

MORGAN METROPOLITAN HOUSING AUTHORITY

MORGAN COUNTY

SINGLE AUDIT

JULY 1, 2019 – JUNE 30, 2020



WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Morgan Metropolitan Housing Authority
4580 SR 376 NW
McConnelsville, Ohio 43756

We have reviewed the *Independent Auditor's Report* of the Morgan Metropolitan Housing Authority, Morgan County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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 Morgan 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

December 14, 2020

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**MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Morgan Metropolitan Housing Authority
Morgan County
4580 N. St. Rt. 276 NW
McConnelsville, Ohio 43756

To the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no 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 our evaluation of the overall financial statement presentation.

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

Morgan Metropolitan Housing Authority
Morgan County
Independent Auditor's Report

Opinion

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

Emphasis of Matter

As disclosed in Note 10 to financial statements, during fiscal year 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The Financial Data Schedules and Statement of Certification of Modernization Costs as required by the Department of Housing and Urban Development present additional analysis and are not a required part of the basic financial statements.

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

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

Morgan Metropolitan Housing Authority
Morgan County
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
November 30, 2020

MORGAN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Unaudited

The Morgan Metropolitan Housing Authority's ("the Authority") Management's Discussion and Analysis (MD&A) 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 position, and (d) identify individual fund issues of concerns.

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

FINANCIAL HIGHLIGHTS

- The Authority's total net position increased by \$9,005 (or 0.53 percent) during fiscal year ended 2020. This increase is reflective of the fiscal year's activities.
- Total revenue increased by \$59,800 (or 4.94 percent) during fiscal year ended 2020. The amounts were \$1,269,397 and \$1,209,597 for 2020 and 2019, respectively.
- Total expenses of all Authority programs increased by \$74,520 (or 6.28 percent). Total expenses were \$1,260,392 and \$1,185,872 for fiscal year ended 2020 and 2019, respectively.

USING THE ANNUAL REPORT

The focus is on the Authority as a single enterprise fund. This format will allow 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.

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise fund for the 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 outflows of resources minus liabilities and deferred inflows 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."

MORGAN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Unaudited

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

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 outstanding debt related to capital assets as of June 30, 2020.

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." This account resembles the old operating reserves account.

The basic 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 operating grant revenue and rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, Non-Operating Revenue, such as capital grant revenue and interest income.

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

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

The Authority's programs that are consolidated into a single enterprise fund are as follows:

Project Total (PH and CFP) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties. CARES Act funding is also included in this program. The CARES Act provided additional funding to PHAs to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus.

MORGAN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Unaudited

Housing Choice Voucher Program (HCV) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to 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 funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance. CARES Act Funding is also included in this program. The CARES Act provided additional funding to PHAs to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus.

PIH Family Self-Sufficiency – A grant program that provides funding for the salary and benefits of a coordinator to assist tenants in finding jobs, training and supportive services to help residents transition from welfare to work. The coordinator also assists to link elderly/disabled residents to critical services which can help them continue to live independently.

Business Activities – The Business Activity Fund was set up to separate the non-HUD activities from the HUD funded programs. This fund is mainly used to account for the management fees received from the Housing Opportunities and Personal Empowerment (HOPE) Board for managing rental property for tenants with developmental disabilities.

State & Local – The State & Local fund was set up to track grant money received for low income housing programs through state and local sources.

AUTHORITY STATEMENTS

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.

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MORGAN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Unaudited

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

	<u>2020</u>	<u>2019</u>
Current Assets	\$ 516,667	\$ 438,627
Capital Assets	1,729,354	1,745,038
Deferred Outflows of Resources	54,583	106,880
Total Assets & Deferred Outflows of Resources	<u>\$ 2,300,604</u>	<u>\$ 2,290,545</u>
Current Liabilities	\$ 68,597	\$ 58,312
Long-Term Liabilities	449,635	527,140
Deferred Inflows of Resources	82,370	14,096
Total Liabilities and Deferred Inflows of Resources	<u>600,602</u>	<u>599,548</u>
Net Position:		
Investment in Capital Assets	1,729,354	1,745,038
Restricted Net Position	-	3,797
Unrestricted Net Position	<u>(29,352)</u>	<u>(57,838)</u>
Total Net Position	<u>1,700,002</u>	<u>1,690,997</u>
Total Liabilities, Deferred Inflows and Net Positions	<u>\$ 2,300,604</u>	<u>\$ 2,290,545</u>

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

Major Factors Affecting the Statement of Net Position

During 2020, current assets increased by \$78,040 and current liabilities increased by \$10,285. The increase in current assets is mainly due to the change in cash due to the result of current activities. The increase in liability is due to an increase in the calculation of accrued compensated absences.

Capital assets also changed, decreasing from \$1,745,038 to \$1,729,354. The \$15,684 decrease is contributed primarily to a combination of total acquisitions of \$113,013 less current year depreciation of \$128,699.

The following table presents details on the change in Net Position.

MORGAN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Unaudited

Table 2 - Changes of Net Position

	Unrestricted	Investment in Capital Assets	Restricted
Beginning Balance -	(\$57,838)	\$1,745,038	\$3,797
Results of Operation	12,802	0	(3,797)
Adjustments:			
Current year Depreciation Expense (1)	128,699	(128,699)	0
Capital Expenditure (2)	(113,013)	113,013	0
Rounding Adjustment	(2)	2	0
Ending Balance	<u>(\$29,352)</u>	<u>\$1,729,354</u>	<u>\$0</u>

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

(2) Capital expenditures represent an outflow of unrestricted net position but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer presentation of financial position.

The following schedule compares the revenues and expenses for the current and previous fiscal year. The authority is engaged on in Business-Type Activities.

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MORGAN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Unaudited

Table 3 - Statement of Revenues, Expenses & Changes in Net Position

	<u>2020</u>	<u>2019</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 131,934	\$ 145,689
Operating Subsidies	1,053,055	938,422
Capital Grants	55,935	90,159
Interest Revenue	3,791	4,715
Other Revenues	24,682	30,612
Total Revenues	<u>1,269,397</u>	<u>1,209,597</u>
<u>Expenses</u>		
Administrative	248,742	224,588
Tenant Services	44,796	43,522
Utilities	105,378	104,496
Protective Services	-	1,874
Insurance	16,876	15,788
Maintenance	169,823	171,494
General Expenses	13,720	28,136
Housing Assistance Payments	532,358	468,029
Depreciation	128,699	127,945
Total Expenses	<u>1,260,392</u>	<u>1,185,872</u>
Change in Net Position	9,005	23,725
Total beginning net position	<u>1,690,997</u>	<u>1,667,272</u>
Total net position - ending	<u><u>\$ 1,700,002</u></u>	<u><u>\$ 1,690,997</u></u>

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

Operating Subsidy reflects an increase of \$114,633 or 12.22%. The increase in operating subsidy is due to money received for the CARES Act and more money received for Housing Assistance Payments from HUD. Capital grants decreased by \$34,224 due to capital funded activities during the fiscal year. Total tenant revenue decreased by \$13,755 (or 9.44%). The decrease in tenant revenue was primarily due to decrease in the tenant payments.

Total expenses increased \$74,520 due to increase in administrative expenses and housing assistance payments.

MORGAN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Unaudited

CAPITAL ASSETS

As of fiscal year-end, the Authority had \$1,729,354 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$15,684 or .90% from the end of 2019. This decrease was due to depreciation expense net of current fiscal year capital additions.

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2020</u>	<u>2019</u>
Land	\$ 274,650	\$ 274,650
Buildings	4,128,551	4,128,551
Equipment - administration	129,160	106,700
Equipment - dwelling	105,810	134,540
Leasehold Improvements	448,920	401,773
Construction in Progress	59,506	-
Accumulated Depreciation	<u>(3,417,243)</u>	<u>(3,301,176)</u>
 Total	 <u>\$ 1,729,354</u>	 <u>\$ 1,745,038</u>

The following reconciliation identifies the change in Capital Assets. See Note 4 to the basic financial statements for more detail.

Table 5 - Changes in Capital Assets

Beginning Balance - June 30, 2019	\$	1,745,038
Current year Additions		113,013
Current year Depreciation Expense		(128,699)
Rounding Adjustment		<u>2</u>
 Ending Balance - June 30, 2020	 \$	 <u><u>1,729,354</u></u>
 Current year Additions are summarized as follows:		
Server	\$	6,361
Construction in Progress		59,506
Rehab to Apt 121		<u>47,146</u>
 Total Current Year Addition	 \$	 <u><u>113,013</u></u>

MORGAN METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Unaudited

DEBT OUTSTANDING

As of fiscal year-end, the Authority has no outstanding debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.
- Unknown financial and operational impacts as well as impacts to federal programs as a result of the COVID-19 pandemic.

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Jenna Jenkins, Executive Director of the Morgan Metropolitan Housing Authority at (740) 962-4930.

Respectfully submitted,
Jenna Jenkins, Executive Director

**MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 417,259
Restricted Cash	63,007
Receivable, Net	19,090
Inventories, Net	5,934
Prepaid Items	<u>11,377</u>

Total Current Assets 516,667

Non-Current Assets:

Capital Assets:

Nondepreciable Capital Assets	334,156
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>1,395,198</u>
Total Capital Assets	<u>1,729,354</u>

Total Non-Current Assets 1,729,354

Total Assets

2,246,021

Deferred Outflows of Resources

Pension	25,337
OPEB	<u>29,246</u>

Total Deferred Outflows of Resources

54,583

Liabilities

Current Liabilities:

Accounts Payable	18,521
Accrued Wages and Payroll Taxes	2,475
Tenant Security Deposits	32,491
Accrued Compensated Absences	10,199
Unearned Revenue	<u>4,911</u>

Total Current Liabilities 68,597

Non-Current Liabilities:

Accrued Compensated Absences	3,524
Net Pension Liability	241,339
Net OPEB Liability	178,873
Family Self-Sufficiency Escrow Liability	<u>25,899</u>

Total Non-Current Liabilities 449,635

Total Liabilities

518,232

Deferred Inflows of Resources

Pension	56,904
OPEB	<u>25,466</u>

Total Deferred Inflows of Resources

82,370

Net Position

Investment in Capital Assets	1,729,354
Unrestricted	<u>(29,352)</u>

Total Net Position

\$ 1,700,002

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

**MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Operating Revenues		
Tenant Revenue		\$ 131,934
Operating Grants		1,053,055
Other Revenues		<u>24,682</u>
Total Operating Revenues		<u>1,209,671</u>
Operating Expenses		
Administrative	248,742	
Tenant Services	44,796	
Utilities	105,378	
Insurance	16,876	
Maintenance	169,823	
General	13,720	
Housing Assistance Payments	532,358	
Depreciation	<u>128,699</u>	
Total Operating Expenses		<u>1,260,392</u>
Operating Loss		<u>(50,721)</u>
Nonoperating Revenues		
Interest Revenue		3,791
Capital Grants		<u>55,935</u>
Total Nonoperating Revenues		<u>59,726</u>
Change in Net Position		9,005
Net Position at July 1, 2019		<u>1,690,997</u>
Net Position at June 30, 2020		<u><u>\$ 1,700,002</u></u>

The notes to the basic financial statements are an integral part of this statement.

**MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Cash flows from operating activities:

Cash received from tenants	\$ 130,633
Cash received from other sources	25,075
Cash received from HUD and other grant sources	1,053,028
Cash payments for administrative	(557,351)
Cash payments for housing assistance payments	(532,358)
	<u>119,027</u>

Net cash provided by operating activities 119,027

Cash flows from capital and related financing activities:

Capital funds received	55,935
Cash payments for capital assets	(113,013)
	<u>(57,078)</u>

Net cash used in capital and related financing activities (57,078)

Cash flows from investing activities:

Interest received	<u>3,791</u>
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Net cash provided by investing activities 3,791

Net change in cash and cash equivalents 65,740

Cash and cash equivalents at July 1, 2019 414,526

Cash and cash equivalents at June 30, 2020 **\$ 480,266**

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	\$ (50,721)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	128,699
Changes in:	
Accounts receivable, net	(12,200)
Inventories, net	679
Prepaid items	(780)
Deferred outflows of resources	52,297
Accounts payable	(3,570)
Accrued wages and payroll taxes	(1,489)
Compensated absences	5,481
Net pension and OPEB liabilities	(85,120)
Other liabilities	17,477
Deferred inflows of resources	68,274
	<u>68,274</u>

Net cash provided by operating activities **\$ 119,027**

The notes to the basic financial statements are an integral part of this statement.

MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. Financial accountability is defined by the component unit being fiscally dependent on the Authority. The Authority is not a component unit of any larger entity.

Basis of Presentation

The Authority’s basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

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

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

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets, liabilities, and deferred outflows and inflows of resources associated with the operation of the Authority are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Enterprise Fund

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

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs. The following are the various programs which are included in the single enterprise fund:

Project Total (PH and CFP) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties. CARES Act funding is also included in this program. The CARES Act provided additional Funding to PHAs to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus.

Housing Choice Voucher Program (HCVP) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to 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 ACC with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Housing Authority subsidizes the balance. CARES Act Funding is also included in this program. The CARES Act provided additional funding to PHAs to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus.

PIH Family Self-Sufficiency Program – A grant program that provides funds to pay for the salaries and benefits of a Coordinator to assist tenant to find jobs, training and supportive services to help residents transition from welfare to work. The Coordinator also provides assistance to link elderly/disabled residents to critical services which can help them continue to live independently.

Business Activities – The Business Activity Fund was set up to separate the non-HUD activities from the HUD funded programs. This fund is mainly used to account for the management fees received from the county for managing a HOPE project.

State & Local – The State & Local fund was set up to track grant money received for low income housing programs through state and local sources.

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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 Statement No. 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).
- 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 Statement No. 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.

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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 unearned 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.

Unearned Revenue

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

Prepaid Items

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

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority's capitalization policy was \$5,000. The following are the estimated useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – non residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non-dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15
Land improvements	15

Cash and Cash Equivalents

For cash flow reporting purposes, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

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Due From/To Other Programs

On the basic financial statements, receivables and payables resulting from the short-term interprogram loans are eliminated.

Accrued Liabilities

All payables and accrued liabilities are reported in the basic financial statements.

Compensated Absences

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

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

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development.

Estimates

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

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable and fraud recovery receivable balances at the end of the fiscal year. The allowance for doubtful accounts was \$2,467 at June 30, 2020.

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Inventories

Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was \$660 at June 30, 2020.

Deferred Inflow/Outflow of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 6 and 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the statement of net position. The deferred inflows of resources related to pension and OPEB are explained in Note 6 and 7.

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. There was no related debt as of June 30, 2020. Net position is recorded as restricted when there are limitations imposed on their use either by internal or external restrictions. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority net position restricted by for the HAP reserve at June 30, 2020 was \$0.

Operating/Nonoperating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues,

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operating grants from HUD and other miscellaneous revenue. Nonoperating revenues are HUD capital grants and interest income. HUD capital grants are the amounts received by the Authority for capital improvements and administration of the public housing programs.

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

2. CASH AND CASH EQUIVALENTS

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

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At fiscal year end, the carrying amount of the Authority's deposits was \$480,266 and the bank balance was \$481,607. In addition, \$50 was maintained in petty cash funds which is included in cash and cash equivalents presented on the statement of net position. Federal deposit insurance covered \$250,000 of the bank balance and \$231,607 was uninsured. Of the uninsured bank balance, the Authority was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held in the Ohio Pooled Collateral System	\$231,607
	\$231,607

3. RESTRICTED CASH

The restricted cash balance on the financial statements consists of the following:

Tenant Security Deposit	\$32,491
HCV CARES Act funds	4,617
FSS Escrow Funds held for Tenants	25,899
Total Restricted Cash on Hand	\$63,007

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4. CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2020 by class:

	Balance 6/30/2019	Additions	Disposal / Adjustment	Balance 6/30/2020
Capital Assets Not Being Depreciated:				
Land	\$274,650	\$0	\$0	\$274,650
Construction in Progress	0	59,506	0	59,506
Total Capital Assets Not Being Depreciated	274,650	59,506	0	334,156
Capital Assets Being Depreciated:				
Buildings and improvements	4,530,324	47,146	1	4,577,471
Furnt, Mach. and Equip.	241,240	6,361	(12,631)	234,970
Total Capital Assets Being Depreciated	4,771,564	53,507	(12,630)	4,812,441
Accumulated Depreciation:				
Buildings	(3,141,177)	(117,289)	1	(3,258,465)
Furnt, Mach. and Equip.	(159,999)	(11,410)	12,631	(158,778)
Total Accumulated Depreciation	(3,301,176)	(128,699)	12,632	(3,417,243)
Total Capital Assets Being Depreciated, Net	1,470,388	(75,192)	2	1,395,198
Total Capital Assets, Net	\$1,745,038	(\$15,686)	\$2	\$1,729,354

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5. LONG-TERM LIABILITIES

Long-term liabilities are summarized as follows:

	Balance			Balance	Due Within
	<u>6/30/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2020</u>	<u>One Year</u>
FSS Escrow Liability	\$14,164	\$13,244	(\$1,509)	\$25,899	\$0
Net Pension Liability	337,146	0	(95,807)	241,339	0
Net OPEB Liability	168,186	10,687	0	178,873	0
Compensated Absence	8,242	21,952	(16,471)	13,723	10,199
Total	<u>\$527,738</u>	<u>\$45,883</u>	<u>(\$113,787)</u>	<u>\$459,834</u>	<u>\$10,199</u>

The FSS Escrow Liability of \$25,899 represents money held in escrow for residents participating in the family self-sufficiency program. Each month contributions are deposited into the designated savings account on behalf of the program participants. Participants enter into an initial five-year contract (with an option for a two year extension upon Authority’s approval). At the end of the contract, the participant either meet their program goals, may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs in the program, the money earned is used by the Authority to provide additional housing assistance.

See Note 6 and Note 7 for information on the Authority’s net pension and OPEB liabilities.

6. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

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

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

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

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

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

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

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

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

2020 Statutory Maximum Contribution Rates:	State and Local
Employer	14.0%
Employee	10.0%

With the assistance of the System’s actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan employer contributions allocated to health care was 0.0 percent for 2019.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution to OPERS was \$26,445 for fiscal year 2020. The full amount was contributed during the fiscal year.

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

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

	Traditional Plan
Proportionate Share of Net Pension Liability	\$241,339
Proportion of the Net Pension Liability	
- Prior Measurement Date	0.001231%
- Current Measurement Date	0.001221%
Change in Proportion from Prior	-0.000010%
Pension Expense	\$14,196

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

	Traditional Plan
Deferred Outflows of Resources	
Assumption Changes	\$12,892
Authority contributions subsequent to the measurement date	12,445
Total Deferred Outflows of Resources	\$25,337

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	Traditional Plan
Deferred Inflows of Resources	
Net Difference between projected and actual earning on pension plan investments	\$48,144
Difference between expected and actual experience	3,052
Change in proportionate share and difference between Employer contribution and proportionate share of contribution	5,708
	\$56,904

\$12,445 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 fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional Plan
Fiscal Year Ending June 30:	
2021	(\$10,818)
2022	(16,071)
2023	1,994
2024	(19,117)
Total	(\$44,012)

Actuarial Assumptions – PERS

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

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

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

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

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

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

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

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The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 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. Best estimates of arithmetic real rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Fixed Income	25.00%	1.83%
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	<u>13.00</u>	<u>4.98</u>
TOTAL	<u>100.00%</u>	<u>5.61%</u>

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

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

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	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Authority's proportionate share of the net pension liability			
- Traditional Pension Plan	\$398,046	\$241,339	\$100,464

Changes Between Measurement Date and Report Date

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

7. DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or

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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 fiscal year is included in *accounts payable* on the accrual basis of accounting.

Plan Description – OPERS

Health Care Plan Description - The Ohio Public Employees Retirement System (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.

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

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

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

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

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Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$963 for fiscal year ending June 30, 2020.

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

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

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	Health Care Plan
Proportionate Share of Net OPEB Liability	\$178,873
Proportion of the Net OPEB Liability	
- Prior Measurement Date	0.001290%
- Current Measurement Date	0.001295%
Change in Proportion from Prior	0.000005%
OPEB Expense	\$21,255

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

	Health Care Plan
Deferred Outflows of Resources	
Assumption Changes	\$28,313
Difference between expected and actual experience	6
Change in proportionate share and difference between Employer contribution and proportionate share of contribution	927
Total Deferred Outflows of Resources	\$29,246
Deferred Inflows of Resources	
Net Difference between projected and actual earning on pension plan investments	\$9,108
Difference between expected and actual experience	16,358
	\$25,466

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

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	Health Care Plan
Fiscal Year Ending June 30:	
2021	\$5,363
2022	2,301
2023	8
2024	(3,892)
Total	\$3,780

Actuarial Assumptions - OPERS

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

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

Actuarial Information	
Actuarial Valuation Date	December 31, 2018
Rolled-Forward Measurement Date	December 31, 2019
Experience Study	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age
Actuarial Assumptions	
Single Discount Rate	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.75%
Wage Inflation	3.25%
Future Salary Increases, including inflation 3.25%	3.25 - 10.75%
Health Care Cost Trend Rate	10.5% initial, 3.5% ultimate in 2030

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	36.00%	1.53%
Domestic Equities	21.00%	5.75%
REITs	6.00%	5.69%
International Equities	23.00%	7.66%
Other Investments	14.00%	4.90%
TOTAL	100.00%	4.55%

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Single Discount Rate (3.16%)	1% Increase (4.16%)
Authority's proportionate share of the net OPEB liability	\$234,084	\$178,873	\$134,667

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.5 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$173,595	\$178,873	\$184,084

Changes Between Measurement Date and Report Date

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

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

**MORGAN METROPOLITAN HOUSING AUTHORITY
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8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities, of which Morgan MHA is a member. Settled claims have not exceeded the Authority's insurance in any of the past three fiscal years.

9. CONTINGENCIES

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received federal grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

10. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The investments of the pension and other employee benefit plan in which the 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 Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Morgan Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of the Authority's Proportionate Share of the Net Pension Liability
 Last Seven Fiscal Years

Traditional Plan	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.001221%	0.001231%	0.001326%	0.001399%	0.001334%	0.001302%	0.001302%
Authority's Proportionate Share of the Net Pension Liability	\$241,339	\$337,146	\$208,024	\$317,689	\$231,066	\$157,036	\$153,490
Authority's Covered-Employee Payroll	\$199,262	\$191,795	\$181,022	\$181,844	\$174,868	\$165,173	\$156,986
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	121.12%	175.78%	114.92%	174.70%	132.14%	95.07%	97.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	89.19%

- 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 2014 is not available. This schedule is intended to show ten years of information, additional years will be displayed as it become available.

Morgan Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of the Authority's Proportionate Share of the Net OPEB Liability
 Last Four Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.001295%	0.001290%	0.001270%	0.001304%
Authority's Proportionate Share of the Net OPEB Liability	\$178,873	\$168,186	\$137,913	\$128,274
Authority's Covered-Employee Payroll	\$199,262	\$191,795	\$181,022	\$181,844
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	89.77%	87.69%	76.19%	70.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	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 2017 is not available. This schedule is intended to show ten years of information, additional years will be displayed as it become available.

Morgan Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Authority's Contributions - Pension
 Ohio Public Employees Retirement System
 For the Last Ten Fiscal Years

	<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 Contribution Pension	\$26,445	\$25,971	\$24,444	\$21,823	\$21,162	\$19,822	\$20,409	\$16,483	\$17,759	\$23,211
Contributions in Relation to the Contractually Required Contribution	\$26,445	\$25,971	\$24,444	\$21,823	\$21,162	\$19,822	\$20,409	\$16,483	\$17,759	\$23,211
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Authority's Covered-Employee Payroll	\$195,711	\$191,795	\$181,022	\$181,844	\$174,868	\$165,173	\$156,986	\$164,828	\$147,993	\$175,443
Contributions as a Percentage of Covered-Employee Payroll Pension	13.51%	13.54%	13.50%	12.00%	12.10%	12.00%	13.00%	10.00%	12.00%	13.23%

Morgan Metropolitan Housing Authority
 Required Supplementary Information
 Schedule of Authority's Contributions - OPEB
 Ohio Public Employees Retirement System
 For the Last Ten Fiscal Years

	<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 Contribution OPEB	\$963	\$880	\$880	\$3,635	\$3,320	\$3,302	\$1,569	\$6,593	\$2,960	\$1,351
Contributions in Relation to the Contractually Required Contribution	963	880	880	3,635	3,320	3,302	1,569	6,593	2,960	1,351
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Authority's Covered-Employee Payroll	\$195,711	\$191,795	\$181,022	\$181,844	\$174,868	\$165,173	\$156,986	\$164,828	\$147,993	\$175,443
Contributions as a Percentage of Covered-Employee Payroll OPEB	0.49%	0.46%	0.49%	2.00%	1.90%	2.00%	1.00%	4.00%	2.00%	0.77%

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Ohio Public Employees' Retirement System

Net Pension Liability

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.4% simple through 2020, then 2.15% simple.

Net OPEB Liability

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

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

Morgan Metropolitan Housing Authority
FDS Schedule Submitted to HUD
For the Fiscal Year Ended June 30, 2020

	Project Total	14.896 PIH Family Self- Sufficiency Program	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$306,555	\$0	\$15,266	\$4,816	\$90,622	\$0	\$0	\$417,259	\$0	\$417,259
113 Cash - Other Restricted	\$25,899	\$0	\$0	\$0	\$0	\$0	\$4,617	\$30,516	\$0	\$30,516
114 Cash - Tenant Security Deposits	\$32,491	\$0	\$0	\$0	\$0	\$0	\$0	\$32,491	\$0	\$32,491
100 Total Cash	\$364,945	\$0	\$15,266	\$4,816	\$90,622	\$0	\$4,617	\$480,266	\$0	\$480,266
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$0	\$11,121	\$0	\$11,121	\$0	\$11,121
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$1,536	\$0	\$0	\$0	\$1,536	\$0	\$1,536
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$2,351	\$0	\$0	\$2,351	\$0	\$2,351
126 Accounts Receivable - Tenants	\$4,561	\$0	\$0	\$0	\$0	\$0	\$0	\$4,561	\$0	\$4,561
126.1 Allowance for Doubtful Accounts -Tenants	-\$479	\$0	\$0	\$0	\$0	\$0	\$0	-\$479	\$0	-\$479
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$1,988	\$0	\$0	\$1,988	\$0	\$1,988
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	-\$1,988	\$0	\$0	-\$1,988	\$0	-\$1,988
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,082	\$0	\$0	\$1,536	\$2,351	\$11,121	\$0	\$19,090	\$0	\$19,090
142 Prepaid Expenses and Other Assets	\$8,325	\$0	\$0	\$0	\$3,052	\$0	\$0	\$11,377	\$0	\$11,377
143 Inventories	\$6,594	\$0	\$0	\$0	\$0	\$0	\$0	\$6,594	\$0	\$6,594
143.1 Allowance for Obsolete Inventories	-\$660	\$0	\$0	\$0	\$0	\$0	\$0	-\$660	\$0	-\$660
144 Inter Program Due From	\$11,121	\$0	\$0	\$0	\$0	\$0	\$0	\$11,121	-\$11,121	\$0
150 Total Current Assets	\$394,407	\$0	\$15,266	\$6,352	\$96,025	\$11,121	\$4,617	\$527,788	-\$11,121	\$516,667
161 Land	\$274,650	\$0	\$0	\$0	\$0	\$0	\$0	\$274,650	\$0	\$274,650
162 Buildings	\$4,128,551	\$0	\$0	\$0	\$0	\$0	\$0	\$4,128,551	\$0	\$4,128,551
163 Furniture, Equipment & Machinery - Dwellings	\$129,160	\$0	\$0	\$0	\$0	\$0	\$0	\$129,160	\$0	\$129,160
164 Furniture, Equipment & Machinery - Administration	\$101,390	\$0	\$0	\$0	\$4,420	\$0	\$0	\$105,810	\$0	\$105,810

Morgan Metropolitan Housing Authority
FDS Schedule Submitted to HUD
For the Fiscal Year Ended June 30, 2020

	Project Total	14.896 PIH Family Self- Sufficiency Program	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
165 Leasehold Improvements	\$448,920	\$0	\$0	\$0	\$0	\$0	\$0	\$448,920	\$0	\$448,920
166 Accumulated Depreciation	-\$3,412,823	\$0	\$0	\$0	-\$4,420	\$0	\$0	-\$3,417,243	\$0	-\$3,417,243
167 Construction in Progress	\$59,506	\$0	\$0	\$0	\$0	\$0	\$0	\$59,506	\$0	\$59,506
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,729,354	\$0	\$0	\$0	\$0	\$0	\$0	\$1,729,354	\$0	\$1,729,354
180 Total Non-Current Assets	\$1,729,354	\$0	\$0	\$0	\$0	\$0	\$0	\$1,729,354	\$0	\$1,729,354
200 Deferred Outflow of Resources	\$43,031	\$0	\$0	\$0	\$11,552	\$0	\$0	\$54,583	\$0	\$54,583
290 Total Assets and Deferred Outflow of Resources	\$2,166,792	\$0	\$15,266	\$6,352	\$107,577	\$11,121	\$4,617	\$2,311,725	-\$11,121	\$2,300,604
312 Accounts Payable <= 90 Days	\$11,877	\$0	\$273	\$6,117	\$254	\$0	\$0	\$18,521	\$0	\$18,521
321 Accrued Wage/Payroll Taxes Payable	\$1,818	\$0	\$0	\$235	\$422	\$0	\$0	\$2,475	\$0	\$2,475
322 Accrued Compensated Absences - Current Portion	\$9,960	\$0	\$0	\$0	\$239	\$0	\$0	\$10,199	\$0	\$10,199
341 Tenant Security Deposits	\$32,491	\$0	\$0	\$0	\$0	\$0	\$0	\$32,491	\$0	\$32,491
342 Unearned Revenue	\$294	\$0	\$0	\$0	\$0	\$0	\$4,617	\$4,911	\$0	\$4,911
347 Inter Program - Due To	\$0	\$0	\$0	\$0	\$0	\$11,121	\$0	\$11,121	-\$11,121	\$0
310 Total Current Liabilities	\$56,440	\$0	\$273	\$6,352	\$915	\$11,121	\$4,617	\$79,718	-\$11,121	\$68,597
353 Non-current Liabilities - Other	\$25,899	\$0	\$0	\$0	\$0	\$0	\$0	\$25,899	\$0	\$25,899
354 Accrued Compensated Absences - Non Current	\$392	\$0	\$0	\$0	\$3,132	\$0	\$0	\$3,524	\$0	\$3,524
357 Accrued Pension and OPEB Liabilities	\$347,650	\$0	\$0	\$0	\$72,562	\$0	\$0	\$420,212	\$0	\$420,212
350 Total Non-Current Liabilities	\$373,941	\$0	\$0	\$0	\$75,694	\$0	\$0	\$449,635	\$0	\$449,635

Morgan Metropolitan Housing Authority
FDS Schedule Submitted to HUD
For the Fiscal Year Ended June 30, 2020

	Project Total	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
300 Total Liabilities	\$430,381	\$0	\$273	\$6,352	\$76,609	\$11,121	\$4,617	\$529,353	-\$11,121	\$518,232
400 Deferred Inflow of Resources	\$69,794	\$0	\$0	\$0	\$12,576	\$0	\$0	\$82,370	\$0	\$82,370
508.4 Net Investment in Capital Assets	\$1,729,354	\$0	\$0	\$0	\$0	\$0	\$0	\$1,729,354	\$0	\$1,729,354
511.4 Restricted Net Position	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.4 Unrestricted Net Position	-\$62,737	\$0	\$14,993	\$0	\$18,392	\$0	\$0	-\$29,352	\$0	-\$29,352
513 Total Equity - Net Assets / Position	\$1,666,617	\$0	\$14,993	\$0	\$18,392	\$0	\$0	\$1,700,002	\$0	\$1,700,002
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,166,792	\$0	\$15,266	\$6,352	\$107,577	\$11,121	\$4,617	\$2,311,725	-\$11,121	\$2,300,604
70300 Net Tenant Rental Revenue	\$131,934	\$0	\$0	\$0	\$0	\$0	\$0	\$131,934	\$0	\$131,934
70400 Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70500 Total Tenant Revenue	\$131,934	\$0	\$0	\$0	\$0	\$0	\$0	\$131,934	\$0	\$131,934
70600 HUD PHA Operating Grants	\$357,327	\$44,069	\$0	\$0	\$602,717	\$38,093	\$10,849	\$1,053,055	\$0	\$1,053,055
70610 Capital Grants	\$55,935	\$0	\$0	\$0	\$0	\$0	\$0	\$55,935	\$0	\$55,935
70800 Other Government Grants	\$0	\$0	\$0	\$3,192	\$0	\$0	\$0	\$3,192	\$0	\$3,192
71100 Investment Income - Unrestricted	\$2,836	\$0	\$0	\$0	\$955	\$0	\$0	\$3,791	\$0	\$3,791
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$2,534	\$0	\$0	\$2,534	\$0	\$2,534
71500 Other Revenue	\$14,722	\$0	\$3,397	\$0	\$837	\$0	\$0	\$18,956	\$0	\$18,956
70000 Total Revenue	\$562,754	\$44,069	\$3,397	\$3,192	\$607,043	\$38,093	\$10,849	\$1,269,397	\$0	\$1,269,397

Morgan Metropolitan Housing Authority
FDS Schedule Submitted to HUD
For the Fiscal Year Ended June 30, 2020

	Project Total	14.896 PIH Family Self- Sufficiency Program	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
91100 Administrative Salaries	\$58,308	\$0	\$744	\$0	\$26,951	\$32,855	\$10,406	\$129,264	\$0	\$129,264
91200 Auditing Fees	\$2,908	\$0	\$0	\$0	\$3,407	\$0	\$0	\$6,315	\$0	\$6,315
91400 Advertising and Marketing	\$32	\$0	\$0	\$0	\$6	\$0	\$0	\$38	\$0	\$38
91500 Employee Benefit contributions - Administrative	\$52,743	\$0	\$0	\$0	\$18,109	\$0	\$0	\$70,852	\$0	\$70,852
91600 Office Expenses	\$4,591	\$0	\$0	\$0	\$2,242	\$272	\$171	\$7,276	\$0	\$7,276
91700 Legal Expense	\$3,840	\$0	\$0	\$0	\$0	\$0	\$0	\$3,840	\$0	\$3,840
91800 Travel	\$2,119	\$0	\$0	\$0	\$246	\$0	\$0	\$2,365	\$0	\$2,365
91900 Other	\$10,864	\$0	\$1	\$0	\$17,678	\$187	\$62	\$28,792	\$0	\$28,792
91000 Total Operating - Administrative	\$135,405	\$0	\$745	\$0	\$68,639	\$33,314	\$10,639	\$248,742	\$0	\$248,742
92100 Tenant Services - Salaries	\$0	\$25,973	\$0	\$0	\$0	\$0	\$0	\$25,973	\$0	\$25,973
92300 Employee Benefit Contributions - Tenant Services	\$0	\$18,096	\$0	\$0	\$0	\$0	\$0	\$18,096	\$0	\$18,096
92400 Tenant Services - Other	\$727	\$0	\$0	\$0	\$0	\$0	\$0	\$727	\$0	\$727
92500 Total Tenant Services	\$727	\$44,069	\$0	\$0	\$0	\$0	\$0	\$44,796	\$0	\$44,796
93100 Water	\$91,937	\$0	\$0	\$0	\$115	\$0	\$0	\$92,052	\$0	\$92,052
93200 Electricity	\$9,014	\$0	\$0	\$0	\$279	\$0	\$0	\$9,293	\$0	\$9,293
93300 Gas	\$3,939	\$0	\$0	\$0	\$94	\$0	\$0	\$4,033	\$0	\$4,033
93000 Total Utilities	\$104,890	\$0	\$0	\$0	\$488	\$0	\$0	\$105,378	\$0	\$105,378
94100 Ordinary Maintenance and Operations - Labor	\$41,758	\$0	\$971	\$2,750	\$0	\$4,016	\$123	\$49,618	\$0	\$49,618
94200 Ordinary Maintenance and Operations - Materials and Other	\$8,848	\$0	\$0	\$0	\$0	\$299	\$0	\$9,147	\$0	\$9,147
94300 Ordinary Maintenance and Operations Contracts	\$50,145	\$0	\$0	\$0	\$0	\$464	\$87	\$50,696	\$0	\$50,696
94500 Employee Benefit Contributions - Ordinary Maintenance	\$59,920	\$0	\$0	\$442	\$0	\$0	\$0	\$60,362	\$0	\$60,362

Morgan Metropolitan Housing Authority
FDS Schedule Submitted to HUD
For the Fiscal Year Ended June 30, 2020

	Project Total	14.896 PIH Family Self- Sufficiency Program	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
94000 Total Maintenance	\$160,671	\$0	\$971	\$3,192	\$0	\$4,779	\$210	\$169,823	\$0	\$169,823
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$15,243	\$0	\$0	\$0	\$0	\$0	\$0	\$15,243	\$0	\$15,243
96120 Liability Insurance	\$43	\$0	\$0	\$0	\$101	\$0	\$0	\$144	\$0	\$144
96130 Workmen's Compensation	\$1,244	\$0	\$0	\$0	\$245	\$0	\$0	\$1,489	\$0	\$1,489
96100 Total insurance Premiums	\$16,530	\$0	\$0	\$0	\$346	\$0	\$0	\$16,876	\$0	\$16,876
96200 Other General Expenses	\$13,249	\$0	\$0	\$0	\$0	\$0	\$0	\$13,249	\$0	\$13,249
96400 Bad debt - Tenant Rents	\$0	\$0	\$0	\$0	\$471	\$0	\$0	\$471	\$0	\$471
96000 Total Other General Expenses	\$13,249	\$0	\$0	\$0	\$471	\$0	\$0	\$13,720	\$0	\$13,720
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$431,472	\$44,069	\$1,716	\$3,192	\$69,944	\$38,093	\$10,849	\$599,335	\$0	\$599,335
97000 Excess of Operating Revenue over Operating Expenses	\$131,282	\$0	\$1,681	\$0	\$537,099	\$0	\$0	\$670,062	\$0	\$670,062
97300 Housing Assistance Payments	\$0	\$0	\$0	\$0	\$532,358	\$0	\$0	\$532,358	\$0	\$532,358
97400 Depreciation Expense	\$128,699	\$0	\$0	\$0	\$0	\$0	\$0	\$128,699	\$0	\$128,699
90000 Total Expenses	\$560,171	\$44,069	\$1,716	\$3,192	\$602,302	\$38,093	\$10,849	\$1,260,392	\$0	\$1,260,392
10010 Operating Transfer In	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	\$30,000	-\$30,000	\$0
10020 Operating transfer Out	-\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	-\$30,000	\$30,000	\$0

Morgan Metropolitan Housing Authority
FDS Schedule Submitted to HUD
For the Fiscal Year Ended June 30, 2020

	Project Total	14.896 PIH Family Self- Sufficiency Program	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$2,583	\$0	\$1,681	\$0	\$4,741	\$0	\$0	\$9,005	\$0	\$9,005
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$1,664,034	\$0	\$13,312	\$0	\$13,651	\$0	\$0	\$1,690,997	\$0	\$1,690,997
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	\$0	\$0	\$0	\$18,392	\$0	\$0	\$18,392	\$0	\$18,392
11180 Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11190 Unit Months Available	720	0	0	0	1,680	0	0	2,400	0	2,400
11210 Number of Unit Months Leased	708	0	0	0	1,590	0	0	2,298	0	2,298
11650 Leasehold Improvements Purchases	\$55,935	\$0	\$0	\$0	\$0	\$0	\$0	\$55,935	\$0	\$55,935

**MORGAN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COSTS
JUNE 30, 2020**

Capital Fund Program Number:	501-17	501-18
1. The Program Costs are as follows:		
Funds Approved	\$77,454	\$120,159
Funds Expended	77,454	120,159
Excess (Deficiency) of Funds Approved	\$ -	\$ -
Funds Advanced	\$77,454	\$120,159
Funds Expended	77,454	120,159
Excess (Deficiency) of Funds Advanced	\$ -	\$ -
2. All costs have been paid and there are no outstanding obligations.		
3. The Final Financial Status Report was signed and filed on:	1/17/20	8/18/20
4. The Final Costs on the Certification agrees with the Authority's records.		

**MORGAN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass Through Grantor Program/Cluster Title</u>	<u>Pass-Through Number</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Public and Indian Housing:			
Public and Indian Housing	N/A	14.850	\$ 327,327
Public Housing CARES Act Funding	N/A	14.PHC	<u>38,093</u>
Total Public and Indian Housing			<u>365,420</u>
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	602,717
HCV CARES Act Funding	N/A	14.HCC	<u>10,849</u>
Total Housing Voucher Cluster			<u>613,566</u>
Public Housing Capital Fund	N/A	14.872	85,935
Family Self-Sufficiency Program	N/A	14.896	<u>44,069</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,108,990</u></u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior fiscal years. The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Morgan Metropolitan Housing Authority
Morgan County
4580 N. St. Rt. 276 NW
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Morgan Metropolitan Housing Authority, Morgan County, (the Authority) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 30, 2020, wherein we noted the Authority considered the financial impact of COVID-19 as disclosed in Note 10.

Internal Control Over Financial Reporting

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

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

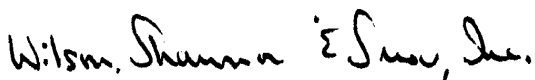
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we 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, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Newark, Ohio
November 30, 2020

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

Morgan Metropolitan Housing Authority
Morgan County
4580 N. St. Rt. 276 NW
McConnelsville, Ohio 43756

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited the Morgan Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Morgan Metropolitan Housing Authority's major federal program for the fiscal year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Morgan Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on its major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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

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



Newark, Ohio
November 30, 2020

**MORGAN METROPOLITAN HOUSING AUTHORITY
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



MORGAN COUNTY METROPOLITAN HOUSING AUTHORITY

MORGAN 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 12/29/2020

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