year	\$ (356,735)	\$ (414,464)

See accompanying notes to the basic financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY

Statement of Cash Flows

Proprietary Funds

For the Year Ended March 31, 2019

	<i>Primary Government</i>	<i>Component Units</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating grants received	\$ 2,336,392	\$ -
Tenant revenue received	-	183,921
Other revenue received	83,167	-
General and administrative expenses paid	(410,095)	(131,213)
Housing assistance payments	(2,057,377)	-
	(47,913)	52,708
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Retirement of debt	(9,500)	(24,003)
Interest paid on Debt	(9,204)	(10,913)
Property and equipment purchased, net	(3,432)	(3,930)
	(22,136)	(38,846)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	-	108
	-	108
Net increase (decrease) in cash	(70,049)	13,970
Cash and cash equivalents - Beginning of year	197,504	96,693
	\$ 127,455	\$ 110,663
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	\$ (222,619)	\$ (9,798)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation	16,558	46,186
- (Increases) Decreases in Accounts Receivable	24,893	4,371
- (Increases) Decreases in Prepaid Assets	9,873	113
- (Increases) Decreases in Deferred Outflows	(2,454)	-
- Increases (Decreases) in Accounts Payable	4,331	6,489
- Increases (Decreases) in Intergovernmental Payable	-	(7,627)
- Increases (Decreases) in Accrued Payable	3,973	(955)
- Increases (Decreases) in Other Current Liabilities	-	13,485
- Increases (Decreases) in FSS Escrow	(18,776)	-
- Increases (Decreases) in Tenant Security Deposits	-	444
- Increases (Decreases) in Compensated Absence	1,829	-
- Increases (Decreases) in Deferred Inflows	(75,308)	-
- Increases (Decreases) in Pension Liability	173,347	-
- Increases (Decreases) in OPEB Liability	36,440	-
	(47,913)	52,708
Net cash provided by operating activities	\$ (47,913)	\$ 52,708

See accompanying notes to the basic financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Tuscarawas Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (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 Tuscarawas Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

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

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

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

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A 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.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

The accompanying financial statements present the Authority's primary government and the two component units, Tuscarawas Affordable Housing Service Corp. and Tuscarawas Affordable Housing One, LLC, over which the Authority exercises, significant influence.

Component Units

The component units are reported in the Authority financial statements as shown below:

<i><u>Discretely Presented Component Unit</u></i>	<i><u>Brief Description and Relationship</u></i>
Tuscarawas Affordable Housing Service Corp.	A not-for-profit (IRS section 501(c) (3)) corporation created for the purpose of providing low and moderate-income housing. Tuscarawas Metropolitan Housing Authority staff operates and manages the units. Four of the five Board Members are the same for both Agencies.

<i><u>Discretely Presented Component Unit</u></i>	<i><u>Brief Description and Relationship</u></i>
Tuscarawas Affordable Housing One, LLC	A limited liability corporation created for the purpose of ownership and management of Clay Village Apartments. Tuscarawas Affordable Housing One, LLC's fiscal year is a December 31 year end. The financial statements reflected in this report are for the fiscal year ending December 31, 2018.

Basis of Presentation

The financial statements of 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.

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.

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 statements are prepared on the accrual basis of accounting.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

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

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

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD 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.

Proprietary Fund Types

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

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

Description of programs

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

A. Housing Choice Voucher Program

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

B. Shelter Plus Care Program

The Shelter Plus Care Program provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program. The agency assists the ADAMHS Board administer this program.

C. Business Activities

Represents non-HUD resources primarily from housing management services.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

D. Component Units

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

E. Community Home Improvement Program

Under this program, Tuscarawas Metropolitan Housing Authority assists the City of New Philadelphia, the City of Dover, and Tuscarawas County with the administration of their tenant based rental assistance programs.

Investments

Investments are restricted by the provisions of the HUD Regulations. The Primary Government had no interest earned in the fiscal year. The interest income earned by Component Units for the period totaled \$108.

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 purchase price of \$1,000 or more per unit. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	30 year
Buildings Improvements	10 years
Furniture, equipment and machinery	3-7 years

Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position 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. The restricted component of net position is reported when there are limitations imposed on their use by creditors, grantors, or laws or regulations of other governments.

Operating Revenues and Expenses

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day to day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Capital Contributions

This represents contributions made available by HUD with respect to all federally aided projects under an annual contribution contract.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

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.

Restricted Cash

Restricted cash balance as of March 31, 2019 for the primary government and December 31, 2018 for the component unit represents cash on hand for the following:

	<u>Primary Government</u>	<u>Component Units</u>
FSS Escrow Funds held for Tenants	\$ 96,137	\$ -
Reserve for Taxes and Insurance	-	8,297
Reserve for Replacements	-	77,074
Tenant Security Deposit	-	15,204
Cash on Hand Advances from HUD to be used for Tenants Housing Assistance Payments	21,991	-
	\$ 118,128	\$ 100,575
Total Restricted Cash		

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 absence accrual amount.

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

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

Estimates

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

Deferred Outflow and 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 plans are explained in Note 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 on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

Pension / Other Post-Employment Benefits

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: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

Primary Government

For 2018-2019, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

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

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 March 31, 2018:

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

Net Position - March 31, 2018	\$ 5,525
Adjustments:	
Net OPEB Liability	(130,311)
Deferred Outflows	10,220
Deferred Inflows	<u>(10,346)</u>
Restated Net Position - March 31, 2018	<u>\$ (124,912)</u>

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

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

- A. 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 withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

- C. 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 end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate 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 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 Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end March 31, 2019, the carrying amount of the Authority’s deposits totaled \$127,455 and its bank balance was \$139,469. Based on the criteria described in GASB Statement No. 40, “*Deposit and Investment Risk Disclosure*,” as of March 31, 2019, the full amount was covered by the Federal Depository Insurance Corporation.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

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.

Component Unit

The carrying amount of the Component Unit deposits was \$110,663 at December 31, 2018. It includes savings accounts and all certificates of deposit with original maturities of three months or less.

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending March 31, 2019 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.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 5: CAPITAL ASSETS

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

	<u>Primary Government</u>				
	Balance 03/31/18	Adjust	Additions	Deletion	Balance 03/31/19
Capital Assets Not Being Depreciated:					
Land	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Total Capital Assets Not Being Depreciated	30,000	-	-	-	30,000
Capital Assets Being Depreciated:					
Buildings	437,765	-	-	-	437,765
Furniture, Machinery and Equip.	66,655	-	3,432	-	70,087
Leasehold Improvement	8,557	-	-	-	8,557
Total Capital Assets Being Depreciated	512,977	-	3,432	-	516,409
Accumulated Depreciation:					
Buildings	(259,675)	-	(16,214)	-	(275,889)
Furniture, Machinery and Equip.	(66,655)	(1)	(344)	-	(67,000)
Leasehold Improvement	(8,557)	-	-	-	(8,557)
Total Accum Depreciation	(334,887)	(1)	(16,558)	-	(351,446)
Total Capital Assets Being Depreciated, Net	178,089	-	(13,126)	-	164,963
Total Capital Assets, Net	\$ 208,089	\$ -	\$ (13,126)	\$ -	\$ 194,963

	<u>Component Units</u>				
	Balance 01/01/18	Adjust	Additions	Deletion	Balance 12/31/18
Capital Assets Not Being Depreciated:					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$100,000
Total Capital Assets Not Being Depreciated	100,000	-	-	-	100,000
Capital Assets Being Depreciated:					
Buildings	1,500,048	-	-	-	1,500,048
Furniture, Machinery and Equip.	153,288	-	3,930	-	157,218
Total Capital Assets Being Depreciated	1,653,336	-	3,930	-	1,657,266
Accumulated Depreciation	(714,764)	-	(46,186)	-	(760,950)
Total Capital Assets Being Depreciated, Net	938,572	-	(42,256)	-	896,316
Total Capital Assets, Net	\$1,038,572	\$ -	\$ (42,256)	\$ -	\$ 996,316

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

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.

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 plan; therefore, the following disclosure focuses on the traditional pension plan.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

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

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

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

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

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

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

2018 Statutory Maximum Contribution Rates	<u>State and Local</u>
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. The portion of the Traditional Pension Plan employer contributions allocated to health care was 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 \$27,436 for fiscal year ending March 31, 2019.

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

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

	<u>Traditional Plan</u>
Percentage for Proportionate Share of Net Pension Liability Prior to Measurement Date	0.001292%
Percentage for Proportionate Share of Net Pension Liability Current Measurement Date	<u>0.001373%</u>
Change in Proportion from Prior Measurement Date	<u><u>0.000081%</u></u>
Proportionate Share of Net Pension Liability	\$ 376,037
Pension Expense	\$ 113,171

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

	Traditional Plan
Deferred Outflows of Resources	
Net difference between projected and actual earning on pension plan investments	\$51,040
Change in Assumption	32,736
Difference Between Expected and Actual Experience	16
Change in proportionate share	9,226
Authority contributions subsequent to the measurement date	7,082
 Total Deferred Outflows of Resources	 \$100,100
 Deferred Inflows of Resources	
Difference between expected and actual experience	\$4,938
Change in proportionate share	10,521
 Total Deferred Inflows of Resources	 \$15,459

\$7,082 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 March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending March 31:	
2020	\$28,269
2021	20,819
2022	4,735
2023	23,736
Total	\$77,559

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.

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Actuarial Information	Traditional Plan
Measurement and Valuation Date	December 31, 2018
Experience Study	5 year ended 12/31/15
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Return	7.20%
Wage Inflation	3.25%
Projected salary increase	3.25%-10.75% (includes wage inflation at 3.25%)
Cost-of-living adjustments	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

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 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

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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 2.94 percent for 2018.

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent. 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the net pension liability or asset calculated using the discount rate of 7.2%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease	Current Discount rate	1% Increase
	6.2%	7.2%	8.2%
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	\$555,516	\$376,037	\$226,888

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NOTE 7: POSTEMPLOYMENT BENEFITS

Net OPEB Liability

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

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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.

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.

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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 2018 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.

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

2018 Statutory Maximum Contribution Rates	<u>State and Local</u>
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 0.0 percent for 2018.

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The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts was 4.0 percent for 2018. The Authority’s contractually required contribution was \$0 for fiscal year ending March 31, 2019.

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, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care 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:

Proportionate Share of Net OPEB Liability	
- Prior to Measurement Date	0.001200%
Proportionate Share of Net OPEB Liability	
- Current Measurement Date	0.001279%
Change in Proportion Share	0.000079%
Proportionate Share of Net OPEB Liability	\$166,751
Pension Expense	\$18,855

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

Deferred Outflows of Resources	
Net difference between projected and actual earning on OPEB investments	\$7,645
Change in Assumption	5,376
Difference Between Expected and Actual Experience	56
Change in proportionate share	4,835
Total Deferred Outflows of Resources	\$17,912
 Deferred Inflows of Resources	
Difference between expected and actual experience	\$452
Total Deferred Inflows of Resources	\$452

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

Year Ending March 31:		
	2020	\$8,358
	2021	3,918
	2022	1,333
	2023	3,851
	Total	\$17,460

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 health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018.

The actuarial valuation used the following key actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Actuarial Information	
Actuarial Valuation Date	December 31, 2017
Rolled-Forward Measurement Date	December 31, 2018
Experience Study	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age normal
Actuarial Assumptions:	
Single Discount Rate	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.71%
Wage Inflation	3.25%
Projected Salary Increase	3.25%-10.75% (includes wage inflation at 3.25%)
Health Care Cost Trend Rate	10.0% initial, 3.25% ultimate in 2029

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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 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.

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 was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. 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 2018 and the long-term expected real rates of return:

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

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

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

	1% Decrease 2.96%	Single Discount rate 3.96%	1% Increase 4.96%
Authority's proportionate share of the net OPEB liability	\$213,337	\$166,751	\$129,703

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability	\$160,284	\$166,751	\$174,200

NOTE 8: LONG-TERM OBLIGATIONS

Tuscarawas Metropolitan Housing Authority (Primary Government)

In the fiscal year ending March 31, 2003, the Authority issued \$300,000 mortgage revenue bond, for a 30 year period, series 2002, for the purpose of paying part of the cost of a construction of an office addition to the administration building. In addition the bonds issued were also used to refinance the existing mortgage loan of \$89,974 for the purchase of the administration building. The outstanding principal amount shall bear interest at the rate of 4.625 percent, calculated on a basis of actual number of days and a 365 day year.

The project was fully completed in February 2004 and the loan commenced on November 1, 2003.

The following is a summary of changes in long-term obligations for the year ended March 31, 2019:

DESCRIPTION	Restated Balance 03/31/18	Additions	Deletions	Balance 03/31/19	Due Within One Year
Mortgage Payable	\$199,000	\$0	\$9,500	\$189,500	\$9,900
Compensated Absences	54,365	25,779	20,862	59,282	14,209
Net Pension Liability	202,690	173,347	0	376,037	0
Net OPEB Liability	130,311	36,440		166,751	0
Non-Current Other - FSS Escrow	114,913	65,802	84,578	96,137	0
Total Primary Government	\$701,279	\$301,368	\$114,940	\$887,707	\$24,109

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Debt maturities are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020	\$9,900	\$8,717	\$18,617
2021	10,400	8,217	18,617
2022	10,900	7,717	18,617
2023	11,300	7,317	18,617
2024	11,900	6,717	18,617
2025-2029	68,200	24,885	93,085
2030-2034	66,900	7,568	74,468
Total	<u>\$189,500</u>	<u>\$71,138</u>	<u>\$260,638</u>

Tuscarawas Affordable Housing One, LLC (Component Unit):

On December 9, 2002, Tuscarawas Affordable Housing One, LLC assumed an outstanding loan balance of \$1,163,986 from an original loan of \$1,197,000 from Clay Village, Ltd. Partnership for the purchase of Clay Village Apartment building.

The mortgage note is collateralized by the land, building and improvements, equipment and furnishings. The note bears interest at the rate of 9% per annum. Principal and interest are payable in monthly installments of \$9,132 reduced to \$2,554 (effective 1percent interest rate) by USDA - Rural Development interest subsidy program through 2037. The mortgage liability is limited to the underlying value of the collateral pledged.

Under the loan agreement with USDA - Rural Development, the project is required to make monthly reserve for replacement deposits, and is subject to operating and returns to owner restrictions.

As of December 31, 2018 the outstanding loan balance was \$989,364. \$989,364

On November 20, 2002, Tuscarawas Affordable Housing Services Inc. entered into a promissory note with Ohio Housing Finance Agency for \$400,000 to finance the purchase and capital improvement to the Clay Village Apartment Project. The note was amended to add Tuscarawas Affordable Housing One, LLC (the project owner) and its share of the note amount was \$254,625. Repayment on the note is only necessary in the event the property generates surplus cash. During the calendar year the project made a \$4,417 payment for the 2018 calendar year. As of December 31, 2018 the outstanding loan balance was \$245,320. 245,320

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Tuscarawas Affordable Housing Services Inc. (Component Unit):

On November 20, 2002, Tuscarawas Affordable Housing Services Inc. entered into a promissory note with Ohio Housing Finance Agency for \$400,000 to finance the purchase and capital improvement to the Clay Village Apartment Project. The note was amended to add Tuscarawas Affordable Housing One, LLC (the project owner). The note payable was then reported \$254,625 by Tuscarawas Affordable Housing One, LLC and \$145,375 by Tuscarawas Affordable Housing Service, Inc.

No Repayment is due on the amount reported. 145,375

Total Debt Payable \$1,380,059

The following is a summary of changes in long-term obligations for the period:

DESCRIPTION	Restated Balance 03/31/18	Additions	Deletions	Balance 03/31/19	Due Within One Year
Tuscarawas Affordable Housing LLC:					
- USDA Rural Development	\$1,008,950	\$0	\$19,586	\$989,364	\$21,424
- Ohio Housing Finance Agency	249,737	0	4,417	245,320	0
Tuscarawas Affordable Housing Services Inc.:					
- Ohio Housing Finance Agency	145,375	0	0	145,375	0
Total	\$1,404,062	\$0	\$24,003	\$1,380,059	\$21,424

The following is a summary of debt maturity:

Year	Tuscarawas Affordable Housing LLC		Affordable Housing Services Inc.
	USDA Rural Development	OHFA	OHFA
2019	\$21,424	\$0	\$0
2020	23,433	0	0
2021	25,631	0	0
2022	28,036	0	0
2023	30,666	0	0
Thereafter	860,174	245,320	145,375
Total	\$989,364	\$245,320	\$145,375

Required Supplementary Information

**Tuscarawas Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
For the Fiscal Years Available**

Traditional Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability/(Asset)	0.001373%	0.001292%	0.001490%	0.001458%	0.001474%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 376,037	\$ 202,690	\$ 338,354	\$ 252,544	\$ 175,851
Authority's covered payroll	185,486	174,321	134,032	181,044	181,090
Authority's Proportionate share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	202.73%	116.27%	252.44%	139.49%	97.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.54%

Amount presented based on the measurement periods ended December 31st
Information prior to 2014 is not available.

**Tuscarawas Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Pension Contributions
For the Last Ten Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution - Traditional Plan	\$ 27,436	\$ 22,662	\$ 16,084	\$ 21,725	\$ 21,731	\$ 23,085	\$ 19,629	\$ 19,566	\$ 19,095	\$ 16,872
Contributions in Relation to the Contractually Required Contribution	<u>(27,436)</u>	<u>(22,662)</u>	<u>(16,084)</u>	<u>(21,725)</u>	<u>(21,731)</u>	<u>(23,085)</u>	<u>(19,629)</u>	<u>(19,566)</u>	<u>(19,095)</u>	<u>(16,872)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 195,971	\$ 174,321	\$ 134,032	\$ 181,044	\$ 181,090	\$ 176,221	\$ 192,441	\$ 191,824	\$ 212,167	\$ 203,277
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	12.00%	13.10%	10.20%	10.20%	9.00%	8.30%

Tuscarawas Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
For the Fiscal Years Available

Traditional Plan	2018	2017	2016
Authority's Proportion of the Net OPEB Liability/(Asset)	0.001279%	0.001200%	0.001233%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	\$ 166,751	\$ 130,311	\$ 124,583
Authority's Covered Payroll	185,486	174,321	134,032
Authority's Proportionate share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	89.90%	74.75%	92.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	N/A

Amount presented based on the measurement periods ended December 31st
Information prior to 2016 is not available.

**Tuscarawas Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's OPEB Contributions
For the Last Ten Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution - Traditional Plan	\$ -	\$ 1,743	\$ 2,680	\$ 3,621	\$ 3,622	\$ 2,263	\$ 5,935	\$ 7,827	\$ 9,750	\$ 10,788
Contributions in Relation to the Contractually Required Contribution	-	(1,743)	(2,680)	(3,621)	(3,622)	(2,263)	(5,935)	(7,827)	(9,750)	(10,788)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 195,971	\$ 174,321	\$ 134,032	\$ 181,044	\$ 181,090	\$ 176,221	\$ 192,441	\$ 191,824	\$ 212,167	\$ 203,277
Contributions as a Percentage of Covered Payroll	0.00%	1.00%	2.00%	2.00%	2.00%	1.28%	3.08%	4.08%	4.60%	5.31%

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

Ohio Public Employees' Retirement System

Net Pension Liability

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%, (b) the expected long-term average wage inflation rate did not change and was 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: For 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate increased from 3.85% to 3.96%, (b) the expected investment return was reduced from 6.50% to 6.00%, (c) the municipal bond rate increased from 3.31% to 3.71%, (d) the wages inflation rate did not change from 3.25%, (e) rates of withdrawal, retirement and disability were updated to reflect recent experience, (f) 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 (g) 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 (h) 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.

Supplementary Information

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FINANCIAL DATA SCHEDULE
AS OF MARCH 31, 2019**

	14,896 PIH Family Self-Sufficiency Program	14,871 Housing Choice Vouchers	6.1 Component Unit Discretely Presented	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$0	\$9,194	\$10,088	\$133	\$19,415	\$0	\$19,415
113 Cash - Other Restricted	\$0	\$118,128	\$85,371	\$0	\$203,499	\$0	\$203,499
114 Cash - Tenant Security Deposits	\$0	\$0	\$15,204	\$0	\$15,204	\$0	\$15,204
100 Total Cash	\$0	\$127,322	\$110,663	\$133	\$238,118	\$0	\$238,118
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$111,455	\$111,455	\$0	\$111,455
128 Fraud Recovery	\$0	\$41,113	\$0	\$0	\$41,113	\$0	\$41,113
128.1 Allowance for Doubtful Accounts - Fraud	\$0	(\$24,182)	\$0	\$0	(\$24,182)	\$0	(\$24,182)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$16,931	\$0	\$111,455	\$128,386	\$0	\$128,386
142 Prepaid Expenses and Other Assets	\$0	\$1,625	\$6,494	\$0	\$8,119	\$0	\$8,119
144 Inter Program Due From	\$0	\$0	\$0	\$52,804	\$52,804	(\$52,804)	\$0
150 Total Current Assets	\$0	\$145,878	\$117,157	\$164,392	\$427,427	(\$52,804)	\$374,623
161 Land	\$0	\$0	\$100,000	\$30,000	\$130,000	\$0	\$130,000
162 Buildings	\$0	\$0	\$1,500,048	\$437,765	\$1,937,813	\$0	\$1,937,813
164 Furniture, Equipment & Machinery - Administration	\$0	\$66,655	\$157,218	\$3,432	\$227,305	\$0	\$227,305
165 Leasehold Improvements	\$0	\$0	\$0	\$8,557	\$8,557	\$0	\$8,557
166 Accumulated Depreciation	\$0	(\$66,655)	(\$760,950)	(\$284,791)	(\$1,112,396)	\$0	(\$1,112,396)
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$996,316	\$194,963	\$1,191,279	\$0	\$1,191,279
180 Total Non-Current Assets	\$0	\$0	\$996,316	\$194,963	\$1,191,279	\$0	\$1,191,279
200 Deferred Outflow of Resources	\$0	\$118,012	\$0	\$0	\$118,012	\$0	\$118,012
290 Total Assets and Deferred Outflow of Resources	\$0	\$263,890	\$1,113,473	\$359,355	\$1,736,718	(\$52,804)	\$1,683,914
312 Accounts Payable <= 90 Days	\$0	\$10,226	\$11,437	\$0	\$21,663	\$0	\$21,663
321 Accrued Wage/Payroll Taxes Payable	\$0	\$13,332	\$1,423	\$0	\$14,755	\$0	\$14,755
322 Accrued Compensated Absences - Current Portion	\$0	\$14,209	\$0	\$0	\$14,209	\$0	\$14,209
325 Accrued Interest Payable	\$0	\$0	\$841	\$0	\$841	\$0	\$841
333 Accounts Payable - Other Government	\$0	\$0	\$7,593	\$0	\$7,593	\$0	\$7,593
341 Tenant Security Deposits	\$0	\$0	\$15,204	\$0	\$15,204	\$0	\$15,204
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$21,424	\$9,900	\$31,324	\$0	\$31,324
345 Other Current Liabilities	\$0	\$0	\$111,380	\$0	\$111,380	\$0	\$111,380
347 Inter Program - Due To	\$0	\$52,804	\$0	\$0	\$52,804	(\$52,804)	\$0
310 Total Current Liabilities	\$0	\$90,571	\$169,302	\$9,900	\$269,773	(\$52,804)	\$216,969
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$1,358,635	\$179,600	\$1,538,235	\$0	\$1,538,235
353 Non-current Liabilities - Other	\$0	\$96,137	\$0	\$0	\$96,137	\$0	\$96,137
354 Accrued Compensated Absences - Non Current	\$0	\$45,073	\$0	\$0	\$45,073	\$0	\$45,073
357 Accrued Pension and OPEB Liabilities	\$0	\$542,788	\$0	\$0	\$542,788	\$0	\$542,788
350 Total Non-Current Liabilities	\$0	\$683,998	\$1,358,635	\$179,600	\$2,222,233	\$0	\$2,222,233
300 Total Liabilities	\$0	\$774,569	\$1,527,937	\$189,500	\$2,492,006	(\$52,804)	\$2,439,202
400 Deferred Inflow of Resources	\$0	\$15,911	\$0	\$0	\$15,911	\$0	\$15,911
508.4 Net Investment in Capital Assets	\$0	\$0	(\$383,743)	\$5,463	(\$378,280)	\$0	(\$378,280)
511.4 Restricted Net Position	\$0	\$21,991	\$85,371	\$0	\$107,362	\$0	\$107,362
512.4 Unrestricted Net Position	\$0	(\$548,581)	(\$116,092)	\$164,392	(\$500,281)	\$0	(\$500,281)
513 Total Equity - Net Assets / Position	\$0	(\$526,590)	(\$414,464)	\$169,855	(\$771,199)	\$0	(\$771,199)
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$263,890	\$1,113,473	\$359,355	\$1,736,718	(\$52,804)	\$1,683,914

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FINANCIAL DATA SCHEDULE
AS OF MARCH 31, 2019**

	14,896 PIH Family Self- Sufficiency Program	14,871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$0	\$171,109	\$0	\$171,109	\$0	\$171,109
70400 Tenant Revenue - Other	\$0	\$0	\$8,441	\$0	\$8,441	\$0	\$8,441
70500 Total Tenant Revenue	\$0	\$0	\$179,550	\$0	\$179,550	\$0	\$179,550
70600 HUD PHA Operating Grants	\$50,000	\$2,261,499	\$0	\$0	\$2,311,499	\$0	\$2,311,499
71100 Investment Income - Unrestricted	\$0	\$0	\$108	\$0	\$108	\$0	\$108
71400 Fraud Recovery	\$0	\$5,930	\$0	\$0	\$5,930	\$0	\$5,930
71500 Other Revenue	\$0	\$49,898	\$0	\$62,600	\$112,498	(\$35,261)	\$77,237
70000 Total Revenue	\$50,000	\$2,317,327	\$179,658	\$62,600	\$2,609,585	(\$35,261)	\$2,574,324
91100 Administrative Salaries	\$0	\$148,079	\$14,556	\$5,943	\$168,578	\$0	\$168,578
91200 Auditing Fees	\$0	\$8,664	\$3,350	\$0	\$12,014	\$0	\$12,014
91400 Advertising and Marketing	\$0	\$325	\$0	\$0	\$325	\$0	\$325
91500 Employee Benefit contributions - Administrative	\$0	\$223,285	\$0	\$0	\$223,285	\$0	\$223,285
91600 Office Expenses	\$0	\$40,593	\$0	\$0	\$40,593	\$0	\$40,593
91700 Legal Expense	\$0	\$895	\$1,584	\$0	\$2,479	\$0	\$2,479
91800 Travel	\$0	\$3,805	\$0	\$0	\$3,805	\$0	\$3,805
91900 Other	\$0	\$43,044	\$20,564	\$3	\$63,611	(\$35,261)	\$28,350
91000 Total Operating - Administrative	\$0	\$468,690	\$40,054	\$5,946	\$514,690	(\$35,261)	\$479,429
92100 Tenant Services - Salaries	\$34,663	\$0	\$0	\$0	\$34,663	\$0	\$34,663
92300 Employee Benefit Contributions - Tenant Services	\$15,337	\$0	\$0	\$0	\$15,337	\$0	\$15,337
92500 Total Tenant Services	\$50,000	\$0	\$0	\$0	\$50,000	\$0	\$50,000
93100 Water	\$0	\$609	\$25,450	\$0	\$26,059	\$0	\$26,059
93200 Electricity	\$0	\$3,346	\$8,077	\$0	\$11,423	\$0	\$11,423
93300 Gas	\$0	\$856	\$0	\$0	\$856	\$0	\$856
93000 Total Utilities	\$0	\$4,811	\$33,527	\$0	\$38,338	\$0	\$38,338
94100 Ordinary Maintenance and Operations - Labor	\$0	\$0	\$15,752	\$0	\$15,752	\$0	\$15,752
94200 Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$22,091	\$0	\$22,091	\$0	\$22,091
94300 Ordinary Maintenance and Operations Contracts	\$0	\$1,590	\$9,354	\$0	\$10,944	\$0	\$10,944
94000 Total Maintenance	\$0	\$1,590	\$47,197	\$0	\$48,787	\$0	\$48,787
96110 Property Insurance	\$0	\$0	\$7,197	\$0	\$7,197	\$0	\$7,197
96120 Liability Insurance	\$0	\$2,466	\$0	\$0	\$2,466	\$0	\$2,466
96130 Workmen's Compensation	\$0	\$225	\$0	\$0	\$225	\$0	\$225
96100 Total insurance Premiums	\$0	\$2,691	\$7,197	\$0	\$9,888	\$0	\$9,888
96210 Compensated Absences	\$0	\$4,918	\$0	\$0	\$4,918	\$0	\$4,918
96300 Payments in Lieu of Taxes	\$0	\$0	\$15,187	\$0	\$15,187	\$0	\$15,187
96600 Bad debt - Other	\$0	\$6,898	\$0	\$0	\$6,898	\$0	\$6,898
96000 Total Other General Expenses	\$0	\$11,816	\$15,187	\$0	\$27,003	\$0	\$27,003
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$10,913	\$9,204	\$20,117	\$0	\$20,117
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$10,913	\$9,204	\$20,117	\$0	\$20,117
96900 Total Operating Expenses	\$50,000	\$489,598	\$154,075	\$15,150	\$708,823	(\$35,261)	\$673,562

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FINANCIAL DATA SCHEDULE
AS OF MARCH 31, 2019**

	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$1,827,729	\$25,583	\$47,450	\$1,900,762	\$0	\$1,900,762
97300 Housing Assistance Payments	\$0	\$2,057,377	\$0	\$0	\$2,057,377	\$0	\$2,057,377
97350 HAP Portability-In	\$0	\$33,068	\$0	\$0	\$33,068	\$0	\$33,068
97400 Depreciation Expense	\$0	\$0	\$46,186	\$16,558	\$62,744	\$0	\$62,744
90000 Total Expenses	\$50,000	\$2,580,043	\$200,261	\$31,708	\$2,862,012	(\$35,261)	\$2,826,751
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	(\$262,716)	(\$20,603)	\$30,892	(\$252,427)	\$0	(\$252,427)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$21,424	\$9,900	\$31,324	\$0	\$31,324
11030 Beginning Equity	\$0	(\$133,438)	(\$393,861)	\$138,963	(\$388,336)	\$0	(\$388,336)
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	(\$130,436)	\$0	\$0	(\$130,436)	\$0	(\$130,436)
11170 Administrative Fee Equity	\$0	(\$548,581)	\$0	\$0	(\$548,581)	\$0	(\$548,581)
11180 Housing Assistance Payments Equity	\$0	\$21,991	\$0	\$0	\$21,991	\$0	\$21,991
11190 Unit Months Available	0	6,260	480	0	6,740	0	6,740
11210 Number of Unit Months Leased	0	5,920	474	0	6,394	0	6,394

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2019**

<u>FEDERAL GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>2019 FEDERAL EXPENDITURES</u>
<i><u>DIRECT FROM U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></i>		
Section 8 Housing Choice Vouchers	14.871	\$ 2,261,499
Family Self-Sufficiency Program	14.896	<u>50,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$ 2,311,499</u></u>

See accompanying notes to this schedule.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2019**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Tuscarawas Metropolitan Housing Authority, Tuscarawas County, Ohio (the Authority) and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

NOTE B – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ending March 31, 2019.

NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended March 31, 2019.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended March 31, 2019.



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1310 Market St., Suite 300
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

September 20, 2019

Tuscarawas Metropolitan Housing Authority
Tuscarawas County
134 Second Street SW
New Philadelphia, Ohio 44663

To the Director and Board of Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities and the aggregate discretely presented component units of the **Tuscarawas Metropolitan Housing Authority**, Tuscarawas County, (the Authority) as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 20, 2019. Our report refers to other auditors who audited the financial statements of the Tuscarawas Affordable Housing One, LLC, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

September 20, 2019

Tuscarawas Metropolitan Housing Authority
Tuscarawas County
134 Second Street SW
New Philadelphia, Ohio 44663

To the Director and Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the **Tuscarawas Metropolitan Housing Authority's**, Tuscarawas County, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended March 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the Authority's major program. However, our audit does not provide a legal determination of the Authority's compliance.

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Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended March 31, 2019.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED MARCH 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR§200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Section 8 Housing Choice Vouchers, CFDA # 14.871
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



TUSCARAWAS COUNTY METROPOLITAN HOUSING AUTHORITY

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 7, 2019**