COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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OHIO AUDITOR OF STATE
KEITH FABER

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

Board of Directors
Columbiana Metropolitan Housing Authority
325 Moore St.
East Liverpool, OH 43920

We have reviewed the *Indpendent Auditor's Report* of the Columbiana Metropolitan Housing Authority, Columbiana County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2019 through June 30, 2020. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery #1

Ohio Rev. Code § 117.28 requires the Auditor of State to issue a Finding for Recovery when an audit report sets forth that any public money collected has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public property has been converted or misappropriated.

Ohio Rev. Code § 145.47 (A) states each public employee who is a contributor to the public employees retirement system shall contribute eight per cent of the contributor's earnable salary to the employees' savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten per cent of the employee's earnable salary.

Ohio Rev. Code § 145.47 (B) indicates the fiscal officer of each local authority subject to this chapter, shall transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period.

Ohio Rev. Code § 145.47 (C) indicates the penalty described in this division shall be added to and collected on the next succeeding regular employer billing. Interest at a rate set by the retirement board shall be charged on the amount of the penalty in case such penalty is not paid within thirty days after it is added to the regular employer billing.

Ohio Rev. Code § 145.48 (A) Each employer shall pay to the public employees retirement system an amount that shall be a certain per cent of the earnable salary of all contributors to be known as the "employer contribution," except that the public employees retirement board may raise the employer contribution to a rate not to exceed fourteen per cent of the earnable salaries of all contributors.

For fiscal year 2020, the employee contribution amount is ten percent (10%) and the employer contribution amount is fourteen percent (14%). The Columbiana Metropolitan Housing Authority (CMHA) failed to remit the employee contribution amount and the employer contribution amount timely. Melissa C. Beadle, CMHA Deputy Director, is responsible for the late payments of $2,154 for penalty and interest.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against (rounded down to the nearest whole dollar) Melissa C. Beadle, CMHA Deputy Director in the amount of $2,154 and in favor of the CMHA in the amount of $2,154.

The Finding for Recovery has been paid in full on May 24, 2021 via check number 115 by the CMHA not for profit Tewnty Six 3 Properties Inc.

Finding for Recovery #2

Ohio Rev. Code § 117.28 requires the Auditor of State to issue a Finding for Recovery when an audit report sets forth that any public money collected has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public property has been converted or misappropriated.

Columbiana Metropolitan Housing Authority (CMHA) Personnel Policy Manual Sick Leave Conversion Section 5.02 A provides, "Payment of accrued but unused sick leave will be made to each employee upon disability or service retirement under OPERS from active service with the Housing Authority. Such payment shall be made only once to any employee. The amount of such payment for all employees hired on or after July 5, 1987, shall be equal to 25% of the value of the employee's accrued but unused sick leave up to a maximum payment for 15 days…."

CMHA Personnel Policy Manual Vacation Usage Section 5.03 C provides, "…Under no circumstances may any employee ever have a vacation balance that exceed 240 hours or 30 eight (8) hour days…" Further, CMHA Personnel Policy Manual Payment at Separation Section 5.03 D provides, "Employees shall be paid for all earned but unused vacation credited to the employee as of the date of separation. The employee shall be paid for such vacation at the employee's rate of pay in effect on the date of separation."

Payroll records indicate two employees, who separated service from CMHA, were overpaid as follows:

Name	Leave Type	Hours Paid	Maximum Hours Allowed	Hours Overpaid	Hourly Pay Rate	Overpayment Amount
Bernie Bennett	Sick Leave	137.31	120	17.31	$39.20	$678.55
Brenda Simmons	Vacation leave	286.47	240	46.47	24.38	1,132.93
Total						$1,811.48

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against (rounded down to the nearest whole dollar) Bernie Bennett and Brenda Simmons in the amounts of $678 and $1,132 respectively, and in favor of the CMHA in the combined amount of $1,810.

Melissa C. Beadle, CMHA Deputy Director, authorized the overpayments of $1,810.

The Findings for Recovery have been paid in full on April 28, 2021 via a credit to the CMHA business bank account by the payroll service provider.

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

August 25, 2021

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COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

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

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Columbiana Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Columbiana Metropolitan Housing Authority as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Statement of Modernization Cost - Completed and 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 not a required part of the basic financial statements.

The Statement of Modernization Cost - Completed, 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 Statement of Modernization Cost - Completed, the Financial Data Schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

March 26, 2021

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

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

FINANCIAL HIGHLIGHTS

- The Authority's total revenues increased about 27.66 percent over 2019, by about $1,676,000, making revenues $7,735,831 compared to that of $6,059,839 in 2019.

- The Authority's net position increased by $537,293. Since the Authority engages in only business-type activities, the increase is all in the category of business-type net position.

- The total expenses of all Authority-wide programs increased by $662,142. Total expenses were $7,198,538 in 2020 compared to $6,536,396 in 2019.

- In March 2020, the United States and the State of Ohio declared an emergency due to the COVID-19 pandemic. HUD awarded the Authority's Public Housing Program and Housing Choice Voucher Program CARES funding to help the Authority address the Authority's needs related to preparing for, preventing, and responding to the coronavirus.

USING THIS ANNUAL REPORT

The following outlines the format of this report:

MD&A
- Management Discussion and Analysis -

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

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

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

Authority-Wide Financial Statements

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

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

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

> Net Investment in Capital Assets: This component of Net Position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
>
> Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position". This account resembles the old operating reserves account.

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

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

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

Financial Statements

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

THE AUTHORITY'S PROGRAMS

Business-Type Programs

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

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

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

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

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

AUTHORITY-WIDE STATEMENTS

Statement of Net Position

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

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

	2020	2019
Assets and Deferred Outflows		
Current and Other Assets	$ 2,624,691	$ 1,415,536
Capital Assets	9,046,915	9,413,530
Deferred Outflows of Resources	596,394	511,532
Total Assets and Deferred Outflows of Resources	$ 12,268,000	$ 11,340,598
Liabilities and Deferred Inflows		
Current Liabilities	$ 487,878	$ 347,846
Non-Current Liabilities	3,242,757	3,388,151
Deferred Inflows Of Resources	506,935	111,464
Total Liabilities and Deferred Inflows of Resources	4,237,570	3,847,461
Net Position		
Net Investment in Capital Assets	8,166,401	8,363,785
Restricted	16,520	29,795
Unrestricted	(152,491)	(900,443)
Total Net Position	8,030,430	7,493,137
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 12,268,000	$ 11,340,598

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

Major Factors Affecting the Statement of Net Position

Favorable results from operations led to current and other assets growing by almost $1,209,155 (or 85.42 percent) over last year, while current liabilities increased by $140,032 (or 40.26 percent). Depreciation on capital assets was more than capital investment in the period, resulting in capital assets to drop by $366,615, about 4 percent. The change to net investment in capital assets was not as great as the reduction in capital assets because of routine capital debt retirement in the period. Following a trend of recent years since the implementation of these relatively new accounting standards, the other balances reflecting significant changes were to balances impacted by financial reporting pursuant to GASB 68 and GASB 75, deferred outflow of resources, deferred inflow of resources, and non-current liabilities. The changes in deferred outflow of resources and deferred inflow of resources are fully due to reporting pursuant to those standards. The increase in pension and other post-employment liabilities reported as non-current liabilities pursuant to those standards was offset by routine debt retirement of about $170,000 in the period.

GASB 68 is the accounting standard implemented in recent years that requires the Authority to report what is estimated to be its share of the unfunded pension liability of the Ohio Public Employees Retirement System (OPERS). GASB 75, like GASB 68, requires the Authority to report what is estimated to be its share of the unfunded other post-employment benefits (OPEB), or health care liability of OPERS. State law requires employees of the Authority to participate in the retirement system and requires the Authority to make retirement contributions on behalf of its employees to OPERS. It is important to note, unlike other liabilities of the Authority, the net pension liability of $1,419,000 (decreased from $1,612,000 last year) and the OPEB liability of almost $1,040,000 (up from $799,000 last year) do not represent invoices to be paid by the Authority. The concept behind the standards is to highlight the extent to which participants and their employers would have to increase contributions to the retirement system in order for OPERS to fully fund its future retirement and health care obligations. State law determines contribution rates for employers and participants. Changes to state law would be required for contribution rates to OPERS to be changed.

Statement of Revenues, Expenses, and Changes in Net Position

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

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

	2020	2019
Revenues		
Total Tenant Revenues	$ 1,094,690	$ 1,005,766
Operating Subsidies	6,131,157	4,930,918
Capital Grants	417,442	86,228
Investment Income	4,164	1,205
Other Revenues	88,378	35,722
Total Revenues	7,735,831	6,059,839
Expenses		
Administrative	1,489,296	1,137,812
Tenant Services	130,971	163,749
Utilities	857,213	821,035
Maintenance	1,388,655	1,236,779
Protective Services	48,261	43,988
Insurance and General Expenses	332,125	235,757
Housing Assistance Payments	2,198,025	2,150,852
Depreciation	753,992	746,424
Total Expenses	7,198,538	6,536,396
Change in Net Position	537,293	(476,557)
Beginning Net Position	7,493,137	7,969,694
Ending Net Position	$ 8,030,430	$ 7,493,137

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

Overall revenues and expenses increased 28 percent, income by about 28 percent and expenses by about 10 percent. There are two notable changes to revenues reported on the Statement. Operating Subsidies and Capital Grants revenues both increased dramatically. The Operating Subsidies increased due to HUD providing additional funding through the CARES Act to respond to the COVID-19 pandemic. The increase in Capital Fund revenues was due to the Authority using the grants efficiently and drawing down operating and administrative funds that were available. Administrative and Maintenance expenses also increased to prepare and prevent the spread of COVID-19. The Authority ensured staff and tenants had supplies. Other changes to balances from the prior year were primarily due to normal year to year fluctuations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year end, the Authority had $9,046,915 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions, and depreciation) of $366,615 from the end of last fiscal year.

Table 3 - Condensed Statement of Changes in Capital Assets

	2020	2019
Land	$ 1,048,589	$ 1,074,029
Buildings and Leasehold Improvements	31,730,065	31,425,530
Equipment	1,122,578	1,074,437
Construction in Progress	11,895	0
Accumulated Depreciation	(24,866,212)	(24,160,466)
Total	$ 9,046,915	$ 9,413,530

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

Table 4 - Changes in Capital Assets

Beginning Balance - June 30, 2019	$ 9,413,530
Current year Additions	482,209
Current Year Dispositions	(94,832)
Current year Depreciation Expense	(753,992)
Ending Balance - June 30, 2020	$ 9,046,915

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

Debt Outstanding

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

Table 5 - Condensed Statement of Changes in Debt Outstanding

	2020
Beginning Balance	$ 1,049,745
Current Year Principal Payments	(169,231)
Ending Balance	$ 880,514

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- The Department of Housing and Urban Development (HUD) has historically been underfunded to meet the subsidy needs of Public Housing Authorities (PHAs). We do not expect this trend to change local labor supply and demand, which can affect salary and wage rates.
- Even if HUD were fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. Further, increased funding for the Department of Defense and Department of Homeland Security may result in reduced appropriations for all other domestic program spending.
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Rising costs of utility rates, supplies, and other costs may impact our budgets in future years.

IN CONCLUSION

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

FINANCIAL CONTACT

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

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 2,193,661
Restricted Cash and Cash Equivalents	87,143
Receivables, Net	205,252
Prepaid Expenses and Other Assets	55,666
Inventory	43,335
Total Current Assets	2,585,057
Non-Current Assets	
Non-Depreciable Capital Assets	1,060,484
Depreciable Capital Assets, Net	7,986,431
Net Pension Asset	39,634
Total Non-Current Assets	9,086,549
DEFERRED OUTFLOWS OF RESOURCES	
Pension	324,984
OPEB	271,410
Total Deferred Outflows of Resources	596,394
TOTAL ASSETS AND DEFRRED OUTFLOWS OF RESOURCES	$ 12,268,000
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 91,413
Accrued Liabilities	105,235
Tenant Security Deposits	58,776
Intergovernmental Payable	34,704
Current Portion - Mortgages Payable	197,750
Total Current Liabilities	487,878
Non-Current Liabilities	
Mortgages Payable, Net of Current Portion	682,764
Accrued Compensated Absences, Net of Current Portion	100,728
Net Pension Liability	1,419,176
Net OPEB Liability	1,040,089
Total Non-Current Liabilities	3,242,757
TOTAL LIABILITIES	3,730,635
DEFERRED INFLOWS OF RESOURCES	
Pension	342,224
OPEB	164,711
Total Deferred Inflows of Resources	506,935
NET POSITION	
Net Investment in Capital Assets	8,166,401
Restricted	16,520
Unrestricted Net Position	(152,491)
TOTAL NET POSITION	8,030,430
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 12,268,000

See accompanying notes to the basic financial statements.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenue	
Tenant Rental Revenue	$ 1,094,690
Government Operating Grants	6,131,157
Other Revenue	85,809
Total Operating Revenue	7,311,656
Operating Expenses	
Administrative	1,489,296
Tenant Services	130,971
Utilities	857,213
Maintenance	1,388,655
Protective Services	48,261
Insurance and General Expense	303,196
Housing Assistance Payments	2,198,025
Depreciation Expense	753,992
Total Operating Expenses	7,169,609
Operating Income	142,047
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	4,164
Interest Expense	(28,929)
Gain on Disposition	2,569
Total Non-Operating Revenues (Expenses)	(22,196)
Gain Before Capital Contributions and Grants	119,851
Capital Grants	417,442
Change In Net Position	537,293
Total Net Position - Beginning of Year	7,493,137
Total Net Position - End of Year	$ 8,030,430

See accompanying notes to the basic financial statements.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities	
Cash Received- HUD Operating Subsidies and Grants	$ 6,098,060
Cash Received from Tenants and Other Sources	1,108,297
Cash Payments for Housing Assistance Payments	(2,198,025)
Cash Payments for Administrative Costs	(1,491,111)
Cash Payments for Other Operating Expenses	(2,306,417)
Net Cash Provided (Used) by Operating Activities	1,210,804
Cash Flows from Capital and Related Financing Activities	
Capital Additions	(482,209)
Capital Grants	417,442
Interest Expense	(28,929)
Repayment of Long-Term Debt	(169,231)
Cash from Capital Assets Disposal	97,401
Net Cash Provided (Used) by Capital and Related Financing Activities	(165,526)
Cash Flows from Investing Activities	
Investment Income	3,606
Net Cash Provided (Used) by Investing Activities	3,606
Increase in Cash and Cash Equivalents	1,048,884
Cash and Cash Equivalents - Beginning of Year	1,231,920
Cash and Cash Equivalents - End of Year	$ 2,280,804
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating (Loss)	$ 142,047
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	753,992
(Increase) Decrease in:	
Accounts Receivable	(128,460)
Prepaid Expenses	(8,986)
Other Non-Current Assets	(22,267)
Deferred Outflows of Resources	(84,862)
Increase (Decrease) in:	
Accounts Payable	83,628
Intergovernmental	18,497
Compensated Absences	17,040
Security Deposits	4,786
Other Current Liabilities	(8,097)
Net Pension/OPEB Liability	48,015
Deferred Inflow of Resources	395,471
Net Cash Provided (Used) by Operating Activities	$ 1,210,804

See accomnpanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Accounting and Reporting for Non-exchange Transactions

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

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

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

Cash and Cash Equivalents

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

Investments

Investments are restricted by the provisions of the HUD regulations (See Note 2). Investments are valued at market value. Interest income earned in fiscal year ending June 30, 2020 totaled $4,164.

Receivables - Net of Allowance

Bad debts are provided on the allowance method based on management’s evaluation of the collectability of outstanding tenant receivable balances at the end of the fiscal year. The allowance for doubtful accounts on tenants’ accounts receivable at June 30, 2020 of $147,594 was $44,476.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the fiscal year in which the services are consumed.

Inventory

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

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charges as expenditures when used. No allowance for obsolete inventory was made at June 30, 2020 on inventory of $43,335.

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

Capital Assets

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

Due From/To Other Programs

On the basic financial statements, inter-program receivables and payables listed on the FDS are eliminated.

Compensated Absences

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

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

Unearned Revenue

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

Net Position

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

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

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

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

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

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

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

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

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

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

Deposits

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

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

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

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

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

At fiscal year end June 30, 2020, the carrying amount of the Authority's deposits totaled $2,280,804 (including $100 petty cash) and its bank balance was $2,380,741. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2020, $624,010 was covered by the Federal Depository Insurance Corporation, and $1,756,731 was uninsured and collateralized with securities held by the financial institution's agent.

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

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

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

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

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

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

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

The Authority held no investments at June 30, 2020.

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

Restricted Cash

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

Unspent Section 8 MSV Program HAP Funds	$	16,520
HCV and Mainstream CARES Act for Admin Funds		11,847
Tenant Security Deposits		58,776
Total Restricted Cash	$	87,143

NOTE 3: **CAPITAL ASSETS**

The following is a summary of capital assets:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land	$ 1,074,029	$ 16,960	$ (42,400)	$ 1,048,589
Construction in Progress	0	11,895	0	11,895
Total Capital Assets Not Being Depreciated	1,074,029	28,855	(42,400)	1,060,484
Capital Assets Being Depreciated				
Buildings	28,185,647	405,213	(100,678)	28,490,182
Equipment	1,074,437	48,141	0	1,122,578
Improvements	3,239,883	0	0	3,239,883
Total Capital Assets Being Depreciated	32,499,967	453,354	(100,678)	32,852,643
Accumulated Depreciation				
Buildings and Improvements	(23,166,285)	(722,153)	48,246	(23,840,192)
Equipment	(994,181)	(31,839)	0	(1,026,020)
Total Accumulated Depreciation	(24,160,466)	(753,992)	48,246	(24,866,212)
Depreciable Assets, Net	8,339,501	(300,638)	(52,432)	7,986,431
Total Capital Assets, Net	$ 9,413,530	$ (271,783)	$ (94,832)	$ 9,046,915

NOTE 4: **LONG-TERM DEBT**

Lease/Purchase Agreement – PNC Equipment Finance

The Authority entered into a second phase energy performance contract (EPC) with Honeywell International Inc., on April 21, 2015 for $1,667,198. This amount included a payoff of $141,252 to Citicorp North America for the initial EPC. The term of the agreement is 112 monthly payments at a fixed interest rate of 3.24 percent. The outstanding balance as of June 30, 2020 is $880,514.

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

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

Lease/Purchase Agreement – PNC Equipment Finance (Continued)

Year Ended June 30	Principal	Interest	Total
2021	$ 197,750	$ 25,640	$ 223,390
2022	212,188	19,021	231,209
2023	227,379	11,923	239,302
2024	243,197	4,322	247,519
Total	$ 880,514	$ 60,906	$ 941,420

Repayment Agreement - HUD

In 2016, the Authority entered into a repayment with HUD. HUD concluded the Authority had been overpaid subsidy in prior periods for its Woodland Hills property (AMP 2) related to changes the Authority made to resident paid utilities at the property in previous periods. The agreement calls for the Authority to repay HUD $87,285 over a period of no more than 4 years. Remaining to be paid at June 30, 2020 is $21,821.

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due In One Year
PNC Equipment Lease	$ 1,049,745	$ 0	$ (169,231)	$ 880,514	$ 197,750
Accrued Compensated Absences	101,462	103,582	(86,542)	118,502	17,774
Net Pension Liability	1,611,782	0	(192,606)	1,419,176	0
Net OPEB Liability	799,468	240,621	0	1,040,089	0
Subsidy Repayment to HUD	21,821	0	0	21,821	21,821
Total	$ 3,584,278	$ 344,203	$ (448,379)	$ 3,480,102	$ 237,345

NOTE 5: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of forty (40) housing authorities in Ohio, of which the Authority is a member. Settled claims have not exceeded the Authority's insurance in any of the past three years.

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

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

The net pension liability/asset reported on the statement of net position represents a liability/asset 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/asset 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/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 62 with 60 months 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. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

When a traditional plan 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.

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

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

A death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

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

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

	State and Local
2019-2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2019-2020 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for calendar years 2019-2020 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for calendar years 2019-2020. The Authority's contractually required contributions used to fund pension benefits was $148,295 for fiscal year ending June 30, 2020.

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

The net pension liability/asset for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability/asset was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.005885%	0.015531%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.007180%	0.019006%	
Change in Proportionate Share	0.001295%	0.003475%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 1,419,176	$ (39,634)	$ 1,379,542
Pension Expense	$ 244,213	$ (2,475)	$ 241,738

At June 30, 2020, 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			
Changes of assumptions	$ 75,801	$ 4,087	$ 79,888
Changes in proportion and differences between Authority contributions and proportionate share of contributions	167,378	1,291	168,669
Authority contributions subsequent to the measurement date	70,807	5,620	76,427
Total Deferred Outflows of Resources	$ 313,986	$ 10,998	$ 324,984
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 283,096	$ 5,139	$ 288,235
Differences between expected and actual experience	17,944	9,302	27,246
Changes in proportion and differences between Authority contributions and proportionate share of contributions	22,319	4,424	26,743
Total Deferred Inflows of Resources	$ 323,359	$ 18,865	$ 342,224

$76,427 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending June 30:			
2021	$ 52,159	$ (2,983)	$ 49,176
2022	(31,654)	(2,890)	(34,544)
2023	11,721	(1,454)	10,267
2024	(112,406)	(3,331)	(115,737)
2025	0	(912)	(912)
Thereafter	0	(1,917)	(1,917)
Total	$ (80,180)	$ (13,487)	$ (93,667)

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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 1.40 percent, simple through 2020, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Actuarial Assumptions – OPERS (Continued)

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 1.40 percent, simple through 2020, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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 previously described tables.

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

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

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 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	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

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

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

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	$ 2,340,680	$ 1,419,176	$ 590,770
Combined Plan	$ (23,948)	$ (39,632)	$ (50,936)

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

Changes Between Measurement Date and Report Date

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

NOTE 7: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability*. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *accrued liabilities*.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. During 2019, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In calendar years 2019-2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar years 2019-2020. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019-2020 was 4.0 percent.

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

The Authority's contractually required contribution allocated to health care was $1,533 for fiscal year 2020.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.006132%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.007530%
Change in Proportionate Share	0.001398%
Proportionate Share of the Net OPEB Liability	$ 1,040,089
OPEB Expense	$ 166,769

At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

		OPERS
Deferred Outflows of Resources		
Differences between expected and actual experience	$	27
Changes of assumptions		164,635
Changes in proportion and differences between Authority contributions and proportionate share of contributions		106,027
Authority contributions subsequent to the measurement date		721
Total Deferred Outflows of Resources	$	271,410
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	$	52,962
Differences between expected and actual experience		95,121
Changes in proportion and differences between Authority contributions and proportionate share of contributions		16,628
Total Deferred Inflows of Resources	$	164,711

$721 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in fiscal year 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

		OPERS
Year Ending June 30:		
2021	$	73,457
2022		55,109
2023		42
2024		(22,630)
Total	$	105,978

Actuarial Assumptions - OPERS

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

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

Actuarial Assumptions – OPERS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Future Salary Increases, including inflation	
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.75 percent
Health Care Cost Trend Rate	10.5 percent initial, 3.50 percent ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested for the Health Care portfolio was 19.70 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 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	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

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

Actuarial Assumptions – OPERS (Continued)

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 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 3.16 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 (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Authority's proportionate share of the net OPEB liability	$ 1,361,123	$ 1,040,089	$ 783,045

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

NOTE 7: **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 2020 is 10.50 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 actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 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	$ 1,009,397	$ 1,040,089	$ 1,070,390

Changes Between Measurement Date and Report Date

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

NOTE 8: **CONTINGENCIES**

In the normal course of operations, the Authority may be subject to litigations and claims. At June 30, 2020, the Authority was not aware of any such matters.

NOTE 9: **SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will likely impact subsequent periods. The investments of the pension and other postemployment benefit plans have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

Traditional Plan	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.007180%	0.005885%	0.006356%	0.062400%	0.006214%	0.006694%	0.006694%
Authority's Proportionate Share of the Net Pension Liability	$ 1,419,176	$ 1,611,782	$ 997,133	$ 1,416,988	$ 1,076,344	$ 807,371	$ 789,135
Authority's Covered Payroll	$ 936,337	$ 868,683	$ 839,886	$ 806,682	$ 773,442	$ 820,742	$ 870,272
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	151.57%	185.54%	118.72%	175.66%	139.16%	98.37%	90.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.019006%	0.015531%	0.016292%	0.016699%	0.016030%	0.011370%	0.011370%
Authority's Proportionate Share of the Net Pension (Asset)	$ (39,632)	$ 17,367	$ (22,179)	$ (9,294)	$ (7,801)	$ (4,378)	$ (1,193)
Authority's Covered Payroll	$ 78,433	$ 72,599	$ 66,725	$ 80,552	$ 58,325	$ 41,563	$ 39,881
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	50.53%	-23.92%	33.24%	11.54%	13.38%	10.53%	2.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

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

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions								
Traditional Plan	$ 136,981	$ 127,639	$ 113,972	$ 105,905	$ 95,544	$ 96,479	$ 100,871	$ 107,994
Combined Plan	$ 11,314	$ 10,543	$ 9,055	$ 8,529	$ 7,205	$ 5,793	$ 4,779	$ 4,792
Total Required Contributions	$ 148,295	$ 138,182	$ 123,027	$ 114,434	$ 102,749	$ 102,272	$ 105,650	$ 112,786
Contributions in Relation to the Contractually Required Contribution	$ (148,295)	$ (138,182)	$ (123,027)	$ (114,434)	$ (102,749)	$ (102,272)	$ (105,650)	$ (112,786)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll								
Traditional Plan	$ 978,436	$ 911,707	$ 844,037	$ 847,240	$ 796,200	$ 803,992	$ 840,592	$ 830,723
Combined Plan	$ 80,814	$ 75,307	$ 67,055	$ 68,232	$ 60,042	$ 48,275	$ 39,825	$ 36,862
Pension Contributions as a Percentage of Covered Payroll								
Traditional Plan	14.00%	14.00%	13.50%	12.50%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	14.00%	13.50%	12.50%	12.00%	12.00%	12.00%	13.00%

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

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.007530%	0.006132%	0.006580%	0.006480%
Authority's Proportionate Share of the Net OPEB Liability	$ 1,040,089	$ 799,468	$ 714,540	$ 654,502
Authority's Covered Payroll	$ 1,054,959	$ 972,023	$ 932,316	$ 895,642
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	98.59%	82.25%	76.64%	73.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information.

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

	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 1,533	$ 1,428	$ 5,610	$ 14,205	$ 17,418	$ 17,045
Contributions in Relation to the Contractually Required Contribution	(1,533)	(1,428)	(5,610)	(14,205)	(17,418)	(17,045)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 1,097,567	$ 1,022,715	$ 936,923	$ 915,479	$ 857,775 0	$ 852,266
Contributions as a Percentage of Covered Payroll	0.14%	0.14%	0.60%	1.55%	2.03%	2.00%

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

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2020.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
STATEMENT OF MODERNIZATION COSTS - COMPLETED
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. Actual Modernization Costs of the Project are shown below:

OH12P026501-14		
Funds Approved	$	613,290
Funds Expended		613,290
Excess (Deficiency) of Funds Approved	$	0
Funds Advanced	$	613,290
Funds Expended		613,290
Excess (Deficiency) of Funds Approved	$	0
OH12P026501-15		
Funds Approved	$	577,414
Funds Expended		577,414
Excess (Deficiency) of Funds Approved	$	0
Funds Advanced	$	577,414
Funds Expended		577,414
Excess (Deficiency) of Funds Approved	$	0
OH12P026501-16		
Funds Approved	$	598,954
Funds Expended		598,954
Excess (Deficiency) of Funds Approved	$	0
Funds Advanced	$	598,954
Funds Expended		598,954
Excess (Deficiency) of Funds Approved	$	0
OH12P026501-17		
Funds Approved	$	615,112
Funds Expended		615,112
Excess (Deficiency) of Funds Approved	$	0
Funds Advanced	$	615,112
Funds Expended		615,112
Excess (Deficiency) of Funds Approved	$	0

2. All modernization work in connection with the Capital Fund Program has been completed.

3. The entire actual modernization cost or liabilities incurred by the Authority have been fully paid.

4. There are no discharged mechanics, laborers, contractors, or material liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2020

	Project Total	14.879 Mainstream Vouchers	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	8 Other Federal Program 1	6.2 Component Unit - Blended	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	1,484,576	71,415	-	-	-	112,658	-	389,217	34,125	2,091,991	-	2,091,991
113 Cash - Other Restricted	-	16,520	-	8,534	-	-	3,313	-	-	28,367	-	28,367
114 Cash - Tenant Security Deposits	58,776	-	-	-	-	-	-	-	-	58,776	-	58,776
100 Total Cash	1,543,352	87,935	-	8,534	-	112,658	3,313	389,217	34,125	2,179,134	-	2,179,134
122 Accounts Receivable - HUD Other Projects	11,895	-	-	-	-	-	-	89,681	-	101,576	-	101,576
126 Accounts Receivable - Tenants	147,594	-	-	-	-	-	-	-	-	147,594	-	147,594
126.1 Allowance for Doubtful Accounts -Tenants	-44,476	-	-	-	-	-	-	-	-	-44,476	-	-44,476
129 Accrued Interest Receivable	-	-	-	-	-	-	-	-	558	558	-	558
120 Total Receivables, Net of Allowances for Doubtful Accounts	115,013	-	-	-	-	-	-	89,681	558	205,252	-	205,252
131 Investments - Unrestricted	-	-	-	-	-	-	-	-	101,670	101,670	-	101,670
142 Prepaid Expenses and Other Assets	51,750	827	-	-	-	801	-	988	1,300	55,666	-	55,666
143 Inventories	43,335	-	-	-	-	-	-	-	-	43,335	-	43,335
144 Inter Program Due From	-	-	-	-	-	-	-	-	423,699	423,699	-423,699	-
150 Total Current Assets	1,753,450	88,762	-	8,534	-	113,459	3,313	479,886	561,352	3,008,756	-423,699	2,585,057
161 Land	1,048,589	-	-	-	-	-	-	-	-	1,048,589	-	1,048,589
162 Buildings	28,490,182	-	-	-	-	-	-	-	-	28,490,182	-	28,490,182
163 Furniture, Equipment & Machinery - Dwellings	304,406	-	-	-	-	-	-	-	-	304,406	-	304,406
164 Furniture, Equipment & Machinery - Administration	612,310	3,008	-	-	-	-	-	92,231	110,623	818,172	-	818,172
165 Leasehold Improvements	3,239,883	-	-	-	-	-	-	-	-	3,239,883	-	3,239,883
166 Accumulated Depreciation	-24,725,024	-1,805	-	-	-	-	-	-84,178	-55,205	-24,866,212	-	-24,866,212
167 Construction in Progress	11,895	-	-	-	-	-	-	-	-	11,895	-	11,895
160 Total Capital Assets, Net of Accumulated Depreciation	8,982,241	1,203	-	-	-	-	-	8,053	55,418	9,046,915	-	9,046,915
174 Other Assets	14,819	1,071	-	-	-	-	-	5,845	17,899	39,634	-	39,634
180 Total Non-Current Assets	8,997,060	2,274	-	-	-	-	-	13,898	73,317	9,086,549	-	9,086,549
200 Deferred Outflow of Resources	223,002	16,118	-	-	-	-	-	87,951	269,323	596,394	-	596,394
290 Total Assets and Deferred Outflow of Resources	10,973,512	107,154	-	8,534	-	113,459	3,313	581,735	903,992	12,691,699	-423,699	12,268,000
312 Accounts Payable <= 90 Days	89,502	24	-	-	-	-	-	760	1,127	91,413	-	91,413
321 Accrued Wage/Payroll Taxes Payable	17,873	441	-	-	-	-	-	2,502	26,057	46,873	-	46,873
322 Accrued Compensated Absences - Current Portion	11,626	225	-	-	-	-	-	1,508	4,415	17,774	-	17,774
331 Accounts Payable - HUD PHA Programs	21,821	-	-	-	-	-	-	-	-	21,821	-	21,821
333 Accounts Payable - Other Government	34,704	-	-	-	-	-	-	-	-	34,704	-	34,704
341 Tenant Security Deposits	58,776	-	-	-	-	-	-	-	-	58,776	-	58,776
342 Unearned Revenue	6,920	-	-	8,534	-	-	3,313	-	-	18,767	-	18,767
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	197,750	-	-	-	-	-	-	-	-	197,750	-	197,750
347 Inter Program - Due To	-	-	-	-	-	-	-	423,699	-	423,699	-423,699	-
310 Total Current Liabilities	438,972	690	-	8,534	-	-	3,313	428,469	31,599	911,577	-423,699	487,878
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	682,764	-	-	-	-	-	-	-	-	682,764	-	682,764
354 Accrued Compensated Absences - Non Current	65,886	1,277	-	-	-	-	-	8,547	25,018	100,728	-	100,728
357 Accrued Pension and OPEB Liabilities	919,563	66,461	-	-	-	-	-	362,671	1,110,570	2,459,265	-	2,459,265
350 Total Non-Current Liabilities	1,668,213	67,738	-	-	-	-	-	371,218	1,135,588	3,242,757	-	3,242,757
300 Total Liabilities	2,107,185	68,428	-	8,534	-	-	3,313	799,687	1,167,187	4,154,334	-423,699	3,730,635
400 Deferred Inflow of Resources	189,552	13,700	-	-	-	-	-	74,758	228,925	506,935	-	506,935

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2020

	Project Total	14.879 Mainstream Vouchers	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	8 Other Federal Program 1	6.2 Component Unit - Blended	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
508.4 Net Investment in Capital Assets	8,101,727	1,203	-	-	-	-	-	8,053	55,418	8,166,401	-	8,166,401
511.4 Restricted Net Position	-	16,520	-	-	-	-	-	-	-	16,520	-	16,520
512.4 Unrestricted Net Position	575,048	7,303	-	-	-	113,459	-	-300,763	-547,538	-152,491	-	-152,491
513 Total Equity - Net Assets / Position	8,676,775	25,026	-	-	-	113,459	-	-292,710	-492,120	8,030,430	-	8,030,430
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	10,973,512	107,154	-	8,534	-	113,459	3,313	581,735	903,992	12,691,699	-423,699	12,268,000

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Project Total	14.879 Mainstream Vouchers	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	8 Other Federal Program 1	6.2 Component Unit - Blended	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	987,042	-	-	-	-	-	-	-	-	987,042	-	987,042
70400 Tenant Revenue - Other	107,648	-	-	-	-	-	-	-	-	107,648	-	107,648
70500 Total Tenant Revenue	1,094,690	-	-	-	-	-	-	-	-	1,094,690	-	1,094,690
70600 HUD PHA Operating Grants	3,363,834	285,476	304,038	-	299,312	-	36,377	1,842,120	-	6,131,157	-	6,131,157
70610 Capital Grants	417,442	-	-	-	-	-	-	-	-	417,442	-	417,442
70710 Management Fee	-	-	-	-	-	-	-	-	624,268	624,268	-624,268	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-	57,120	57,120	-57,120	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-	80,023	80,023	-80,023	-
70700 Total Fee Revenue	-	-	-	-	-	-	-	-	761,411	761,411	-761,411	-
71100 Investment Income - Unrestricted	973	137	-	-	-	-	-	830	2,224	4,164	-	4,164
71400 Fraud Recovery	-	-	-	-	-	-	-	120	-	120	-	120
71500 Other Revenue	1,783	-	-	-	-	3,580	-	9,621	70,705	85,689	-	85,689
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	10,469	-	-	-7,900	2,569	-	2,569
70000 Total Revenue	4,878,722	285,613	304,038	-	299,312	14,049	36,377	1,852,691	826,440	8,497,242	-761,411	7,735,831
91100 Administrative Salaries	117,953	13,800	33,178	-	-	-	25,360	65,227	283,928	539,446	-	539,446
91200 Auditing Fees	14,850	644	-	-	-	-	2,680	1,627	4,950	24,751	-	24,751
91300 Management Fee	546,996	10,548	-	-	17,680	-	-	49,044	-	624,268	-624,268	-
91310 Book-keeping Fee	42,779	6,592	-	-	-	-	-	30,652	-	80,023	-80,023	-
91400 Advertising and Marketing	4,577	-	-	-	-	-	-	-	-	4,577	-	4,577
91500 Employee Benefit contributions - Administrative	246,394	10,011	22,407	-	-	-	5,216	71,132	260,835	615,995	-	615,995
91600 Office Expenses	179,967	1,330	-	-	-	-	1,354	5,295	43,791	231,737	-	231,737
91700 Legal Expense	2,921	-	-	-	-	-	-	-	38	2,959	-	2,959
91800 Travel	10,703	-	-	-	-	-	-	196	1,414	12,313	-	12,313
91900 Other	7,932	-	-	-	-	-	137	-	49,449	57,518	-	57,518
91000 Total Operating - Administrative	1,175,072	42,925	55,585	-	17,680	-	34,747	223,173	644,405	2,193,587	-704,291	1,489,296
92000 Asset Management Fee	57,120	-	-	-	-	-	-	-	-	57,120	-57,120	-
92100 Tenant Services - Salaries	99,975	-	-	-	-	-	-	-	-	99,975	-	99,975
92300 Employee Benefit Contributions - Tenant Services	25,012	-	-	-	-	-	-	-	-	25,012	-	25,012
92400 Tenant Services - Other	5,984	-	-	-	-	-	-	-	-	5,984	-	5,984
92500 Total Tenant Services	130,971	-	-	-	-	-	-	-	-	130,971	-	130,971
93100 Water	211,493	-	-	-	-	-	-	-	628	212,121	-	212,121
93200 Electricity	358,320	-	69,512	-	-	-	-	-	4,118	431,950	-	431,950
93300 Gas	166,334	-	-	-	-	-	-	-	1,857	168,191	-	168,191
93600 Sewer	44,896	-	-	-	-	-	-	-	55	44,951	-	44,951
93000 Total Utilities	781,043	-	69,512	-	-	-	-	-	6,658	857,213	-	857,213
94100 Ordinary Maintenance and Operations - Labor	305,480	-	138,009	-	-	-	-	-	-	443,489	-	443,489
94200 Ordinary Maintenance and Operations - Materials and Other	330,906	-	-	-	-	-	639	2,845	6,169	340,559	-	340,559
94300 Ordinary Maintenance and Operations Contracts	382,978	-	-	-	-	-	-	-	6,413	389,391	-	389,391
94500 Employee Benefit Contributions - Ordinary Maintenance	174,284	-	40,932	-	-	-	-	-	-	215,216	-	215,216
94000 Total Maintenance	1,193,648	-	178,941	-	-	-	639	2,845	12,582	1,388,655	-	1,388,655
95200 Protective Services - Other Contract Costs	48,261	-	-	-	-	-	-	-	-	48,261	-	48,261
95000 Total Protective Services	48,261	-	-	-	-	-	-	-	-	48,261	-	48,261
96110 Property Insurance	119,290	-	-	-	-	-	-	-	3,287	122,577	-	122,577
96120 Liability Insurance	-	1,918	-	-	-	-	-	2,534	-	4,452	-	4,452
96130 Workmen's Compensation	1,308	-	-	-	-	-	-	-	-	1,308	-	1,308
96140 All Other Insurance	1,307	-	-	-	-	1,814	-	-	-	3,121	-	3,121

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Project Total	14.879 Mainstream Vouchers	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	8 Other Federal Program 1	6.2 Component Unit - Blended	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
96100 Total insurance Premiums	121,905	1,918	-	-	-	1,814	-	2,534	3,287	131,458	-	131,458
96200 Other General Expenses	35,901	32	-	-	-	133	991	789	9,558	47,404	-	47,404
96210 Compensated Absences	69,245	1,478	-	-	-	-	-	9,889	22,970	103,582	-	103,582
96300 Payments in Lieu of Taxes	20,752	-	-	-	-	-	-	-	-	20,752	-	20,752
96000 Total Other General Expenses	125,898	1,510	-	-	-	133	991	10,678	32,528	171,738	-	171,738
96710 Interest of Mortgage (or Bonds) Payable	28,929	-	-	-	-	-	-	-	-	28,929	-	28,929
96700 Total Interest Expense and Amortization Cost	28,929	-	-	-	-	-	-	-	-	28,929	-	28,929
96900 Total Operating Expenses	3,662,847	46,353	304,038	-	17,680	1,947	36,377	239,230	699,460	5,007,932	-761,411	4,246,521
97000 Excess of Operating Revenue over Operating Expenses	1,215,875	239,260	-	-	281,632	12,102	-	1,613,461	126,980	3,489,310	-	3,489,310
97300 Housing Assistance Payments	-	227,713	-	-	281,632	-	-	1,688,680	-	2,198,025	-	2,198,025
97400 Depreciation Expense	739,546	602	-	-	-	-	-	4,026	9,818	753,992	-	753,992
90000 Total Expenses	4,402,393	274,668	304,038	-	299,312	1,947	36,377	1,931,936	709,278	7,959,949	-761,411	7,198,538
10010 Operating Transfer In	1,003,727	-	-	-	-	-	-	-	-	1,003,727	-1,003,727	-
10020 Operating transfer Out	-1,003,727	-	-	-	-	-	-	-	-	-1,003,727	1,003,727	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	476,329	10,945	-	-	-	12,102	-	-79,245	117,162	537,293	-	537,293
11020 Required Annual Debt Principal Payments	169,231	-	-	-	-	-	-	-	-	169,231	-	169,231
11030 Beginning Equity	8,200,446	14,081	-	-	-	101,357	-	-213,465	-609,282	7,493,137	-	7,493,137
11170 Administrative Fee Equity	-	-	-	-	-	-	-	-292,710	-	-292,710	-	-292,710
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-
11190 Unit Months Available	5,712	890	-	-	797	-	-	5,844	-	13,243	-	13,243
11210 Number of Unit Months Leased	5,704	879	-	-	784	-	-	4,087	-	11,454	-	11,454

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/ *Pass-Through Grantor/* Program Title	**Federal CFDA Number**	**Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public Housing Programs		
Public and Indian Housing	14.850	$ 2,129,168
Public and Indian Housing - CARES Act	14.850	304,038
Total CFDA #14.850		2,433,206
Public Housing Capital Fund	14.872	1,652,108
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	1,842,120
Section 8 Housing Choice Vouchers - CARES Act	14.871	36,377
Mainstream Vouchers	14.879	285,476
Total Housing Voucher Cluster		2,163,973
Continuum of Care Program	14.267	299,312
Total Direct Programs		6,548,599
Total U.S. Department of Housing and Urban Development		6,548,599
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 6,548,599

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

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: **BASIS OF PRESENTATION**

The accompanying schedule of Expenditures of federal awards (the Schedule) includes the federal award activity of the Columbiana Metropolitan Housing Authority under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Columbiana Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Columbiana Metropolitan Housing Authority.

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

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

NOTE 3: **INDIRECT COST RATE**

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

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

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

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Columbiana Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 26, 2021.

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 opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs we identified certain deficiencies in internal control that we considered to be material weaknesses and significant deficiencies.

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. We identified certain deficiencies in the accompanying Schedule of Findings and Questioned Costs that we considered material weaknesses as items **2020-001 and 2020-002**.

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. We identified certain deficiencies in the accompanying Schedule of Findings and Questioned Costs that we considered significant deficiencies as items **2020-003 and 2020-004**.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item **2020-001**.

Authority's Response to the Findings

The Authority's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

March 26, 2021

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

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

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Columbiana Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Columbiana Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered a significant deficiency as item **2020-005**.

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

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

James G. Zupka, CPA, Inc.

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

March 26, 2021

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

1. SUMMARY OF AUDITOR'S RESULTS

2020(i)	Type of Financial Statement Opinion	Unmodified
2020(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
2020(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
2020(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
2020(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2020(iv)	Were there any significant deficiencies in internal control reported for major federal programs	Yes
2020(v)	Type of Major Programs' Compliance Opinion	Unmodified
2020(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	Yes
2020(vii)	Major Programs (list): Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871 Section 8 Housing Choice Vouchers - CARES Act - CFDA #14.871 Mainstream Vouchers - CFDA #14.879 Capital Fund Program - CFDA #14.872	
2020(viii)	Dollar Threshold: Type A\B Programs	Type A: $750,000 Type B: All Others
2020(ix)	Low Risk Auditee?	No

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

Finding 2020-001 – Material Weakness/Material Non-Compliance – Contracts

Condition/Criteria
The Authority approved one contract during the audit period that did not follow the Authority's Procurement Policy or the regulations of Ohio Revised Code Sections 153.50, 153.51, and 153.52 regarding competitive bidding. In addition, the Authority did not document the prevailing wages that were established for this contract, per Ohio Revised Code Sections 4115.03 and 4115.04.

In addition, another contract was entered into with the same vendor during the audit period that was not approved by the Authority's Board. This contract was not subject to competitive bidding, as it was below the required amount required by the Ohio Revised Code.

Cause/Effect
The Authority did not follow its Procurement Policy or the regulations of Ohio Revised Code regarding competitive bidding or prevailing wages. As a result, the Authority is not in compliance with the applicable sections of the Ohio Revised Code. Also, the Authority was operating under difficult circumstances due to COVID-19 and the change in administration occurring concurrently.

Recommendation
We recommend that the Authority ensure that all applicable contracts are approved by the Board and are subject to competitive bidding in order to be in compliance with Authority policies and the regulations of the Ohio Revised Code.

Authority's Response
There were two CMHA tenant property unit fires the Authority claimed on the insurance policy. Unfortunately, these fire incidents took place at the beginning of the COVID-19 pandemic. The Authority could not obtain bids from local companies since Ohio was under stay-at-home orders from Governor DeWine. At that time, the Authority was under the direction of the previous administration. The previous Executive Director spoke to the insurance company and discussed the lack of available bids and was directed by the insurance company to proceed with the bid obtained. A copy of the new Authority's Procurement Policy has been approved by the Authority's board and in place with the new leadership team.

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

Finding 2020-002 – Material Weakness – Cash Disbursements

Condition/Criteria
During our testing of cash disbursements, we noted the following deficiencies:

- Several invoices were not authorized for payment by the Executive Director, which is contrary to the Authority's policy;
- Several invoices were not properly canceled;
- One disbursement amount did not match the respective invoice amount. The difference was immaterial;
- One check was dated and cleared the bank in February 2020, but was not recorded in the general ledger until April 2020;
- One check was dated October 21, 2019, but was recorded in the check register on October 16, 2019. This check covered 9 invoices ranging in dates from October 2018 through December 2019;
- A signature stamp of the Executive Director and Board Chair was used to authorize checks which is contrary to the Ohio Revised Code. Per discussion, the Authority rescinded such usage.

Cause/Effect
The Authority experienced a large amount of staff turnover during the audit period. Lack of approval, incorrect and missing documentation, and incorrect recording can lead to improper disbursements being processed by the Authority.

Recommendation
We recommend the Authority implement the following to strengthen controls over cash disbursements:

- The Executive Director should authorize all invoices for payment;
- Invoices should be canceled in order to avoid duplicate payment;
- Due care should be exercise to maintain proper supporting documentation for each disbursement;
- Disbursements should be recorded timely;
- The signature stamp should be replaced to maintain compliance with the Ohio Revised Code.

Authority's Response
During this audit period, the Authority was under the direction of a previous administrator who is no longer employed by the Authority. Due to the changes in staff within the accounting department, online bank bill pay transactions took place and entries were then made into the GL system at a later date. Corrective action has been implemented for the future to include the Executive Director authorizing invoice payments, invoices have been stamped paid and entries have been made into the GL system. An electronic signature has been implemented to replace the signature stamp as discussed during the audit fieldwork meetings. In addition, the staff has been trained by the software vendor.

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

Finding 2020-003 – Significant Deficiency - Payroll

Condition/Criteria
During our testing of payroll, we noted the following:

- For severance payouts, one employee was overpaid $679 for sick time and one employee was overpaid $1,133 for vacation time, per our independent calculations based on the Authority's policy. These amounts were reimbursed by the payroll company who calculated the payouts in April 2021.
- The vacation balance used for payout purposes for one employee could not be verified for accuracy with the Authority's payroll system.
- For sick and vacation time testing, two employees did not have the proper sick time hours accrued for the month of June. These amounts were not material to the financial statements.

Cause/Effect
Incorrect calculations and insufficient support for vacation and sick time result in errors in reporting severance payouts and vacation and sick liabilities on the financial statements.

Recommendation
We recommend that severance payouts and compensated absences activity be supported and calculations reviewed to ensure proper balances are maintained.

Authority's Response
The Authority will review the Personnel Policy with the payroll company to ensure that the Authority's account is set to mirror the Policy. The Authority's payroll company has reimbursed the Authority the full amount of the two overpayments.

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

Finding 2020-004 – Significant Deficiency – Financial Reporting

Condition/Criteria
The following errors to the financial statements filed in the Hinkle system were identified:

- The Authority could not provide documentation that the Capital Fund Program draws of $2,312 and $57,880 were properly treated as capital grant revenue;
- Building cost was understated by $8,013 when a capital asset was purchased from a component unit
- Pension and OPEB expenses were overstated by $81,739 and $90,118, respectively; net pension was overstated by $272; deferred outflows-pension and deferred outflows-OPEB were understated by $108,667 and $106,747, respectively; and deferred inflows-pension and deferred inflows-OPEB were understated by $26,656 and $16,629, respectively;
- Accounts payable was understated by $14,700;

As a result, audit adjustments have been proposed and made to correct the financial statements for fiscal year 2020.

Cause/Effect
Financial reporting is the responsibility of the Authority's Finance Department and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Lack of controls over financial reporting can result in errors and irregularities that may go undetected and decrease the reliability of financial data at year end.

Recommendation
We recommend that the Authority implement controls and procedures related to financial reporting that enables management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

Authority's Response
Unfortunately, due to the changes in the Authority's executive and accounting staff, some areas of financial reporting were overlooked. This will not happen in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding 2020-005 – Significant Deficiency – Capital Fund Program

CFDA Title and Number: **CFDA 14.872 – Capital Fund Program**
Federal Award Year: **2019-2020**
Federal Agency: **U.S. Department of Housing and Urban Development**

Condition/Criteria
During our testing of the disbursements and receipts of the Capital Fund Program, we noted the following:

- Several invoices were not authorized for payment by the Executive Director, which is contrary to the Authority's policy;
- Two disbursements did not have actual invoices but were supported by detailed contract cost listings;
- Several disbursements relating to cash draws were made after three business days, which is the required maximum holding period requirement;
- The Authority could not provide specific documentation of disbursements made related to program draws of $57,880 and $2,312.

Cause/Effect
The Authority experienced a large amount of staff turnover during the audit period. Lack of approval, missing and untimely documentation, and incorrect recording can lead to improper disbursements and receipts being processed by the Authority, and noncompliance with HUD requirements.

Recommendation
We recommend the Authority implement the following to strengthen controls over the disbursements and receipts of the Capital Fund Program, and to ensure compliance with HUD requirements:

- Invoices should be reviewed and authorized for payment prior to issuing checks;
- Invoices should be retained as part of the complete voucher package;
- Capital Fund Program draws should only be requested and authorized when an eligible expense has been incurred, and all funds should be disbursed within three business days of receipt.

Authority's Response
During this audit period, the Authority was under the direction of the previous administration and since the new leadership began, a new accounting manager has been hired to manage the Capital Fund Program and this employee is aware of the Capital Fund Program documentation required for disbursements and the three business day policy on cash draws for vendor payments.

COLUMBIANA METROPOLITAN HOUSING AUTHORITY
COLUMBIANA COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2020

The prior audit report, as of June 30, 2019, included a material weakness.

Finding Number	Finding Summary	Status	Additional Information
2019-001	Cash Reconciliation	Corrective Action Taken and Finding is Fully Corrected.	None

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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OHIO AUDITOR OF STATE
KEITH FABER

COLUMBIANA COUNTY METROPOLITAN HOUSING AUTHORITY

COLUMBIANA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 9/7/2021

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