YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
MAHONING COUNTY, OHIO

BASIC FINANCIAL STATEMENTS AND SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

OHIO AUDITOR OF STATE
KEITH FABER

Board of Directors
Youngstown Metropolitan Housing Authority
131 West Boardman Street
Youngstown, Ohio 44503

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

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

Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2019

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Youngstown Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Youngstown Metropolitan Housing Authority as of June 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

December 26, 2018

As management of the Youngstown Metropolitan Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page11.

FINANCIAL HIGHLIGHTS

Assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $35,600,824 (net position), a decrease of 11.8 percent from what was reported at the prior year-end.

- The Authority's cash and investment balance at June 30, 2018 was $4,601,858, representing a decrease of $88,067, or 1.9 percent, from June 30, 2017.
- The Authority had total revenue of $21,400,901 and total expenses of $24,109,821 for the year ended June 30, 2018, decreasing net position by $2,708,920 for the year.
- The Authority's capital outlays for the year were $948,746.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. These statements comprise three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

REQUIRED FINANCIAL STATEMENTS

MD&A
Management Discussion and Analysis

Basic Financial Statements
Statement of Net Position
Statement of Revenues, Expenses, and Changes in Net Position
Statement of Cash Flows
Notes to the Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private sector business.

The S*tatement of Net Position* presents information on all of the Authority's assets and deferred outflow of resources, and liabilities and deferred inflow of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The S*tatement of Revenues, Expenses, and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows to future fiscal periods (e.g., earned but unused vacation leave).

The C*ombined Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

The Authority has many programs that are consolidated into a single enterprise fund. The Agency programs consist of the following:

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

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

<u>Housing Choice Voucher Program (Section 8)</u> – HUD provides the Authority with vouchers to assist eligible families rent privately owned homes. A portion of the participant's rent is paid by YMHA to the landlord. The participant is responsible for paying the remainder portion. Applicants are chosen via a lottery.

These financial statements report on the functions of the Authority that are principally supported by intergovernmental revenues. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development (HUD).

The financial statements can be found on pages 11 through 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has only one fund type, namely a proprietary fund.

Notes to the Financial Statements

Notes provide additional information essential to a full understanding of the data provided in the financial statements. Notes to the financial statements can be found on pages 14 through 41 of this report.

Financial Analysis of the Authority

The following table represents a condensed Statement of Net Assets compared to the prior year.

Table 1 - Condensed Statement of Net Position

	2018 (thousands)	2017 (thousands)
Assets		
Current and Other Assets	$ 10,684	$ 10,834
Deferred Outflows	744	1,681
Capital Assets	35,219	37,899
Total Assets	46,647	50,414
Liabilities		
Current Liabilites	1,349	1,226
Deferred Inflows	1,182	345
Non-Current Liabilities	8,515	8,457
Total Liabilities	11,046	10,028
Net Position		
Net Investment in Capital Assets	32,283	34,520
Unrestricted and Restricted Net Position	3,318	5,866
Total Net Position	35,601	40,386
Total Liabilities and Net Position	$ 46,647	$ 50,414

During 2018, total assets and deferred outflows decreased by ($3,766,794). The main decrease is the depreciation exceeded new capital additions by $2,609,409. Additionally deferred outflows associated with GASB 68 and 75 decreased by ($936,193).

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $35,600,824 at the close of the most recent fiscal year.

By far the largest portion of the Authority's net position (91 percent) reflects its investment in capital assets (e.g., buildings, machinery, and equipment). The Authority uses these capital assets to provide housing services to residents; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services.

Statement of Revenues, Expenses, and Changes in Net Position

The following table reflects the condensed Statement of Revenues, Expenses, and Changes in Net Position.

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

	2018 (thousands)	2017 (thousands)
Revenues		
Intergovernmental Revenues	$ 18,263	$ 17,144
Program Revenue	2,778	2,808
Other Revenue	360	551
Total Revenues	21,401	20,503
Expenditures		
Operating Expenses	10,598	10,771
Depreciation Expense	3,558	3,681
Housing Assistance Payments	9,839	9,244
Other Expenditures	115	139
Total Expenditures	24,110	23,835
Prior Period Adjustment	(2,076)	0
Net Increase (Decrease)	(4,785)	(3,332)
Beginning Net Position	40,386	43,718
Ending Net Position	$ 35,601	$ 40,386

The net position of the Authority decreased by $2,708,920 during the current fiscal year. The Authority receives its primary source of income from governmental revenues through HUD's Line-of-Credit Control System (eLOCCS). Allowable program expenses, with the exception of non-cash transactions (such as depreciation expense and changes in compensated absences) are drawn down from funds granted to the Authority. Governmental revenues, rental income, and charges for services were sufficient to cover operating expenses incurred during fiscal year 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the Authority's investment in capital assets for its business-type activities was $35,218,922 (net of accumulated depreciation) as reflected in the following schedule.

Table 3 - Capital Assets

	2018	2017
Land	$ 3,336,699	$ 3,336,699
Buildings	112,234,234	111,581,275
Equipment - Administrative	652,911	528,929
Equiment - Dwelling	1,018,845	1,002,464
Accumulated Depreciation	(85,931,342)	(82,406,089)
Construction-in-Progress	3,907,575	3,855,815
Total	$ 35,218,922	$ 37,899,093

Capital Assets and Debt Administration

Major capital asset transactions during the current fiscal year include the following:

- Renovations to PL Straits Exterior $641,659.

Additional information on the Authority's capital assets can be found in Note 5 on page 21 of this report.

LONG-TERM DEBT

As of June 30, 2018, the Authority had $3,192,604 of long-term debt, a decrease of $487,464, or 13.2 percent, over the prior year. The Authority has bonds payable that were used to fund the energy efficiency Phase II project as well as refinance the remaining debt on Phase I's and bear interest at rates between 3% and 4%. As of June 30, 2018 the Authority had $250,636 of bond proceeds that have not yet been spent. The Authority also had $5,626 in a Debt Reserve Sinking Fund to pay off bonds that have not yet matured.

Additional information on the Authority's long-term debt can be found in Note 9 on page 38 of this report.

NET PENSION LIABILITY

The net pension liability (NPL) is the largest single liability reported by the Authority at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for 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 OBEP 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 benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB 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 as deferred inflows/outflows.

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of a prior period adjustment to net position of ($2,076,001).

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the 2019 fiscal year:

- In the past HUD has not fully funded the operating subsidy but has been funding around 90% of the eligible subsidy. For the 2013 year the funding percentage dropped down to 82%. This sequestration funding cut necessitated the Housing Authority to lay-off some employees. Proration increased to approximately 91% for the 2018 year, but this is still a significant difference compared to what the Authority is eligible for.

- The Authority's operating expenditures do not show any significant increases other than expected inflationary increases.

Future Events that will Financially Impact the Authority

Approximately 85 percent of the Authority's revenues come from governmental grants. For the last few years the funding has been much lower than it has been historically due to budget cuts, these cuts, while believed to be temporary, have resulted in the Authority reviewing where costs savings can be implemented and what alternative revenue sources can be found. The Authority will need to continue to develop alternative sources of income to avoid the risks inherent in being dependent on one primary source of revenue. HUD has encouraged public housing authorities to become more entrepreneurial in their operations to protect against decreasing funding and/or other unforeseen circumstances. Without taking such actions, the Authority could face uncertainty in the future.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Youngstown Metropolitan Housing Authority, 131 West Boardman Street, Youngstown, Ohio 44503, or call (330) 744-2161.

Respectfully submitted,

Jason Whitehead
Executive Director

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
MAHONING COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
JUNE 30, 2018

	2018
Assets	
Current Assets	
Cash and Cash Equivalents	$ 2,011,094
Restricted Cash and Cash Equivalents	604,988
Investments	1,985,776
Receivables, Net of Allowance	247,884
Inventory	39,125
Prepaid Expense and Other Assets	53,639
Total Current Assets	4,942,506
Capital Assets	
Non-Depreciable, Capital Assets	7,244,274
Depreciable Capital Assets, Net	27,974,648
Total Capital Assets	35,218,922
Other Noncurrent Assets	
Notes Receivable	5,728,044
Other Assets	13,092
Total Other Noncurrent Assets	5,741,136
Total Assets	45,902,564
Deferred Outflows of Resources	
Pension	582,003
OPEB	162,143
Total Deferred Outflows of Resources	744,146
Total Assets and Deferred Outflows of Resources	$ 46,646,710
Liabilities	
Current Liabilities	
Accounts Payable	$ 206,651
Accrued Compensated Absences	221,824
Tenant Security Deposits	182,767
Accrued Wages and Payroll Taxes	282,272
Current Portion of Long-Term Debt	455,834
Total Current Liabilities	1,349,348
Noncurrent Liabilities	
Noncurrent liabilities - Other	122,294
Accrued Compensated Absences	209,720
Long-Term Deb - Net of Current Portion	2,736,770
Net Pension Liability	3,241,938
Net OPEB Liability	2,203,345
Total Noncurrent Liabilities	8,514,067
Total Liabilities	9,863,415
Deferred Inflows of Resources	
Pension	978,703
OPEB	203,768
Total Deferred Inflows of Resources	1,182,471
Net Position	
Net Investment in Capital Assets	32,282,581
Restricted	43,664
Unrestricted	3,274,579
Total Net Position	35,600,824
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 46,646,710

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
MAHONING COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

		2018
Operating Revenues		
Government Grants	$	17,512,681
Tenant Revenue		2,778,151
Other Revenue		303,695
Total Operating Revenues		20,594,527
Operating Expenses		
Administrative		3,851,226
Tenant and Protective Services		297,029
Utilities		2,385,811
Maintenance		3,142,652
General and Other Insurance		921,134
Housing Assistance Payments		9,838,635
Total Operating Expenses Before Depreciation		20,436,487
Income (Loss) Before Depreciation		158,040
Depreciation		(3,558,155)
Operating Income (Loss)		(3,400,115)
Non-Operating Revenues (Expenses)		
Interest and Investment Revenue		48,397
Interest Expense		(115,179)
Gain on Disposition of Capital Assets		8,049
Total Non-Operating Revenues (Expenses)		(58,733)
Income (Loss) Before Contributions		(3,458,848)
Capital Grants		749,928
Prior Period Adjustments		(2,076,001)
Change in Net Position		(4,784,921)
Total Net Position, Beginning of Year		40,385,745
Net Postion, End of Year	$	35,600,824

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

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
MAHONING COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	2018
Cash Flows from Operating Activities	
Cash Received from HUD/Other Governments	$ 17,512,599
Cash Received from Tenants	2,786,062
Cash Received from Other Sources	303,757
Cash Payments for Housing Assistance Payments	(9,838,635)
Cash Payment for Administrative	(3,559,021)
Cash Payments for Other Operating Expenses	(6,680,088)
Net Cash Provided by Operating Activities	524,674
Cash Flows from Capital and Related Financing Activities	
Cash from Asset Sale	78,811
Interest and Principal Payments on Debt	(602,643)
Acquisition of Capital Assets and Other Assets	(948,746)
Capital Grants Received	749,928
Net Cash (Used) by Capital and Other Related Financing Activities	(722,650)
Cash Flows from Investing Activities	
Investment Income	48,397
Purchase of Investments	10,332
Proceeds from Note Receivable	61,511
Net Cash Provided by Investing Activities	120,240
Net Increase (Decrease) in Cash and Cash Equivalents	(77,736)
Cash and Cash Equivalents, Beginning	2,693,818
Cash and Cash Equivalents, Ending	$ 2,616,082
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Net Operating Income (Loss)	$ (3,400,115)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	3,558,155
(Increase) Decrease in :	
Accounts Receivable	1,952
Prepaid Expenses and Other Assets	5,691
Deferred Outflows	968,133
Non-Current Assets - Other	(6,791)
Increase (Decrease) in:	
Accounts Payable	73,511
Other Current Liabilities	(5,955)
Accrued Wages/Payroll Taxes	34,751
Net Pension Liability	(1,514,061)
Tenant Security Deposits	5,940
Deferred Inflows	837,672
Non-Current Liabilities - Other	(34,209)
Net Cash Used by Operating Activities	$ 524,674

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity and Programs

The Youngstown Metropolitan Housing Authority (the Authority) is a political subdivision created under Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing, and administration of a low-rent housing program.
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 rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The Authority participates in the Section 8 Housing Choice Voucher program provided by HUD. In these section 8 programs, rental assistance is provided to families based on the families' ability to pay in accordance with HUD regulations. Under the Housing Choice Voucher program, the rental assistance is tied to the tenant family. The rental assistance, in general, is provided to help the family pay rent wherever they choose to live. The Authority also participates in the Public Housing program. Under this program, the Authority manages constructed or financed public housing units using grant funds from HUD. Tenants of these facilities pay a percentage of his/her adjusted gross income towards rent and utilities.

B. Summary of Significant Accounting Policies

The financial statements of the Youngstown 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.

C. Reporting Entity

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

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

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

C. **Reporting Entity** (Continued)

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.

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

D. **Fund Accounting**

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

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

E. **Proprietary Fund Type**

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.

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

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

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

G. **Interprogram Balances**

Receivables and payables resulting from short-term interprogram loans are classified as "Inter-program Due from/to" in respective program financial statements. These amounts are eliminated in the Authority's Statement of Net Position in the basic financial statements.

H. **Investments**

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at market value. The Authority has cash deposits and investments totaling $4,601,858 at June 30, 2018. Interest income earned in fiscal year 2018 totaled $48,397.

I. **Capital Assets**

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority capitalizes all assets with a cost of $1,000 or more. See Note 5 for useful lives for depreciation purposes.

J. **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.

K. **Compensated Absences**

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

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

K. **Compensated Absences** (Continued

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; and **(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. Information regarding compensated absences is detailed in Note 10.

L. **Budgetary Accounting**

The Authority annually prepares its budget as prescribed by HUD. This budget is adopted by the Board of the Authority.

M. **Estimates**

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

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

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

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

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

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

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

P. **Change in accounting Principle**

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

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Authority's fiscal year 2018 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 required the Authority to report a prior period adjustment:

Prior Period Adjustments:	
Net OPEB liability	(2,107,941)
Deferred Outflow - Payments Subsequent to Measurement Date	31,940
Total Prior Period Adjustment	$ (2,076,001)

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

At fiscal year end, the carrying amount of the Authority's deposits were $2,616,082 and the bank balance was $2,745,776. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2018, $641,785 of the Authority's bank balance was covered by Federal Depository Insurance. The remainder was collateralized by securities pledged in the name of the Authority or by pooled collateral. Included in the carrying value of the Authority's deposits is $500 in petty cash.

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

Deposits (Continued)
Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Authority's Board. All deposits are collateralized with eligible securities in amounts equal to 105 percent of the carrying value of deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at 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 the public deposits it holds, or as specific collateral held at the Federal Reserve bank in the name of the Authority.

Investments
The Authority has a formal investment policy. The Authority had investments comprised of U.S. Government Securities (AAA – Moody's) with a market value of $1,985,776 at June 30, 2018.

Interest Rate Risk
The Authority's investment policy limits investments to 5 years but does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The Authority staggers maturity dates of investments to avoid losses from rising interest rates.

Credit Risk
Any deposits of the Authority exceeding the $250,000 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority or by pooled collateral as provided by the Ohio Revised Code

Concentration of Credit Risk
The Authority does not limit the amount of funds that may be on deposit with any one financial institution; however, as was mentioned in the preceding, all deposits exceeding the $250,000 FDIC insurance limit are fully and continuously collateralized by securities pledged in the name of the Authority or by pooled collateral as permitted by the Ohio Revised Code.

A reconciliation of cash and investments as shown in the Statement of Net Position at June 30, 2018 to the deposits and investments included in this note is as follows:

	Cash and Cash Equivalents *	Investments
Per Sttement of Net Position	$ 2,616,082	$ 1,985,776
Bank of Ozarks - Unspent Debt Proceeds	(250,636)	250,636
Per GASB Statement No. 3	$ 2,365,446	$ 2,236,412

* Includes Restricted Cash and Cash Equivalents

NOTE 3: RESTRICTED CASH

The restricted cash balance as of June 30, 2018 represents cash on hand for the following:

	Restricted Cash
Tenanta Security Deposits	$ 182,767
FSS Escrow Funds	165,958
Debt Reserve Sinking Fund	5,627
Unspent Debt Proceeds	250,636
Total Restricted Cash	$ 604,988

NOTE 4: INSURANCE COVERAGE

The Authority is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees.

To protect against risks to which the Authority is exposed, the Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the Ohio Housing Authority Property Casualty, Inc. (OHAPCI). OHAPCI is an insurance risk pool comprised of three Ohio housing authorities, of which the Authority is one. Deductibles and coverage limits are summarized below:

	Coverage	Deductible Limits
Property (per occurrence)	$ 2,500	$ 197,915,200
General Liability	$ 0	$ 2,000,000
Automobile Physical Damage/Liability	500/500	ACV/$2,000,000
Public Officials	$ 0	$ 200,000

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority provides employee group health care benefits via a partially self-funded plan administered by Enterprise Group Planning, Inc. Excess loss coverage for the plan is provided by QBE Insurance Corporation. There was no significant reduction in coverages and settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 5: **CAPITAL ASSETS**

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

	2018
Capital Assets Not Being Depreciated	
Land	$ 3,336,699
Construction-in-Progress	3,907,575
Total Capital Assets Not Being Depreciated	7,244,274
Capital Assets Being Depreciated	
Buildings and Building Improvements	112,234,234
Furniture and Equipment	1,671,756
	113,905,990
Less: Accumulated Depreciation	(85,931,342)
Subtotal Capital Assets Being Depreciated	27,974,648
Total Capital Assets	$ 35,218,922

The Authority capitalizes all assets with a cost of $1,000 or more. The Authority uses the straight line method of depreciation. The following is a list of useful lives for depreciation purposes:

Buildings	15 to 40 years
Equipment	7 years
Computer Equipment	3 years
Vehicles	5 years
Maintenance Equipment	7 years

The following is a summary of changes in capital assets:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets Not Being Depreciated				
Land	$ 3,336,699	$ 0	$ 0	$ 3,336,699
Construction-in-Progress	3,855,815	51,760	0	3,907,575
Total Capital Assets Not Being Depreciated	7,192,514	51,760	0	7,244,274
Capital Assets Being Depreciated				
Buildings and Buildingd Improvements	111,581,275	756,623	(103,664)	112,234,234
Furniture, Equipment, and Machinery -	1,531,393	140,363	0	1,671,756
Subtotal Capital Assets Being Depreciated	113,112,668	896,986	(103,664)	113,905,990
Accumulated Depreciation				
Buildings and Improvements	(81,358,150)	(3,414,598)	32,902	(84,739,846)
Furniture and Equpiment	(1,047,939)	(143,557)	0	(1,191,496)
Total Accumulated Depreciation	(82,406,089)	(3,558,155)	32,902	(85,931,342)
Depreciable Assets, Net	30,706,579	(2,661,169)	(70,762)	27,974,648
Total Capital Assets, Net	$ 37,899,093	$ (2,609,409)	$ (70,762)	$ 35,218,922

NOTE 6: MIXED FINANCE CONSTRUCTION LOAN

The Authority advanced funds to a development partner in conjunction with multi-lender mixed finance arrangements for construction of the Village at Arlington, Village at Arlington II, Arlington Heights, and Arlington Heights II developments. Repayment is subject to the projects realizing surplus cash flows. The loans are secured by the property. The Notes bear interest at 1 percent. While the Housing Authority has received payments of the Village at Arlington loans, no payments have been received on the Arlington Heights loans, due to this, interest has not been accrued on these loans. At June 30, 2018, the note Receivable and Interest Receivable balance is $5,815,184. Due to the uncertainty of the projects generating surplus cash that would trigger a repayment obligation, no portion is considered to be current.

The following is a summary of Notes and Interest Receivable at June 30, 2018:

Notes Receivable - Village at Arlington I	$ 1,909,253	
Interest on Note Receivable	46,631	*
Note Receivable - Village at Arlington II	1,736,085	
Interest on Note Receivable	40,509	*
Note Receivable - Arlington Heights	977,500	
Note Receivable - Arlington Heights II	1,000,000	
Other Notes Receivable	105,206	
Total Notes and Interest Receivable	5,815,184	
* Interest Receivable	87,140	
Total Notes Receivable	$ 5,728,044	

NOTE 7: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

Net Pension Liability (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for pension was $371,281 for fiscal year ending June 30, 2018.

The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.021364%	0.008716%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.020665%	0.008552%	
Change in Proportionate Share	-0.000699%	-0.000164%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 3,241,938	$ (11,642)	$ 3,230,296
Pension Expense	$ 306,486	$ (594)	$ 305,892

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

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

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 3,310	$ 0	$ 3,310
Changes of assumptions	387,431	1,017	388,448
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0	339	339
Authority contributions subsequent to the measurement date	187,511	2,395	189,906
Total Deferred Outflows of Resources	$ 578,252	$ 3,751	$ 582,003
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 696,000	$ 1,838	$ 697,838
Differences between expected and actual experience	63,888	3,469	67,357
Changes in proportion and differences between Authority contributions and proportionate share of contributions	212,735	773	213,508
Total Deferred Inflows of Resources	$ 972,623	$ 6,080	$ 978,703

$189,906 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending June 30:			
2019	$ 123,732	$ (660)	$ 123,072
2020	(113,134)	(713)	(113,847)
2021	(306,482)	(1,125)	(307,607)
2022	(285,998)	(1,080)	(287,078)
2023	0	(435)	(435)
Thereafter	0	(711)	(711)
Total	$ (581,882)	$ (4,724)	$ (586,606)

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

Actuarial Assumptions - OPERS

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

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Traditional Pension Plan	$ 5,756,856	$ 3,241,938	$ 1,145,254
Combined Plan	$ (6,328)	$ (11,642)	$ (15,308)

NOTE 8: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of the Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 1.0 percent for 2017, and decreased to 0.0 percent for 2018. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts was 4.0 percent for 2017. The Authority's contractually required contribution was $18,329 for fiscal year ending June 30, 2018.

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

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

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.020870%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.020290%
Change in Proportionate Share	-0.000580%
Proportionate Share of the Net OPEB Liability	$ 2,203,345
OPEB Expense	$ 168,969

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

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

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

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$ 1,716
Changes of assumptions	160,427
Total Deferred Outflows of Resources	$ 162,143
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 164,134
Changes in proportion and differences between Authority contributions and proportionate share of contributions	39,634
Total Deferred Inflows of Resources	$ 203,768

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

	OPERS
Year Ending June 30:	
2019	$ 17,539
2020	17,539
2021	(35,671)
2022	(41,032)
Total	$ (41,625)

Actuarial Assumptions - OPERS

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

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

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

	1% Decrease (2.85%)	Single Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	$ 2,927,238	$ 2,203,345	$ 1,617,722

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.

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

Actuarial Assumptions – OPERS (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary's project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 2,108,131	$ 2,203,345	$ 2,301,698

NOTE 9: **NON-CURRENT LIABILITIES**

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

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due With In One Year
Bank of the Ozarks	$ 3,680,068	$ 0	$ (487,464)	$ 3,192,604	$ 455,834
Non-current liabilities other	162,919	89,700	(130,325)	122,294	0
Compensated Absences	431,083	380,802	(380,341)	431,544	221,824
Pension Liability	4,851,402	0	(1,609,464)	3,241,938	0
OPEB Liability	2,076,001	127,344	0	2,203,345	0
Total	$ 11,201,473	$ 597,846	$ (2,607,594)	$ 9,191,725	$ 677,658

Long-term debt for the Low Rent Public Housing program consists of a $4,740,000 bond issue through the Bank of the Ozarks. The bonds bear interest at varying amounts from 3%-4% with the final maturity date of 11/30/2024. The Bond proceeds are being used to finance a Phase II Energy Performance contract. There was $250,636 of bond proceeds that were unexpended. The Authority had $5,627 of funds held in a debt service reserve fund pending the next bond maturity date. The bonds mature as follows:

Year Ended June 30	Principal	Interest	Total
2019	$ 455,834	$ 101,867	$ 557,701
2020	466,667	88,118	554,785
2021	485,833	74,580	560,413
2022	496,667	59,276	555,943
2023	516,667	43,427	560,094
Thereafter	770,936	29,291	800,227
Total	$ 3,192,604	$ 396,559	$ 3,589,163

NOTE 10: **COMPENSATED ABSENCES**

Full time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation days exceeding those earned in the current year may not be carried over into the next calendar year. Generally, upon termination after one year of service, employees are entitled to be paid all accrued vacation. The following schedule details earned annual leave based on length of service for employees hired prior to September 1, 2013:

The following schedule details earned annual leave based on length of service:

Management		Maintenance and Administration	
1-5 years	2 weeks	1-5 years	2 weeks
6-10 years	3 weeks	6-10 years	3 weeks
11-15 years	4 weeks	11-15 years	4 weeks
16-20 years	5 weeks	16-20 years	5 weeks
21 years and over	6 weeks	21 years and over	6 weeks

Employees hired after September 1, 2013 earn annual leave as follows:

Management		Maintenance and Administration	
1-7 years	2 weeks	1-7 years	2 weeks
8-14 years	3 weeks	8-14 years	3 weeks
15-24 years	4 weeks	15-24 years	4 weeks
25 years and over	5 weeks	25 years and over	5 weeks

Sick leave accrued to full time, permanent employees to specified maximums. Sick leave may be cumulative without limit. However, management employees with 7 years or more of service, upon termination of employment, may receive 100 percent of their accumulated sick leave, up to a maximum of 75 days. Maintenance and administrative employees with 7 or more years of service, upon termination of employment, may receive 50 percent of their accumulated sick leave, up to a maximum of 75 days.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service requirement is accrued to the extent that it is considered to be probably that the conditions for compensation will be met in the future.

NOTE 10: **COMPENSATED ABSENCES** (Continued)

The estimated liability for compensated absences at June 30, 2018, based on the vesting method is detailed as follows:

	Current Accrued Compensated Absences	Long-Term Accrued Compensated Absences	Total Accrued Compensated Absences
Public Housing	$ 97,785	$ 80,566	$ 178,351
Central Office	87,768	94,663	182,431
Section 8 - Rental Vouhers	36,271	34,491	70,762
	$ 221,824	$ 209,720	$ 431,544

NOTE 11: **INTERPROGRAM RECEIVABLES AND PAYABLES**

The following balances at June 30, 2018 represent individual fund interprogram receivables and payables:

Program	Interfund Receivables	Interfund Payables
Total AMP's	$ 902	$ 0
PIH FSS	0	20,234
Local Grants	0	1,311
SRO Program	0	2,669
Housing Counseling	0	431
Central Office	24,645	13,036
Section 8 Voucher	12,134	0
Total	$ 37,681	$ 37,681

NOTE 12: **CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority. The Authority has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenses disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 13: CONSTRUCTION COMMITMENTS

The Authority had the following material capital or construction commitment at June 30, 2018:

	Contract Amount	Balance Outstanding June 30, 2018
PL Straits Renovation	$ 1,739,000	$ 1,032,671
Amedia Elevator	652,800	652,800
Vasu Water Lines	212,000	212,000
Total	$ 2,603,800	$ 1,897,471

NOTE 14: NET INVEST IN CAPITAL ASSETS

Capital Assets	$ 35,218,922
Less Outstanding Debt	(3,192,604)
Add Back Unspent Debt Proceeds	256,263
Total	$ 32,282,581

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

Traditional Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.020665%	0.021364%	0.042320%	0.025756%	0.025756%
Authority's Proportionate Share of the Net Pension Liability	$ 3,241,938	$ 4,851,402	$ 4,212,528	$ 3,106,462	$ 3,036,297
Authority's Covered-Employee Payroll	$ 2,730,178	$ 2,761,781	$ 3,026,920	$ 3,157,661	$ 3,265,433
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	118.74%	175.66%	139.17%	98.38%	92.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.008552%	0.008716%	0.009310%	0.005605%	0.005605%
Authority's Proportionate Share of the Net Pension (Asset)	$ (11,642)	$ (6,301)	$ (4,532)	$ (2,157)	$ (588)
Authority's Covered-Employee Payroll	$ 35,025	$ 33,928	$ 33,875	$ 20,488	$ 2,270
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	33.24%	18.57%	13.38%	10.53%	25.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%	116.55%	116.90%	114.83%	104.33%

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

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

See accompanying notes to the required supplementary information

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

	2018	2017	2016	2015	2014	2013
Contractually Required Contributions						
Traditional Plan	$ 366,598	$ 352,647	$ 339,796	$ 373,917	$ 378,107	$ 439,397
Combined Plan	4,683	4,332	3,972	3,968	545	0
Total Required Contributions	371,281	356,979	343,768	377,885	378,652	439,397
Contributions in Relation to the Contractually Required Contribution	(371,281)	(356,979)	(343,768)	(377,885)	(378,652)	(439,397)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered-Employee Payroll						
Traditional Plan	$ 2,716,960	$ 2,824,469	$ 2,831,633	$ 3,115,975	$ 3,150,892	$ 3,379,977
Combined Plan	$ 34,704	$ 34,699	$ 33,100	$ 33,067	$ 4,542	$ 0
Pension Contributions as a Percentage of Covered-Employee Payroll						
Traditional Plan	13.49%	12.49%	12.00%	12.00%	12.00%	13.00%
Combined Plan	13.49%	12.48%	12.00%	12.00%	12.00%	13.00%

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

See accompanying notes to the required supplementary information

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

	2018	2017
Authority's Proportion of the Net OPEB Liability	0.020290%	0.020870%
Authority's Proportionate Share of the Net OPEB Liability	$ 2,203,345	$ 2,107,941
Authority's Covered Payroll	$ 2,873,521	$ 2,883,827
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.68%	73.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

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

	2018	2017	2016	2015
Contractually Required Contribution	$ 18,329	$ 46,992	$ 59,073	$ 63,852
Contributions in Relation to the Contractually Required Contributions Contractually Required Contribution	(18,329)	(46,992)	(59,073)	(63,852)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 2,858,145	$ 2,934,266	$ 2,975,319 0	$ 3,241,014
Contributions as a Percentage of Covered Payroll	0.64%	1.60%	1.99%	1.97%

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

See accompanying notes to the required supplementary information.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2018.

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

Net OPEB Liability

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

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

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

Youngstown Metropolitan Housing Authority (OH002)	Project Total	14.896 PIH Family Self-Sufficiency Program	14.169 Housing Counseling Assistance Program	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	638,485	-	-	233,108	888,035	22,108	229,358	2,011,094	-	2,011,094
112 Cash - Restricted - Modernization and Development	250,636	-	-	-	-	-	-	250,636	-	250,636
113 Cash - Other Restricted	14,894	-	-	151,064	-	-	-	165,958	-	165,958
114 Cash - Tenant Security Deposits	174,572	-	-	-	8,195	-	-	182,767	-	182,767
115 Cash - Restricted for Payment of Current Liabilities	5,627	-	-	-	-	-	-	5,627	-	5,627
100 Total Cash	1,084,214	-	-	384,172	896,230	22,108	229,358	2,616,082	-	2,616,082
122 Accounts Receivable - HUD Other Projects	50,737	33,648	431	-	-	-	-	84,816	-	84,816
124 Accounts Receivable - Other Government	-	-	-	-	-	1,311	-	1,311	-	1,311
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	-	98,460	98,460	-	98,460
126 Accounts Receivable - Tenants	79,204	-	-	-	-	-	-	79,204	-	79,204
126.1 Allowance for Doubtful Accounts -Tenants	-15,907	-	-	-	-	-	-	-15,907	-	-15,907
120 Total Receivables, Net of Allowances for Doubtful Accounts	114,034	33,648	431	-	-	1,311	98,460	247,884	-	247,884
131 Investments - Unrestricted	1,723,987	-	-	-	-	-	261,789	1,985,776	-	1,985,776
142 Prepaid Expenses and Other Assets	47,050	-	-	911	539	-	5,139	53,639	-	53,639
143 Inventories	37,125	-	-	-	2,000	-	-	39,125	-	39,125
144 Inter Program Due From	902	-	-	12,134	-	-	24,645	37,681	-37,681	-
150 Total Current Assets	3,007,312	33,648	431	397,217	898,769	23,419	619,391	4,980,187	-37,681	4,942,506
161 Land	3,226,199	-	-	-	88,000	-	22,500	3,336,699	-	3,336,699
162 Buildings	109,448,834	-	-	-	2,414,824	-	370,576	112,234,234	-	112,234,234
163 Furniture, Equipment & Machinery - Dwellings	1,018,845	-	-	-	-	-	-	1,018,845	-	1,018,845
164 Furniture, Equipment & Machinery - Administration	50,570	-	-	181,119	27,740	-	393,482	652,911	-	652,911
166 Accumulated Depreciation	-83,888,002	-	-	-72,594	-1,583,777	-	-386,969	-85,931,342	-	-85,931,342
167 Construction in Progress	3,895,152	-	-	-	-	12,423	-	3,907,575	-	3,907,575
160 Total Capital Assets, Net of Accumulated Depreciation	33,751,598	-	-	108,525	946,787	12,423	399,589	35,218,922	-	35,218,922
171 Notes, Loans and Mortgages Receivable - Non-Current	105,206	-	-	-	-	-	5,622,838	5,728,044	-	5,728,044
174 Other Assets	6,160	-	-	1,515	196	-	5,221	13,092	-	13,092
180 Total Non-Current Assets	33,862,964	-	-	110,040	946,983	12,423	6,027,648	40,960,058	-	40,960,058
200 Deferred Outflow of Resources	393,633	-	-	96,861	12,524	-	241,128	744,146	-	744,146
290 Total Assets and Deferred Outflow of Resources	37,263,909	33,648	431	604,118	1,858,276	35,842	6,888,167	46,684,391	-37,681	46,646,710
312 Accounts Payable <= 90 Days	178,548	-	-	1,430	4,041	138	22,494	206,651	-	206,651
321 Accrued Wage/Payroll Taxes Payable	134,039	13,414	-	36,989	4,813	-	93,017	282,272	-	282,272
322 Accrued Compensated Absences - Current Portion	97,785	-	-	30,679	5,592	-	87,768	221,824	-	221,824
341 Tenant Security Deposits	174,572	-	-	-	8,195	-	-	182,767	-	182,767
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	455,834	-	-	-	-	-	-	455,834	-	455,834
347 Inter Program - Due To	-	20,234	431	-	2,669	1,311	13,036	37,681	-37,681	-
310 Total Current Liabilities	1,040,778	33,648	431	69,098	25,310	1,449	216,315	1,387,029	-37,681	1,349,348
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	2,736,770	-	-	-	-	-	-	2,736,770	-	2,736,770

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

Youngstown Metropolitan Housing Authority (OH002)	Project Total	14.896 PIH Family Self-Sufficiency Program	14.169 Housing Counseling Assistance Program	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	COCC	Subtotal	ELIM	Total
353 Non-current Liabilities - Other	14,894	-	-	107,400	-	-	-	122,294	-	122,294
354 Accrued Compensated Absences - Non Current	80,566	-	-	32,126	2,365	-	94,663	209,720	-	209,720
357 Accrued Pension and OPEB Liabilities	2,880,769	-	-	708,760	91,658	-	1,764,096	5,445,283	-	5,445,283
350 Total Non-Current Liabilities	5,712,999	-	-	848,286	94,023	-	1,858,759	8,514,067	-	8,514,067
300 Total Liabilities	6,753,777	33,648	431	917,384	119,333	1,449	2,075,074	9,901,096	-37,681	9,863,415
400 Deferred Inflow of Resources	612,603	-	-	158,097	21,323	-	390,448	1,182,471	-	1,182,471
508.4 Net Investment in Capital Assets	30,815,257	-	-	108,525	946,787	12,423	399,589	32,282,581	-	32,282,581
511.4 Restricted Net Position	-	-	-	43,664	-	-	-	43,664	-	43,664
512.4 Unrestricted Net Position	-917,728	-	-	-623,552	770,833	21,970	4,023,056	3,274,579	-	3,274,579
513 Total Equity - Net Assets / Position	29,897,529	-	-	-471,363	1,717,620	34,393	4,422,645	35,600,824	-	35,600,824
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	37,263,909	33,648	431	604,118	1,858,276	35,842	6,888,167	46,684,391	-37,681	46,646,710

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

Youngstown Metropolitan Housing Authority (OH002)	Project Total	14.896 PIH Family Self-Sufficiency Program	14.169 Housing Counseling Assistance Program	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	2,414,381	-	-	-	139,517	-	7,505	2,561,403	-	2,561,403
70400 Tenant Revenue - Other	216,748	-	-	-	-	-	-	216,748	-	216,748
70500 Total Tenant Revenue	2,631,129	-	-	-	139,517	-	7,505	2,778,151	-	2,778,151
70600 HUD PHA Operating Grants	6,310,795	225,205	431	10,828,338	146,889	-	-	17,511,658	-	17,511,658
70610 Capital Grants	749,928	-	-	-	-	-	-	749,928	-	749,928
70710 Management Fee	-	-	-	-	-	-	1,011,716	1,011,716	-1,011,716	-
70720 Asset Management Fee	-	-	-	-	-	-	135,480	135,480	-135,480	-
70730 Book Keeping Fee	-	-	-	-	-	-	152,308	152,308	-152,308	-
70740 Front Line Service Fee	-	-	-	-	-	-	207,733	207,733	-207,733	-
70700 Total Fee Revenue	-	-	-	-	-	-	1,507,237	1,507,237	-1,507,237	-
70800 Other Government Grants	-	-	-	-	-	1,023	-	1,023	-	1,023
71100 Investment Income - Unrestricted	4,222	-	-	-	4,495	-	39,680	48,397	-	48,397
71400 Fraud Recovery	-	-	-	63,632	-	-	-	63,632	-	63,632
71500 Other Revenue	77,415	-	-	64,638	2,086	28,900	68,341	241,380	-1,317	240,063
71600 Gain or Loss on Sale of Capital Assets	8,049	-	-	-	-	-	-	8,049	-	8,049
70000 Total Revenue	9,781,538	225,205	431	10,956,608	292,987	29,923	1,622,763	22,909,455	-1,508,554	21,400,901
91100 Administrative Salaries	669,105	145,163	-	362,365	11,985	2,000	624,956	1,815,574	-	1,815,574
91200 Auditing Fees	18,969	-	-	5,567	769	-	1,005	26,310	-	26,310
91300 Management Fee	723,786	-	-	281,594	6,336	-	-	1,011,716	-1,011,716	-
91310 Book-keeping Fee	101,429	-	-	46,919	3,960	-	-	152,308	-152,308	-
91400 Advertising and Marketing	3,963	-	-	1,289	-	150	3,912	9,314	-	9,314
91500 Employee Benefit contributions - Administrative	480,362	80,042	-	333,157	8,911	-	494,062	1,396,534	-	1,396,534
91600 Office Expenses	13,177	-	-	4,935	22	950	10,098	29,182	-	29,182
91700 Legal Expense	42,763	-	-	3,915	-	-	32,927	79,605	-	79,605
91800 Travel	11,522	-	-	1,245	146	-	51,163	64,076	-	64,076
91900 Other	137,543	-	431	57,566	7,639	14,535	212,917	430,631	-	430,631
91000 Total Operating - Administrative	2,202,619	225,205	431	1,098,552	39,768	17,635	1,431,040	5,015,250	-1,164,024	3,851,226
92000 Asset Management Fee	135,480	-	-	-	-	-	-	135,480	-135,480	-
92400 Tenant Services - Other	11,966	-	-	-	26	125	306	12,423	-	12,423
92500 Total Tenant Services	11,966	-	-	-	26	125	306	12,423	-	12,423
93100 Water	317,375	-	-	634	8,051	-	2,761	328,821	-	328,821
93200 Electricity	827,492	-	-	3,964	31,963	-	20,077	883,496	-	883,496
93300 Gas	514,783	-	-	1,076	1,365	-	6,444	523,668	-	523,668
93600 Sewer	633,503	-	-	1,106	9,760	-	5,457	649,826	-	649,826
93000 Total Utilities	2,293,153	-	-	6,780	51,139	-	34,739	2,385,811	-	2,385,811
94100 Ordinary Maintenance and Operations - Labor	977,780	-	-	-	34,144	-	137,501	1,149,425	-	1,149,425
94200 Ordinary Maintenance and Operations - Materials and Other	346,416	-	-	5,051	7,992	163	26,601	386,223	-	386,223
94300 Ordinary Maintenance and Operations Contracts	753,102	-	-	32,422	36,212	1,157	18,692	841,585	-207,733	633,852
94500 Employee Benefit Contributions - Ordinary Maintenance	842,246	-	-	-	24,345	-	106,561	973,152	-	973,152
94000 Total Maintenance	2,919,544	-	-	37,473	102,693	1,320	289,355	3,350,385	-207,733	3,142,652

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

Youngstown Metropolitan Housing Authority (OH002)	Project Total	14.896 PIH Family Self-Sufficiency Program	14.169 Housing Counseling Assistance Program	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	2 State/Local	COCC	Subtotal	ELIM	Total
95200 Protective Services - Other Contract Costs	283,233	-	-	-	1,193	-	180	284,606	-	284,606
95000 Total Protective Services	283,233	-	-	-	1,193	-	180	284,606	-	284,606
96110 Property Insurance	176,560	-	-	-	2,175	-	-	178,735	-	178,735
96120 Liability Insurance	-	-	-	4,618	-	-	16,508	21,126	-	21,126
96130 Workmen's Compensation	26,780	-	-	6,563	927	-	8,557	42,827	-	42,827
96100 Total insurance Premiums	203,340	-	-	11,181	3,102	-	25,065	242,688	-	242,688
96200 Other General Expenses	418,021	-	-	-	-	-	806	418,827	-1,317	417,510
96210 Compensated Absences	17,690	-	-	-	-	-	12,765	30,455	-	30,455
96300 Payments in Lieu of Taxes	38,096	-	-	-	13	-	-	38,109	-	38,109
96400 Bad debt - Tenant Rents	163,713	-	-	-	-	-	-	163,713	-	163,713
96800 Severance Expense	12,060	-	-	1,632	-	-	-	13,692	-	13,692
96000 Total Other General Expenses	649,580	-	-	1,632	13	-	13,571	664,796	-1,317	663,479
96710 Interest of Mortgage (or Bonds) Payable	115,179	-	-	-	-	-	-	115,179	-	115,179
96700 Total Interest Expense and Amortization Cost	115,179	-	-	-	-	-	-	115,179	-	115,179
96900 Total Operating Expenses	8,814,094	225,205	431	1,155,618	197,934	19,080	1,794,256	12,206,618	-1,508,554	10,698,064
97000 Excess of Operating Revenue over Operating Expenses	967,444	-	-	9,800,990	95,053	10,843	-171,493	10,702,837	-	10,702,837
97200 Casualty Losses - Non-capitalized	14,967	-	-	-	-	-	-	14,967	-	14,967
97300 Housing Assistance Payments	-	-	-	9,838,635	-	-	-	9,838,635	-	9,838,635
97400 Depreciation Expense	3,490,480	-	-	10,492	40,702	-	16,481	3,558,155	-	3,558,155
90000 Total Expenses	12,319,541	225,205	431	11,004,745	238,636	19,080	1,810,737	25,618,375	-1,508,554	24,109,821
10010 Operating Transfer In	411,989	-	-	79,485	-	-	-	491,474	-491,474	-
10020 Operating transfer Out	-411,989	-	-	-	-	-	-79,485	-491,474	491,474	-
10091 Inter Project Excess Cash Transfer In	300,000	-	-	-	-	-	-	300,000	-300,000	-
10092 Inter Project Excess Cash Transfer Out	-300,000	-	-	-	-	-	-	-300,000	300,000	-
10100 Total Other financing Sources (Uses)	-	-	-	79,485	-	-	-79,485	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-2,538,003	-	-	31,348	54,351	10,843	-267,459	-2,708,920	-	-2,708,920
11020 Required Annual Debt Principal Payments	487,463	-	-	-	-	-	-	487,463	-	487,463
11030 Beginning Equity	33,533,819	-	-	-232,498	1,698,213	23,550	5,362,661	40,385,745	-	40,385,745
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-1,098,287	-	-	-270,213	-34,944	-	-672,557	-2,076,001	-	-2,076,001
11170 Administrative Fee Equity	-	-	-	-515,026	-	-	-	-515,026	-	-515,026
11180 Housing Assistance Payments Equity	-	-	-	43,664	-	-	-	43,664	-	43,664
11190 Unit Months Available	14,821	-	-	27,360	528	-	-	42,709	-	42,709
11210 Number of Unit Months Leased	14,770	-	-	23,868	528	-	-	39,166	-	39,166

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

FEDERAL GRANTOR/ *Pass Through Grantor'* Program/Title	**Federal CFDA Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Public and Indian Housing	14.850	$ 5,691,224
Public Housing Capital Fund	14.872	1,369,499
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	10,828,338
Total Housing Voucher Cluster		10,828,338
Section 8 Project-Based Cluster		
Section 8 New Construction and Substantial Rehabilitation	14.182	146,889
Total Section 8 Project Based Cluster		146,889
Family Self-Sufficiency Program	14.896	225,205
Housing Counseling Assistance program	14.169	431
Total U.S. Department of Housing and Urban Development		18,261,586
Total Expenditures of Federal Awards		$ 18,261,586

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: **PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Youngstown Metropolitan Housing Authority under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Youngstown Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Youngstown Metropolitan Housing Authority.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

NOTE 3: **INDIRECT COST RATE**

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

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

To the Members of the Board
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Youngstown Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 26, 2018, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

December 26, 2018

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

To the Members of the Board
Youngstown Metropolitan Housing Authority
Youngstown, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Youngstown Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Youngstown Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

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

December 26, 2018

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
MAHONING COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

2018(i)	Type of Financial Statement Opinion	Unmodified
2018(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2018(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2018(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2018(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2018(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2018(v)	Type of Major Programs' Compliance Opinion	Unmodified
2018(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2018(vii)	Major Programs (list): Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871	
2018(viii)	Dollar Threshold: Type A\B Programs	Type A: $750,000 Type B: All Others
2018(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY
MAHONING COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The prior audit report, as of June 30, 2017, included no citations or instances of noncompliance.

OHIO AUDITOR OF STATE
KEITH FABER

YOUNGSTOWN METROPOLITAN HOUSING AUTHORITY

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 5, 2019