

**CRAWFORD METROPOLITAN HOUSING AUTHORITY**

Financial Condition

As of

March 31, 2020

Together with Auditors' Report



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
Crawford Metropolitan Housing Authority  
PO Box 1029  
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We have reviewed the *Independent Auditor's Report* of the Crawford Metropolitan Housing Authority, Crawford County, prepared by Kevin L. Penn, Inc, for the audit period April 1, 2019 through March 31, 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.

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 Crawford Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

November 12, 2020

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**CRAWFORD METROPOLITAN HOUSING AUTHORITY**  
**CRAWFORD COUNTY**  
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Kevin L.  
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## **Independent Auditor's Report**

Board of Trustees  
Crawford Metropolitan Housing Authority  
Crawford County

### ***Report on the Financial Statements***

I have audited the accompanying financial statements of the business-type activities of Crawford Metropolitan Housing Authority, Crawford County (the Authority) as of and for the year ended March 31, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

My responsibility is to opine on these financial statements based on my audit. I audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' Government *Auditing Standards*. Those standards require me to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on my judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, I consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as my evaluation of the overall financial statement presentation.

I believe the audit evidence I obtained is sufficient and appropriate to support my audit opinions.

## ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Crawford Metropolitan Housing Authority, Crawford County, Ohio as of March 31, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 10 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Crawford Metropolitan Housing Authority. I did not modify our opinion regarding this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, on pages 4 through 11 and Schedules of the Authority's and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. I applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, to the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not opine or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to opine or provide any other assurance.

### ***Supplementary***

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Supplemental Financial Data Schedules and Schedule of Federal Award Expenditures is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. I subjected these schedules to the auditing procedures I applied to the basic financial statements. I also applied certain additional procedures, including comparing and reconciling this 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 my opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated August 3, 2020 on my consideration of the Crawford Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Crawford Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.

Cleveland, Ohio  
August 3, 2020

**CRAWFORD METROPOLITAN HOUSING AUTHORITY  
CRAWFORD COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

The Crawford 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, and (d) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 12)

**FINANCIAL HIGHLIGHTS**

- During FY 2020, the Authority’s net position increased by \$11,696 (or 7.43%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net positions were \$157,408 and \$169,104 for FY 2019 and FY 2020 respectively.
- The revenue increased by \$11,696 (or less than 1%) during FY 2020 and was \$1,462,580 and \$1,474,276 for FY 2019 and FY 2020 respectively.
- Total expenses increased by \$57,097 (or 4.06%) during FY 2020 and were \$1,405,483 and \$1,462,580 for FY 2019 and FY 2020 respectively.

The primary focus of the Authority’s financial statement is on the Authority as a whole. The Authority operates as a single enterprise fund and this presentation allows the user to address relevant questions, broaden a basis for comparison (fiscal year to fiscal year or Authority to Authority) and enhance the Authority’s accountability.

**Authority-Wide Financial Statements**

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

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”. 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” portion) is designed to represent the net available liquid (non-capital) assets and deferred outflows, net of liabilities and deferred inflows, for the entire Authority. Net Position is reported in three broad categories:

**Investment in Capital Assets:** This component of Net Position consists of all Capital Assets, net of accumulated depreciation, 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. The Authority does not have any outstanding debt.

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**Authority-Wide Financial Statements** (continued)

Restricted: 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: Consists of Net Position that do not meet the definition of “Investment in Capital Assets”, or “Restricted”.

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 grant revenue, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue, such as interest revenue.

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

**Fund Financial Statements**

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

Many of the funds maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

**The Authority’s Fund**

**Business-Type Activities:**

**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 Contributions Funding to enable the Authority to structure a lease that sets the participants’ rent at 30% of adjusted household income.

**Other Programs** – In addition to the major program above, the Authority also maintains other activities which are listed below.

Home Investment Partnerships Program – grant monies are received from local sources to administer this program in a manner similar to the Housing Choice Voucher Program.

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CRAWFORD COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
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**GASB 68 and GASB 75**

The net pension liability (NPL) is the largest single liability reported by the Authority at March 31, 2018 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” For calendar year 2018, the Authority adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pension costs (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability or net OPEB liability*.

GASB 68 and GASB 75 takes an earnings approach to pension and OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute.

The Ohio revised Code permits but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**GASB 68 and GASB 75** (continued)

In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is for the administration of the plan pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability.

As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability is satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position compared to prior fiscal year. The Authority is engaged only in Business-Type Activities.

**STATEMENT OF NET POSITION**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Current and Other Assets	\$ 199,568	\$ 209,499
Capital Assets	67,303	72,986
Deferred Outflow of Resources	<u>20,704</u>	<u>16,951</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<b><u>\$ 287,575</u></b>	<b><u>\$ 299,436</u></b>
<b>Liabilities</b>		
Current Liabilities	\$ 12,133	\$ 7,376
Non-Current Liabilities	105,650	118,473
Deferred Inflow of Resources	<u>688</u>	<u>16,179</u>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b><u>\$ 118,471</u></b>	<b><u>\$ 142,028</u></b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 67,303	\$ 72,986
Restricted Net Position	16,226	52,644
Unrestricted Net Position	<u>85,575</u>	<u>31,778</u>
<b>Total Net Position</b>	<b><u>169,104</u></b>	<b><u>157,408</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 287,575</u></b>	<b><u>\$ 299,436</u></b>

For more detailed information see page 9 for the Statement of Net Position.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY  
CRAWFORD COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

**Major Factors Affecting the Statement of Net Position**

Current and other assets decreased by \$9,931 or 4.74% in fiscal year 2020. The decrease, mostly in cash, because of the decrease restricted net position funds. Liabilities decreased by \$23,557 or 16.59% in fiscal year 2020 primarily due to changes in liabilities associated deferred inflows and pension and OPEB liabilities.

Capital assets decreased \$5,683 during fiscal year 2020. The decrease is attributed the current year depreciation. For more detail see “Capital Assets and Debt Administration” page.

While the result of operations is a significant measure of the Authority’s activities, the analysis of the changes in Unrestricted and Restricted Net Position provides a clearer change in financial well-being.

**CHANGE OF UNRESTRICTED NET POSITION**

Unrestricted Net position 3/31/2019,		\$ 31,778
Results of Operations	48,114	
Adjustments:		
Depreciation (1)	<u>5,683</u>	
Adjusted Results from Operations		53,797
Capital Expenditures		<u>(0)</u>
Unrestricted Net position 3/31/2020		<u><u>\$ 85,575</u></u>

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

**CHANGE OF RESTRICTED NET POSITION**

Restricted Net position 3/31/2019		\$ 52,644
Results of Operations		
HAP spent for FY	(38,611)	
Fraud recovery payments	<u>2,193</u>	
Adjusted Results from Operations		<u>(36,418)</u>
Restricted Net position 3/31/2020		<u><u>\$ 16,226</u></u>

**CRAWFORD METROPOLITAN HOUSING AUTHORITY  
CRAWFORD COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

**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 only in Business-Type Activities.

	FY 2020	FY 2019
Revenues		
HUD PHA Operating Grants	1,469,196	1,458,632
Investment Income	195	195
Other Revenues	4,885	4,666
Total Revenue	<u>1,474,276</u>	<u>1,463,493</u>
Expenses		
Administrative	128,224	160,860
Maintenance	3,012	3,582
Insurance & General	7,229	5,583
Housing Assistance Payments	1,318,432	1,229,775
Depreciation	5,683	5,683
Total Expenses	<u>1,462,580</u>	<u>1,405,483</u>
Net Increase/(Decrease)	<u>\$ 11,696</u>	<u>\$ 58,010</u>

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**

HUD PHA Operating Grants increased by \$10,564 in FY 2020. HCV program leasing rate increased in FY 2020 with 3871-unit months leased in FY 2020 compared to 3814-unit months in FY 2019. Also, the addition a new program “Mainstream Vouchers” which had 28-unit months leased in FY 2020. These increases in leasing also reflects the increase in housing assistance payments.

Other revenues represent income from tenant fraud recovery which tends to fluctuate between fiscal years.

Administrative expenses decrease include salaries and related benefits still reflected the changes in staff. The Authority attempts to control these expenses to reduce spending as much as possible; these expenses fluctuate slightly between fiscal years.

The \$11,696 increase in net position is made up of a \$36,418 decrease to restricted housing assistance payment funds and a \$48,114 increase to administrative operations.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets**

As of March 31, 2020, the Authority had \$72,986 invested in capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions, and depreciation).

	<u>FY 2020</u>	<u>FY 2019</u>
Office Improvements	\$106,867	\$106,867
Equipment – Administrative	2,961	2,961
Accumulated Depreciation	<u>(42,525)</u>	<u>(36,842)</u>
Total	<u>\$ 67,303</u>	<u>\$ 72,986</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes.

CHANGE IN CAPITAL ASSETS

	Business Type Activities
Beginning Balance 04/1/2019	72,986
Additions	0
Depreciation	<u>(5,683)</u>
Ending Balance as of 03/31/20	<u><u>\$ 67,303</u></u>

This year's additions:

None

**Debt Outstanding**

As of year-end, the Authority has no outstanding debt (bonds, notes, etc.)



**CRAWFORD METROPOLITAN HOUSING AUTHORITY  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the demand for housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Marsha K. Inscho; Finance Manager for the Crawford Metropolitan Housing Authority, at (419) 526-1622 Specific requests may be submitted to the Authority at 88 West Third Street, Mansfield, OH 44902.

CRAWFORD METROPOLITAN HOUSING AUTHORITY  
 STATEMENT OF NET POSITION  
 MARCH 31, 2020

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

**Current Assets**

Cash and Cash Equivalents - Unrestricted (Note 1)	\$ 176,311
Accounts Receivable - Fraud Recovery	5,732
Allowance for Doubtful Accounts	(5,732)
Accounts Receivable - HUD	6,945
Accounts Receivable - Other	1,104
Prepaid Expenses	<u>349</u>
Total Current Assets	184,709

**Non-Current Assets**

Cash and Cash Equivalents - Restricted (Note 1)	14,859
Capital Assets - (Note 1)	
Equipment	2,961
Leasehold Improvements	106,867
Accumulated Depreciation	<u>(42,525)</u>
Total Capital Assets	67,303
Deferred Outflow of Resources - Pension	<u>20,704</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u><u>\$ 287,575</u></u>

LIABILITIES DEFERRED INFLOW OF RESOURCES AND NET POSITION

**Current Liabilities**

Accounts Payable	\$ 7,726
Accrued Expenses	1,584
Accrued Compensated Absences	<u>2,823</u>
Total Current Liabilities	12,133

**Non-Current Liabilities**

Accrued Pension	96,101
Accrued Compensated Absences	<u>9,549</u>
Total Non-Current Liabilities	<u>105,650</u>
Total Liabilities	<u><u>\$ 117,783</u></u>
Deferred Inflow of Resources - Pension	<u><u>\$ 688</u></u>

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

CRAWFORD METROPOLITAN HOUSING AUTHORITY

STATEMENT OF NET POSITION

MARCH 31, 2020

(continued)

**Net Position**

Net Investment in Capital Assets	\$	67,303
Restricted		16,226
Unrestricted		<u>85,575</u>
Total Net Position	\$	<u><u>169,104</u></u>

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

CRAWFORD METROPOLITAN HOUSING AUTHORITY  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED MARCH 31, 2020

**Operating Revenue:**

HUD Operating Subsidies and Grants	\$ 1,469,196
Other Revenue	<u>4,885</u>
Total Operating Revenue	1,474,081

**Operating Expenses:**

Housing Assistance Payments	1,318,432
Other Administrative Expense	131,047
Material and Labor - Maintenance	3,012
Depreciation Expense	5,683
General Expenses	<u>4,406</u>
Total Operating Expenses	<u>1,462,580</u>

Operating Income (Loss)	11,501
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Non-Operating Revenues (Expenses)

Investment Income - Unrestricted	<u>195</u>
Total Non-Operating Revenues (Expenses)	195

Change in Net Position	11,696
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Net Position - Beginning of Year	<u>157,408</u>
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Net Position - End of Year	<u><u>\$ 169,104</u></u>
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The accompanying notes are an integral part of the financial statements.

CRAWFORD METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2020

Cash Flows From Operating Activities:

Cash payments to suppliers for goods and services	\$ (169,166)
Housing assistance payments	(1,318,432)
HUD operating subsidies and grants	1,469,196
Other receipts	4,885
Other payments	<u>(4,406)</u>
Net Cash Provided (Used) by Operating Activities	(17,923)

Cash Flows From Capital and Related Financing Activities:

Net Cash Provided (Used) by Capital and Related Financing Activities	<u>0</u>
	0

Cash Flows From Investing Activities:

Investment Income	<u>195</u>
Net Cash Provided (Used) by Investing Activities	195
Increase (Decrease) in Cash and Cash Equivalents	(17,728)
Cash and Cash Equivalents - Beginning of Year	<u>208,898</u>
Cash and Cash Equivalents - End of Year	<u>\$ 191,170</u>

Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:

Operating Income (Loss)	\$ 11,501
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation	5,683
(Increase) decrease in:	
Accounts Receivable	(7,945)
Deferred Outflow of Resources	(3,753)
Prepaid Expenses	148
Increase (decrease) in:	
Accounts Payable	4,249
Compensated Absences	2,822
Accrued Pension	(13,670)
Unearned Revenue	(1,950)
Deferred Inflow of Resources	(15,491)
Accrued Expenses	<u>483</u>
Net cash used in operating activities	<u>\$ (17,923)</u>

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

**CRAWFORD METROPOLITAN HOUSING AUTHORITY  
CRAWFORD COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED MARCH 31, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The financial statements of the Crawford 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.

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

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

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

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Reporting Entity

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable. The housing authority has no component units.

Fund Accounting

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

*Proprietary Fund Types:*

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

*Enterprise Fund* – The Authority is accounted for on a flow of economic resources measurement focus.

With this 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 revenues, expenses and changes in Net Position presents increases (i.e. revenues) and decreases (i.e. expenses) in total Net Position. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).

Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Accounting and Reporting for Nonexchange Transactions (continued)

Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform). Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.

Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting Net Position, equity, or fund balance as restricted.

The PHA 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 PHA 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 deferred revenue and the provider of those resources would record an advance.

The PHA 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.

Measurement Focus/Basis of Accounting

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis. GASB Statement No. 34 (as amended by GASB Statement No. 63) requires the following, which collectively make up the Authority's basic financial statements:



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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Measurement Focus/Basis of Accounting (continued)

Basic Financial Statements:

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

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over the estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the assets life, are not capitalized. The capitalization threshold used by the Authority is \$500. The following are the useful lives used for depreciation purposes:

<u>Description</u>	<u>Estimated Useful Lives - Years</u>
Furniture	7
Equipment	5
Computer hardware	3
Computer software	3

Total depreciation expense for the 2020 fiscal year was \$5,683.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include certificates of deposit and all highly liquid investments with original maturities of three months or less.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Net Position

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets consist of capital assets net of accumulated depreciation. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The amount reported as restricted Net Position at fiscal year end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts from Administration Fee which may be recaptured by HUD. When an expense is incurred for purposes which both restricted and unrestricted Net Position are available, the Authority first applies restricted Net Position.

Estimates

The preparation of the basic 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 basic financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Prepaid Items

Payments made to vendors for services that will benefit beyond year-end are recorded as prepaid items via the consumption method.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Housing Assistance Payment equity balances of \$16,226.

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 for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenues.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Accounts Receivable

Management considers all accounts receivable (excluding the fraud recovery receivable) to be collected in full.

Accrued Interest Receivable

Accrued interest receivable represents the amount of interest earned but not collected on certificates of deposits as of the balance sheet date. Interest is collected upon maturity.

**2. CASH AND CASH EQUIVALENTS**

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

All monies are deposited into banks as determined by the Authority. Funds are deposited in a non-interest bearing checking account. Security shall be furnished for all accounts in the Authority's name.

Cash and cash equivalents included in the Authority's cash position at March 31, 2020 are as follows:

Demand deposits:

Bank balance - Checking	\$ 191,878
Items-in-transit	<u>(733)</u>
Carrying balance	<u>\$ 191,145</u>

Of the fiscal year-end cash balance, the entire balance was covered by federal deposit insurance. In addition, \$25 was maintained in petty cash funds which is included in cash and cash equivalents presented on the statement of Net Position.

Based on the Authority having only demand deposits at March 31, 2020, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

**3. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year 2018, the Authority purchased commercial insurance for general insurance, real property, building content, and public employee liability.

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**3. RISK MANAGEMENT**

Property insurance carries a \$500 deductible. The limit for public employee theft, disappearance, and destruction is \$5,000 each loss.

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

**4. CAPITAL ASSETS**

The following is a summary of capital assets at March 31, 2020

	Balance 4/1/2019	Additions	Disposals	Balance 3/31/2020
Capital Assets - Cost				
Furniture and equipment	\$ 2,961	\$ 0	\$ (0)	\$ 2,961
Office Improvements	106,867			106,867
Less: accumulated depreciation				
Office Improvements	( 34,733)	( 5,343)	0	( 40,076)
Furniture and equipment	<u>( 2,109)</u>	<u>( 340)</u>	<u>0</u>	<u>( 2,449)</u>
Capital assets, net	<u>\$ 72,986</u>	<u>\$( 5,683)</u>	<u>\$ ( 0)</u>	<u>\$ 67,303</u>

**5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES  
RETIREMENT SYSTEM**

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

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

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**5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES  
RETIREMENT SYSTEM (continued)**

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 OPERS to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the OPERS Board of Trustees 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.

**Plan Description**

Organization - OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: The Traditional Plan, a defined benefit plan; the Combined Plan, a combination defined benefit/contribution plan; and the Member-Directed Plan, a defined contribution plan. All public employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. New public employees (those who establish membership in OPERS on or after January 1, 2003) have 180 days from the commencement of employment to select membership in one of the three pension plans. Contributions to OPERS are effective with the first day of the employee's employment. Contributions made prior to the employee's plan selection are maintained in the Traditional Pension Plan and later transferred to the plan elected by the member, as appropriate.

All public employees, except those covered by another state retirement system in Ohio or the Cincinnati Retirement System, are required to become contributing members of OPERS when they begin public employment unless they are exempted or excluded as defined by the Ohio Revised Code. For actuarial purposes, employees who have earned sufficient service credit (60 contributing months) are entitled to a future benefit from OPERS. Employer, employee and retiree data as of December 31, 2018 can be found in the OPERS 2017 Comprehensive Annual Financial Report.

**Pension Benefits** – All benefits of the OPERS, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145.

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. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

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**5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES**  
**RETIREMENT SYSTEM** (continued)

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 35 or more years of service credit. Group C is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. 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. Refer to the age-and-service tables located in the OPERS 2017 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirement for unreduced benefit 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 annual cost-of-living adjustment.

Prior to 2000, payments to OPERS benefit recipients were limited under Section 415(b) of the Internal Revenue Code (IRC). OPERS entered into a Qualified Excess Benefit Arrangement (QEBA) with the Internal Revenue Service (IRS) to all OPERS benefit recipients to receive their full statutory benefit even when the benefit exceeds IRC 415(b) limitations. Monthly QEBA payments start when the total amount of benefits received by the recipients exceeds the IRC limit each year. The portion of the benefit in excess of the IRC 415(b) limit is paid out of the QEBA and taxed as employee payroll in accordance with IRS regulations.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for members in transition Groups A and B applies a factor of 1.0% to the member’s FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the members’ FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits – Defined contribution plan benefits are established in the plan documents, which may be amended by the Board of Trustees.

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**5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM** (continued)

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 member's contributions plus or minus the investment gains or losses resulting from the member's 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. Employee contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vest account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Disability Benefits – OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members in the plan as of July 29, 1992, could elect, by April 7, 1993, coverage under either the original plan or the revised plan. All members who entered OPERS after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. After the disability benefit ends, the member may apply for a service retirement benefit or a refund of contributions, which are not reduced by the amount of disability benefits received. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Survivor Benefits – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. Ohio Revised Code Chapter 145 specifies the dependents and the conditions under which they qualify for survivor benefits. Other Benefits – Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit. 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 Traditional Pension Plan and Combed Plan.

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**5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM** (continued)

Survivor Benefits - Death benefits are not available to beneficiaries of Member-Direct Plan participants.

Money Purchase Annuity - Age-and-service retirees who become re-employed in an OPERS-covered position must contribute the regular contribution rates, which are applied towards a money purchase annuity. The money purchase annuity calculation is based on the accumulated contributions of the retiree for the period of re-employment, and an amount of the employer contributions determined by the Board of Trustees. Upon termination of service, members over the age of 65 can elect to receive a lump-sum payout or a monthly annuity. Members under age 65 may leave the funds on deposit with OPERS to receive an annuity benefit at age 65 or may elect to receive a refund of their employee contributions made during the period of reemployment, plus interest.

Refunds – Members who have terminated service in OPERS-covered employment may file an application for refund of their account. The Ohio Revised Code requires a three-month waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s rights and benefits in OPERS.

Refunds processed for the Traditional Pension Plan members include the member’s accumulated contributions, interest and any qualifying employer funds. A Combined Plan member’s refund may consist of member contributions for the purchase of service plus interest, qualifying employer funds, and the value of their account in the defined contribution plan consisting of member contributions adjusted by the gains or losses incurred based on their investment selections. Refunds paid to members in the Member-Direct Plan include member contributions and vested employer contributions adjusted by the gains or losses incurred based on their investment selections.

Contributions – The OPERS funding policy provides for periodic employee and employer contributions to all three plans (Traditional Pension, Combined and Member-Directed) at rates established by the Board of Trustees, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the OPERS external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code.

Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2018. Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service earned prior to the current year and subsequent benefit increases.



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**5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES  
RETIREMENT SYSTEM (continued)**

These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time. The employee and employer contribution rates are currently set at the maximums authorized by Ohio Revised Code of 10% and 14%, respectively. Based upon the recommendation of the OPERS external actuary, a portion of each employer's contributions to OPERS is set aside for the funding of post-employment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 2.0% for calendar year 2018. The employer contribution as a percent of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for fiscal year 2017 was 4.5%. The amount of contributions recognized by the OPERS from the Authority during calendar year 2018 was \$9,099, which represented 100% of the Authority's required contribution, and the Authority's proportionate share of pension expense during the fiscal period was \$9,586. The Authority did not make any contributions to the Combined Plan during calendar year 2018.

Ohio Revised Code Chapter 145 assigned authority to the Board of Trustees to amend the funding policy. As of December 31, 2018, the Board of Trustees adopted the contribution rates that were recommended by the external actuary. The contribution rates were included in a new funding policy adopted by the Board of Trustees in October 2013 and are certified biennially by the Board of Trustees as required by the Ohio Revised Code.

As of December 31, 2018, the date of the last actuarial study, the funding period for all defined benefits of the OPERS was 21 years.

**Net Pension Liability**

The net pension liability was measured as of December 31, 2018, and the total pension liabilities were determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on both member and employer contributions to OPERS relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Proportionate Share of the Net Pension Liability	\$ 41,082
Proportion of the Net Pension Liability	0.0001500%
Pension Expense	\$ 9,586

**Actuarial Methods and Assumptions**

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

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**5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM** (continued)

**Actuarial Methods and Assumptions** (continued)

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 was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requires of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

Actuarial Information	Traditional Pension Plan	Combined Plan
Valuation Date	December 31, 2018	December 31, 2018
Experience Study	5 Year Period Ending December 31, 2015	5 Year Period Ending December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25-10.75% (includes wage inflation at 3.25%)	3.25–10.75% (includes wage inflation at 3.25%)
Cost-of-living Adjustments	Pre 1/7/2013 Retireees: 3.00% Simple Post 1/7/2013 Retireees: 3.00% Simple through 2018, then 2.15% Simple	Pre 1/7/2013 Retireees: 3.00% Simple Post 1/7/2013 Retireees: 3.00% Simple through 2018, then 2.15% Simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

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**5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)**

**Actuarial Methods and Assumptions (continued)**

The discount rate, used to measure the total pension liability was 8.0% for both the Traditional pension Plan and the Combined Plan. 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability calculated using the discount rate of 8.0% and the expected net pension liability if it were calculated using a discount rate that is 1.0% lower or higher than the current rate.

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
Authority's proportionate share of the net pension liability	\$ 60,690	\$ 41,082	\$ 24,788

The allocation of investment assets within 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 following table displays the Board of Trustees approved asset allocation policy for 2018 and the long-term expected real rates of return.

Asset Class	Allocation	Real Rate of Return
Fixed Income	23.00%	2.79%
Domestic Equities	20.70%	6.21%
Real Estate	10.00%	4.90%
Private Equity	10.00%	10.81%
International Equities	18.30%	7.83%
Other Investments	<u>18.00%</u>	5.50%
Total	<u>100.00%</u>	5.95%

The long-term expected 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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**5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES  
RETIREMENT SYSTEM (continued)**

OPERS manages investments in four investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, the 115 Health Care Trust 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, and the VEBA 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 money-weighted rate of return, net of investment expense, for the Defined Benefit portfolio was .4% for 2018.

**Average Remaining Service Life**

GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2018, the average of the expected remaining service lives of all employees calculated by our external actuaries for the Traditional Pension Plan was 3.1673 years and for the Combined Plan was 9.4080 years.

**Deferred Inflows and Deferred Outflows**

The deferred inflows and outflows reported in the Statement of Net Position do not include the layer of amortization that is recognized in current year pension expense and represents the balances of deferred amounts as of December 31, 2018. The table below discloses the original amounts of the deferred inflows and outflows, calculated by OPERS external actuaries, and the current year amortization on those amounts included in pension expense as of and for the year ended December 31, 2018.

At March 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Deferred Outflows of Resources**

Net difference between projected and actual earnings on pension plan investments	\$ 5,578
Changes in Assumptions	3,576
Authority contributions subsequent to the measurement date	<u>7,235</u>
Total Deferred Outflows of Resources	<u>\$ 16,389</u>

**Deferred Inflows of Resources**

Differences between expected and actual experience	<u>\$ (539)</u>
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**5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES  
RETIREMENT SYSTEM** (continued)

\$7,803 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Calendar Year Ending December 31	Traditional Pension Plan Net Deferred Outflows of Resources
2019	\$ (3,706)
2020	(1,799)
2021	( 517)
2022	(2,593)
Thereafter	<u>-</u>
Total	<u>\$ (8,615)</u>

**6. OTHER POST EMPLOYMENT BENEFITS**

Net OPEB Liability

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

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

Ohio Revised Code limits the Authority’s obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the

Authority does receive the benefit of employees’ services in exchange for compensation including OPEB.

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**6. OTHER POST EMPLOYMENT BENEFITS – CONTINUED**

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

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

**Plan Description – OPERS**

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS). OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member directed plan is a defined contribution plan and the combined plan is a cost sharing, multiple-employer defined benefit plan with defined contribution features. As of December 2018, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2018, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage.

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**6. OTHER POST EMPLOYMENT BENEFITS – CONTINUED**

Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2018, Authority contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage.

The portion of employer contributions allocated to healthcare was 1.0% for calendar year 2017. As recommended by OPERSs actuary, the portion of employer contributions allocated to healthcare beginning January 1, 2018 decrease to 0%.

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

Authority's contractually required contribution was \$9,586 for the fiscal year 2020. Of this amount, \$5,085 was used to fund health care.

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

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**6. OTHER POST EMPLOYMENT BENEFITS – CONTINUED**

The net OPEB liability for OPERS was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net OPEB liability was based on The Authority’s share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Proportionate Share of the Net OPEB Liability	\$ 55,019
Proportion of the Net OPEB Liability	0.0004220%
Change in Proportion from Prior Measurement Date	0%
OPEB Expense	\$ 5,085

At March 31, 2020, The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Deferred Outflows of Resources**

Net difference between projected and actual earnings on pension plan investments	\$ 19
Changes in Assumptions	2,522
Authority contributions subsequent to the measurement date	<u>1,774</u>
Total Deferred Outflows of Resources	<u>\$ 4,315</u>

**Deferred Inflows of Resources**

Differences between expected and actual experience	<u>\$ (149)</u>
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending March 31:	
2019	\$ (1,972)
2020	( 507)
2021	( 415)
2022	(1,271)
Thereafter	<u>0</u>
Total	<u>\$ (4,166)</u>

**Actuarial Assumptions - OPERS**

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



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**6. OTHER POST EMPLOYMENT BENEFITS – CONTINUED**

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% 3.25 - 10.75%
Single Discount Rate	3.85%
Investment Rate of Return	6.50%
Municipal Bond Rate	3.31%
Health Care Cost Trend Rate	7.5% initial, 3.25% ultimate in 2028
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 allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit.

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The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed Income	34.00%	2.42%
Domestic Equities	21.00%	6.21%
REITs	6.00%	5.98%
International Equities	22.00%	7.83%
Other Investments	<u>17.00%</u>	5.57%
TOTAL	<u>100.00%</u>	5.16%

Discount Rate: The single discount rate used to measure the OPEB liability was 3.85 percent. 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 discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine the 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 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 current period discount rate assumption of 3.85 percent, as well as what The Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one percentage-point higher (4.85 percent) than the current rate:

	1% Decrease <u>(2.96%)</u>	Single Discount Rate <u>(3.96%)</u>	1% Increase <u>(4.96%)</u>
Authority's proportionate share of the net OPEB liability	\$ 70,390	\$ 55,019	\$ 42,795

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**6. OTHER POST EMPLOYMENT BENEFITS – CONTINUED**

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% lower or 1.0% higher than the current rate. Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%.

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

	<u>1% Decrease</u> <u>(6.50%)</u>	<u>Current Cost</u> <u>Trend Rate</u> <u>(7.50%)</u>	<u>1% Increase</u> <u>(8.50%)</u>
Authority's proportionate share of the net OPEB liability	\$ 52,885	\$ 55,019	\$ 57,476

**7. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities at March 31, 2020:

	<u>Restated</u> <u>Balance</u> <u>at 04/01/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>at 03/31/20</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ 9,550	\$ 7,044	\$( 4,222)	\$ 12,372	\$ 2,823
Net OPEB Liability	59,726	\$	\$( 4,707)	\$ 55,019	\$ 0
Net Pension Liability	<u>\$ 50,045</u>	<u>\$ 0</u>	<u>\$( 8,963)</u>	<u>\$ 41,082</u>	<u>\$ 0</u>
Total	<u>\$ 119,321</u>	<u>\$ 7,044</u>	<u>\$( 17,892)</u>	<u>\$ 108,473</u>	<u>\$ 2,823</u>

See Note 6 for information on the Authority's net pension liability.

**8. CONTINGENT LIABILITIES**

**A. Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture.

However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at March 31, 2020.

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**8. CONTINGENT LIABILITIES– CONTINUED**

**B. Litigation**

The Authority is unaware of any outstanding lawsuits or other contingencies.

**9. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal financial assistance programs of the Crawford Metropolitan Housing Authority (the Authority) for the fiscal year ended March 31, 2020. The Authority’s reporting entity is defined in Note 1 to the Authority’s financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

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

**10. SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through August 3, 2020, the date on which the financial statements were available to be issued.

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 impact subsequent periods of the Crawford Metropolitan Housing Authority. The Crawford Metropolitan Housing Authority’s investments of the pension and other employee benefit plan in which the Crawford Metropolitan Housing Authority participates 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 the Crawford Metropolitan Housing Authority’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**12. FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended March 31, 2020, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis. The audited version of the entity wide balance sheet summary and entity wide revenue and expense summary are included as supplemental data. The schedules are presented in the manner prescribed by U. S. Department of Housing and Urban Development.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY  
CRAWFORD COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET  
PENSION LIABILITY  
LAST SIX FISCAL YEARS  
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's Proportion of the Net Pension Liability	0.0001500%	0.0003190%	0.0002980%	0.0003030%	0.0002920%	0.0002920%
Authority's Proportionate Share of the Net Pension Liability	\$ 41,082	\$ 50,045	\$ 67,671	\$ 52,484	\$ 35,218	\$ 34,423
Authority's Covered Employee Payroll	\$ 68,480	\$ 61,875	\$ 74,407	\$ 74,579	\$ 71,750	\$ 69,414
Authority's Proportionate Share of the Net Pension Liability as a percentage of its covered employee payroll	59.99%	80.88%	90.95%	70.37%	49.08%	49.59%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	74.70%	84.66%	89.19%	81.08%	89.19%	86.45%

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.

2) Information prior to 2015 is not available.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY  
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REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB  
LIABILITY  
LAST THREE FISCAL YEARS  
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's Proportion of the Net OPEB Liability	0.0004220%	0.0005500%	0.0005500%
Authority's Proportionate Share of the Net OPEB Liability	\$ 55,019	\$ 59,726	\$ 55,553
Authority's Covered Employee Payroll	\$ 68,480	\$ 61,875	\$ 74,407
Authority's Proportionate Share of the Net OPEB Liability as a percentage of its covered employee payroll	80.34%	96.53%	74.66%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	43.33%	54.14%	68.52%

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.

2) Information prior to 2018 is not available.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY  
CRAWFORD COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS  
LAST TEN YEARS  
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required employer contribution	\$ 9,586	\$ 8,662	\$10,417	\$10,441	\$10,045	\$ 9,718	\$ 9,434	\$ 9,371	\$ 9,240	\$ 9,100
Contributions in relation to the contractually required contribution	\$ (9,586)	\$(8,662)	\$(10,417)	\$(10,441)	\$(10,045)	\$(9,718)	\$ (9,434)	\$(9,371)	\$(9,240)	\$(9,100)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority covered-employee payroll	\$ 68,480	\$61,875	\$ 74,407	\$ 74,579	\$ 71,750	\$69,414	\$ 67,386	\$66,936	\$66,000	\$65,000
Contribution as a percentage of covered-employee payroll	13.00%	13.00%	13.48%	12.52%	12.00%	12.00%	13.00%	10.00%	12.00%	13.25%



**CRAWFORD METROPOLITAN HOUSING AUTHORITY  
CRAWFORD COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB  
LAST TEN YEARS  
(UNAUDITED)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required employer contribution	\$ 684	\$ 618	\$ 387	\$ 1,104	\$ 1,435	\$ 1,388	\$ 674	\$ 2,677	\$ 1,320	\$ 488
Contributions in relation to the contractually required contribution	\$ (684)	\$ (618)	\$ (387)	\$(1,104)	\$(1,435)	\$(1,388)	\$ (674)	\$(2,677)	\$(1,320)	\$ (488)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority covered-employee payroll	\$ 68,480	\$61,875	\$74,407	\$ 7,886	\$10,250	\$ 9,914	\$ 4,814	\$19,121	\$ 9,429	\$ 3,486
Contribution as a percentage of covered-employee payroll	1.00%	1.00%	0.52%	1.49%	2.00%	2.00%	1.00%	4.00%	2.00%	0.75%

**CRAWFORD METROPOLITAN HOUSING AUTHORITY  
CRAWFORD COUNTY  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED MARCH 31, 2020  
(UNAUDITED)**

**Ohio Public Employees' Retirement System**

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2020 and 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2020 and 2019. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions with most notable being a reduction in the actuarially assumed rate of return from 8.0% to 7.5% for the defined benefits investments. See the notes to the basic financial statements for the methods and assumptions in this calculation.

Crawford Metropolitan Housing Authority  
Statement of Net Position  
March 31, 2020

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Housing Choice Voucher	Mainstream Vouchers	Total
111	Cash - Unrestricted	\$ 176,311	\$ -	\$ 176,311
113	Cash - Other Restricted	1,462	13,397	14,859
100	Total Cash	<u>177,773</u>	<u>13,397</u>	<u>191,170</u>
122	Acct Rec-HUD	5,578	1,367	6,945
124	Acct Rec-Other	1,104		1,104
128	Fraud Recovery	5,732		5,732
128.1	Allowance for Doubtful Accts. – Fraud	(5,732)		(5,732)
120	Net Total Receivables	6,682	1,367	8,049
142	Prepaid Expenses	349		349
<b>150</b>	<b>Total Current Assets</b>	<u>184,804</u>	<u>14,764</u>	<u>199,568</u>
164	F/E/M Admin	2,961		2,961
165	Leasehold Improvements	106,867		106,867
166	Accumulated Depreciation	(42,525)		(42,525)
160	Net Fixed Assets	67,303	-	67,303
200	Deferred Outflow of Resources	20,704		20,704
190	Total Assets and Deferred Outflow of Resources	<u>\$ 272,811</u>	<u>\$ 14,764</u>	<u>\$ 287,575</u>
312	A/P <= 90 days	\$ 7,726	\$ -	\$ 7,726
321	Accrued Wage/Taxes Payable	1,584		1,584
322	Accrued Comp. Abs. – Current	2,823		2,823
310	Total Current Liabilities	12,133	-	12,133
354	Accrued Comp. Abs. - Non Current	9,549		9,549
357	Accrued Pension and OPEB Liabilities	96,101		96,101
350	Total Non-Current Liabilities	105,650	-	105,650
	TOTAL Liabilities	117,783	-	117,783
400	Deferred Inflow of Resources	688		688
508.1	Invested in Capital Assets Net	67,303		67,303
511.1	Restricted Net Position	1,462	14,764	16,226
512.1	Unrestricted Net Position	85,575		85,575
513	TOTAL Equity/Net Position	<u>154,340</u>	<u>14,764</u>	<u>169,104</u>
600	Total Liabilities, Deferred Inflows or Resources and Equity - Net	<u>\$ 272,811</u>	<u>\$ 14,764</u>	<u>\$ 287,575</u>

See Auditor's Report.

Crawford Metropolitan Housing Authority  
Statement of Revenues and Expenses  
For the Year Ended March 31, 2020

Financial Data Schedule Submitted to U.S. Department of HUD

<b>Line item</b>	<b>Account Description</b>	<b>Housing Choice Voucher</b>	<b>Mainstream Vouchers</b>	<b>HOME Investment Partnership</b>	<b>Total</b>
706	HUD PHA Operating Grants	\$ 1,426,194	\$ 26,502	\$ 16,500	\$ 1,469,196
711	Investment Income - Unrestricted	195			195
714	Fraud Recovery - PHA	4,385			4,385
715	Other Revenue	500			500
700	TOTAL REVENUE	1,431,274	26,502	16,500	1,474,276
911	Admin Salaries	67,825	684	749	69,258
912	Audit	4,063			4,063
914	Advertising and Marketing	105			105
915	Employee Benefits	(9,458)	174	265	(9,019)
916	Office Expenses	44,898	325	299	45,522
918	Travel	4,065			4,065
919	Other	13,862	184	184	14,230
	Total Operating - Admin.	125,360	1,367	1,497	128,224
942	Ordinary Maint.- Materials and Other	3,012			3,012
	Total Maint.	3,012	-	-	3,012
961.2	Insurance - Liab. Insurance	4,406			4,406
	Total Insurance	4,406	-	-	4,406
962.1	Comp. Abs.	2,823			2,823
	TOTAL OPERATING EXPENSES	135,601	1,367	1,497	138,465
970	Excess Oper. Rev. over Exp.	1,295,673	25,135	15,003	1,335,811
973	HAP	1,293,058	10,371	15,003	1,318,432
974	Depreciation Expense	5,683			5,683
900	TOTAL EXPENSES	1,434,342	11,738	16,500	1,462,580
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (3,068)	\$ 14,764	\$ -	\$ 11,696

See Auditor's Report.

Crawford Metropolitan Housing Authority  
 Additional Information Required by HUD  
 For the Year Ended March 31, 2020

Financial Data Schedule Submitted to U.S. Department of HUD

<u>Line item</u>	<u>Account Description</u>	<u>Housing Choice Vouchers</u>	<u>Mainstream Vouchers</u>	<u>HOME Investment Partnership</u>
11170	Administrative Fee Equity	\$ 152,878	\$ -	\$ -
11180	Housing Assistance Payment Equity	\$ 1,462	\$ -	\$ -
11190	Unit Months Available	3,888	75	33
11210	Number of Unit Months Leased	3,871	28	33

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CRAWFORD METROPOLITAN HOUSING AUTHORITY  
 Schedule of Expenditures of Federal Award  
 For the Year Ended March 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed Through Crawford County:			
Direct Program			
Section 8 Housing Choice Voucher	14.871	N/A	\$ 1,426,194
Mainstream Voucher	14.879	N/A	26,502
HOME Investment Partnership Program	14.239	N/A	<u>16,500</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,469,196</u></u>

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

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Kevin L.  
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## **Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Board of Trustees  
Crawford Metropolitan Housing Authority  
Crawford County

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Crawford Metropolitan Housing Authority, Crawford County, Ohio (the Authority) as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated August 3, 2020.

### ***Internal Control Over Financial Reporting***

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, I did not identify any deficiencies in internal control that I consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

Kevin L. Penn, Inc.

Cleveland, Ohio

August 3, 2020



Kevin L.  
Penn, Inc.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Crawford Metropolitan Housing Authority  
Crawford County

**Report on Compliance for Each Major Federal Program**

I have audited Crawford Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Crawford Metropolitan Housing Authority's major federal programs for the year ended March 31, 2020. Crawford Metropolitan Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

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

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of Crawford Metropolitan Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Crawford Metropolitan Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Crawford Metropolitan Housing Authority's compliance.

### ***Opinion on Each Major Federal Program***

In my opinion, Crawford 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 March 31, 2020.

### **Report on Internal Control over Compliance**

Management of Crawford Metropolitan Housing 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 my audit of compliance, I considered Crawford Metropolitan Housing 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Crawford Metropolitan Housing 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.

My 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. I did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Kevin L. Penn, Inc.

Cleveland, Ohio  
August 3, 2020

**Crawford Metropolitan Housing Authority**  
 Schedule of Findings  
 March 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major program:	Unmodified
Are there any reportable findings under 2 CFR Section 200.516(a)?	No
Identification of major programs:	
14.871	Housing Choice Voucher Program
Dollar threshold used to distinguish between Type A and Type B programs:	Type A: > \$750,000 Type B: all others
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings

No matters were reported.

**Crawford Metropolitan Housing Authority**  
Summary Schedule of Prior Audit Findings  
Year Ended March 31, 2020

There were no audit findings, during the 2019 fiscal year.

# OHIO AUDITOR OF STATE KEITH FABER



**CRAWFORD METROPOLITAN HOUSING AUTHORITY**

**CRAWFORD 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 11/24/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)