BUTLER METROPOLITAN HOUSING AUTHORITY

BUTLER COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

James G. Zupka, CPA, Inc.

Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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

Board Members
Butler Metropolitan Housing Authority
4110 Hamilton-Middletown Road
Hamilton, Ohio 45011

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

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

Keith Faber
Auditor of State
Columbus, Ohio

April 08, 2021

This page intentionally left blank.

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

TABLE OF CONTENTS

This page intentionally left blank.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Butler Metropolitan Housing Authority
Hamilton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

March 5, 2021

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

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

FINANCIAL HIGHLIGHTS

- The business-type activity revenue increased by $3.68 million (17 percent) from FY 2019. Total revenue was $25.9 million and $22.2 million for FY 2020 and FY 2019, respectively.

- The total expenses of all Authority programs increased by $.23 million (1 percent). Total expenses were $24.1 million and $23.8 million for FY 2020 and FY 2019, respectively.

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

Authority-Wide Financial Statements

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

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

Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted amounts, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Investment in Capital Assets" or "Restricted Net Position."

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

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

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

Traditional users of governmental financial statements will find the consolidated Financial Statements presentation familiar. The focus is on Authority-wide balances rather than individual program balances. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The following is a condensed Statement of Net Position compared to prior year.

Table 1 - Condensed Statement of Net Position

	2020	2019	Change	% Change
Assets				
Current Assets	$ 10,718,000	$ 8,683,000	$ 2,035,000	23%
Capital Assets	9,997,000	8,915,000	1,082,000	12%
Other Non-current Assets	628,000	613,000	15,000	2%
Total Assets	21,343,000	18,211,000	3,132,000	17%
Deferred Outflows	645,000	1,302,000	(657,000)	-50%
Liabilities				
Current Liabilities	1,568,000	450,000	1,118,000	248%
Non-current Liabilities	5,286,000	6,800,000	(1,514,000)	-22%
Total Liabilities	6,854,000	7,250,000	(396,000)	-5%
Deferred Inflows	1,302,000	267,000	1,035,000	388%
Net Position				
Invested in Capital	9,997,000	8,915,000	1,082,000	12%
Restricted	695,000	533,000	162,000	30%
Unrestricted	3,140,000	2,548,000	592,000	23%
Total Net Position	$ 13,832,000	$ 11,996,000	$ 1,836,000	15%

Major Factors Affecting the Statement of Net Position

Current assets increased by about $2,035,000 over last year (about 23%) and current liabilities increased $1,118,000 (248 percent). The increases are, in part, related. Included in current assets is $569,000 due from the insurer at year-end to pay for a property claim, and $513,893 of that is due to the contractor who completed the repairs to the damaged unit. Work to make those repairs was completed very near the year-end. And boosting the current assets is CARES funding provided by HUD to the Authority's Housing Choice Voucher Program in response to the COVID-19 pandemic, of which approximately $118,000 was used by the Authority to pay operating costs of the Program and representing unexpected revenue for the Program, and another $139,000 in funding advanced the Authority but not yet spent at year-end and so recorded as unearned revenue, a current liability.

Otherwise, a part of the increase in current assets is approximately a $500,000 increase in unrestricted cash in the Public Housing Program, primarily reflecting favorable results from operations. And a part of the increase in current liabilities is about $180,000 of the compensated absences liability anticipated to be paid out to employees expected to be retiring in the coming year.

The large insurance claim mentioned above also contributes to the change in capital assets. Of the nearly $569,000 insurance claim, $469,000 of it was expended for capitalized repairs to rebuild the damaged units. The remainder of the increase in capital assets is the extent to which capital revenue from HUD for the Capital Fund Program exceeded depreciation on assets in the period.

Other notable changes in the period were the decreases in deferred outflow of resources and non-current liabilities, and the increase in deferred inflow of resources, all changes due to reporting required by GASB 68 & GASB 75 of changes related to the net pension liability and OPEB liability of the retirement system, the Ohio Public Employees Retirement System. These accounting standards require public employers like the Authority to report what is estimated to be its share of the unfunded pension and health care liability of the retirement system. In Ohio there is no legal means to enforce the unfunded liability of the pension/OPEB as against the public employer, and contribution rates for the employer are set by state law.

The following is a condensed Statement of Revenues, Expenses, and Changes in Net Position compared to prior year.

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

	2020	2019	Change	% Change
Revenues				
Tenant Revenues	$ 2,448,000	$ 2,321,000	$ 127,000	5%
Subsidies	20,054,000	19,139,000	915,000	5%
Capital Grants	2,552,000	482,000	2,070,000	429%
Interest Income	10,000	15,000	(5,000)	-33%
Other Income	793,000	218,000	575,000	264%
Total Revenues	25,857,000	22,175,000	3,682,000	17%
Expenses				
Administrative	2,887,000	3,416,000	(529,000)	-15%
Tenant Services	439,000	11,000	428,000	3891%
Utilities	1,182,000	1,195,000	(13,000)	-1%
Maintenance and Operation	3,400,000	3,374,000	26,000	1%
General and Interest	664,000	562,000	102,000	18%
HAP	13,527,000	13,459,000	68,000	1%
Depreciation	1,922,000	1,775,000	147,000	8%
Total Expenses	24,021,000	23,792,000	229,000	1%
Change in Net Position	1,836,000	(1,617,000)		
Total Net Position - Beginning	11,996,000	13,613,000		
Total Net Position - Ending	$ 13,832,000	$ 11,996,000		

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

The most significant change in revenues was to capital grant revenue, an increase of about $2.07 million (or 429 percent). This increase does not represent a new funding stream for the Authority, but rather is a matter of routine fluctuation in spending of funding provided the Authority from HUD for the Capital Fund Program. HUD provides funding for the Program annually on a formula basis and PHAs typically have up to four years to spend the money. PHAs develop 5-year spending plans for the funding in consultation with residents. It is not unusual for spending to fluctuate from year to year based on when projects are planned and ultimately carried out. The large change to other income is in large part due to insurance proceeds recognized for the large property damage claim the Authority had in the period.

Overall expenses remained virtually unchanged from the prior period, increasing by just 1%. The largest changes in categories were offsetting changes to administrative expenses and tenant services expenses. Much of that is due to how HUD wants costs related to preparing for, preventing, and responding to COVID-19, and costs related to how CARES funding that was provided was spent.

The following summarizes the change in Capital Assets.

Table 3 - Condensed Changes in Capital Assets

	2020	2019	Change	% Change
Capital Assets				
Land	$ 3,147,000	$ 3,147,000	$ 0	0%
Buildings and Improvements	77,744,000	75,218,000	2,526,000	3%
Equipment	1,462,000	1,934,000	(472,000)	-24%
Accumulated Depreciation	(72,356,000)	(71,384,000)	(972,000)	1%
Total Capital Assets	$ 9,997,000	$ 8,915,000	$ 1,082,000	12%

Debt

The Authority has no debt at June 30, 2020.

ECONOMIC FACTORS

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The likelihood of full improvements in the level of funding from DHUD for Authority programs is not favorable. Cuts in HUD funding for Authority programs eventually means cuts in what the Authority can do for its clients.

FINANCIAL CONTACT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Butler Metropolitan Housing Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions regarding these financial statements or supplemental information, you may contact Benjamin Jones, Executive Director, at (513) 623-0353 or by writing: Butler Metropolitan Housing Authority, 4110 Hamilton-Middletown Road, Hamilton, Ohio 45011-6218.

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

ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	$ 8,012,044
Cash and Cash Equivalents - Restricted	1,192,521
Accounts Receivable, Net	566,900
Insurance Proceeds Receivable	568,843
Prepaid Expenses	228,198
Inventories	149,544
Total Current Assets	10,718,050
Noncurrent Assets	
Capital Assets:	
Non-depreciable Capital Assets	3,147,250
Depreciable Capital Assets, Net	6,849,371
Total Capital Assets	9,996,621
Notes Receivable	594,888
Other Assets	33,356
Total Noncurrent Assets	10,624,865
Deferred Outflows of Resources	
Pension	321,743
OPEB	323,453
Total Deferred Outflows of Resources	645,196
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 21,988,111
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts Payable	$ 440,924
Accrued Liabilities	656,594
Tenant Security Deposits	119,134
Compensated Absences - Current	179,517
Unearned Revenue	172,031
Total Current Liabilities	1,568,200
Noncurrent Liabilities	
Accrued Compensated Absences	382,344
Net Pension Liability	2,885,789
Net OPEB Liability	2,017,882
Total Noncurrent Liabilities	5,286,015
TOTAL LIABILITIES	6,854,215
Deferred Inflow of Resources	
Pension	744,054
OPEB	363,457
Prepaid Ground Lease	194,697
Total Deferred Inflow of Resources	1,302,208
NET POSITION	
Investment in Capital Assets	9,996,621
Restricted Net Position	694,691
Unrestricted Net Position	3,140,376
TOTAL NET POSITION	13,831,688
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 21,988,111

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

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

Operating Revenue	
Tenant Revenue	$ 2,448,100
Governmental Grants and Subsidy	20,053,826
Other Income	241,974
Total Operating Revenue	22,743,900
Operating Expenses	
Administration	2,887,959
Tenant Services	438,936
Utilities	1,182,027
Maintenance and Operation	3,296,892
Protective Services	138,868
General Expense	525,509
Housing Assistance Payments	13,526,963
Depreciation	1,922,121
Total Operating Expenses	23,919,275
Net Operating Income (Loss)	(1,175,375)
Nonoperating Revenues/(Expenses)	
Casualty Loss Proceeds	568,843
Casualty Loss Expenses - Non-Capitalized	(102,673)
Loss on Disposition of Capital Assets	(18,273)
Investment Income	10,252
Net Nonoperating Revenues	458,149
Net Income/(Loss) before Capital Grants	(717,226)
Capital Grants	2,552,478
Increase in Net Position	1,835,252
Total Net Position - Beginning	11,996,436
Total Net Position - Ending	$ 13,831,688

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

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

Cash Flows from Operating Activities	
Operating Grants Received	$ 20,152,616
Tenant Revenue Received	2,367,438
Other Revenue Received	241,974
Administrative Expenses	(2,639,373)
Other Operating Expenses	(5,475,468)
Housing Assistance Payments	(13,526,963)
Net Cash Provided from Operating Activities	1,120,224
Cash Flows from Capital and Related Financing Activities	
Casualty Loss	(102,673)
Capital Grants Received	2,263,218
Property and Equipment Purchased	(2,263,218)
Net Cash Provided from (Used by) Capital and Related Financing Activities	(102,673)
Cash Flows from Investing Activities	
Interest Earned	10,252
Net Cash Provided from Investing Activities	10,252
Net Increase in Cash	1,027,803
Cash and Cash Equivalents at Beginning of Year	8,176,762
Cash and Cash Equivalents at End of Year	$ 9,204,565
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income (Loss)	$ (1,175,375)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	1,922,121
Decrease (Increase) in Accounts Receivable	(407,312)
Decrease (Increase) in Prepaid and Other Assets	(30,141)
Decrease (Increase) in Inventory	(15,950)
Decrease (Increase) in Deferred Outflows	656,941
Increase (Decrease) in Unearned Revenue	138,530
Increase (Decrease) in Accounts Payable	289,697
Increase (Decrease) in Accrued Expenses	43,301
Increase (Decrease) in Tenant Security Deposits	(2,350)
Increase (Decrease) in Compensated Absence	43,412
Increase (Decrease) in Net Pension and OPEB Liabilities	(1,378,127)
Increase (Decrease) in Deferred Inflows	1,035,477
Net Cash Provided from Operating Activities	$ 1,120,224

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

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY

1. Introduction

The financial statements of the Butler Metropolitan Housing Authority ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the Authority follows GASB guidance as applicable to enterprise funds.

2. Organization

The Authority is a public body and a body corporate and politic organized under the laws of the State of Ohio by the City of Hamilton for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the Board is appointed pursuant to the Ohio Revised Code, but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

3. Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board* and the Financial Accounting Standards Board and GASB Statement Number 14, *The Financial Reporting Entity.*

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the City or County and is entitled to all surpluses. No separate Authority receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority – the Board of Commissioners of the Authority is appointed to five-year terms by the Mayor of the City of Hamilton, Probate Court, Commons Pleas Court, and the Butler County Commissioners, but the Authority designates its own management. The City and County provide no financial support to the Authority and are not responsible for the debts or entitled to the net assets of the Authority. The Authority has the power to approve its own budget and maintains its own accounting system. Although the officials of the City of Hamilton and Butler County appoint the governing board of the Authority, no other criteria established by Government Accounting Standards Board for inclusion of the Authority in the financial reports of those entities are met. Therefore, a separate financial report is prepared for the Authority.

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

3. Reporting Entity (Continued)

Imposition of Will - The County has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority nor for the Authority to be included in the City of Hamilton's or Butler County's financial reports, therefore, the Authority reports independently. The Authority operated the following programs under Annual Contributions Contract:

A. ***Public Housing Program*** – The Authority rents units it owns to low-income households. The Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy to enable the Authority to rent the units based on 30% of household income.

B. ***Housing Choice Voucher Program***– The objective of this Program is to provide housing for eligible low-income families through housing assistance payments to private landlords.

C. ***Capital Fund Program*** **-** The objective of this Program is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the Program.

D. ***Business Activities*** – Various other activities of the Authority.

4. Basis of Presentation, Basis of Accounting and Measurement Focus

Basis of Accounting - The Authority uses the accrual basis of accounting for all funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Authority's activities are included on the Statement of Net Position. The Authority uses the following fund:

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

4. Basis of Presentation, Basis of Accounting and Measurement Focus (Continued)

Enterprise Fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

The Authority's net position is reported in three components:

1. Net investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and 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.

2. Restricted Net Position – Consists of net position with constraints placed on their use by external groups including HUD, creditors, grantors, contributors, or laws and regulations of other governments.

3. Unrestricted Net Position – All other net assets that do not meet the definition of "restricted" or "net investment in capital assets".

5. Accounting and Reporting for Non-exchange Transactions

Non-exchange transactions occur when a Public Housing Authority receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transaction 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 non-exchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).
- Government-mandated non-exchange 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 non-exchange 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 a government-mandated or voluntary non-exchange transactions.

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

NOTE A: <u>SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY</u> (Continued)

5. <u>Accounting and Reporting for Non-Exchange Transactions</u> (Continued)

- 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 non-exchange 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 non-exchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

6. <u>Revenues and Expenses</u>

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

7. <u>Encumbrances</u>

Encumbrances represent commitments related to unperformed contracts for goods or services. The Authority does not utilize encumbrance accounting.

8. <u>Budgets</u>

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the program to which the budget applies. The Authority prepares annual operating budgets, which are formally adopted by its Governing Board of Commissioners and submitted to HUD when required.

9. <u>Inventories</u>

Inventories are recorded on a first-in, first out basis. The periodic method is used to account for inventories. Under the periodic method, inventories are charged to expense when purchased and adjusted periodically upon physical inventory count.

NOTE A: <u>SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY</u> (Continued)

10. <u>Capital Assets and Depreciation</u>

Capital assets are stated at historical cost. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the City of Hamilton for maintenance and repairs. Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Assets. The Authority has established a capitalization threshold of $2,000 for equipment, buildings and improvements.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings and Improvements	10-20 years
Furniture, Fixtures and Equipment	3-10 years
Vehicles	5 years

11. <u>Collection Losses</u>

Collection losses on accounts receivable are expended, in the appropriate fund, on the specific write-off method.

12. <u>Insurance</u>

The Authority purchases insurance policies to protect the Authority from commercial business risks. The Authority had the required coverage in force.

13. <u>Cash and Investments</u>

The Authority’s cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

14. <u>Compensated Absences</u>

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

15. Operating Revenue

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsides received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net assets below the non-operating revenue and expense.

16. Deferred Outflows/Inflows 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 G and Note H respectively.

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 are reported on the statement of net position for pension, OPEB and a prepaid ground lease. The deferred inflows of resources related to pension and OPEB are explained in Note G and Note H respectively. The deferred inflows of resources related to the prepaid ground lease is explained in Note N.

Deferred Outflows	
Pension	$ 321,743
OPEB	323,453
Total Deferred Outflows	$ 645,196
Deferred Inflows	
Pension	$ 744,054
OPEB	363,457
Prepaid Ground Lease	194,697
Total Deferred Inflows	$ 1,302,208

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

17. Pensions/Other Post Employment 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 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.

18. Estimates

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

19. Change in Accounting Principle

During 2020, the Authority implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations.* The objective of this Statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. This implementation of GASB Statement No. 83 did not have an effect on the financial statements of the Authority.

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Authority.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the Authority.

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

19. Change in Accounting Principle (Continued)

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Authority.

NOTE B: CASH AND CASH EQUIVALENTS

All the deposits of the Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Authority has no policy regarding custodial credit risk for deposits.

At June 30, 2020, the Authority's deposits had a carrying amount of $9,204,565 (including $1,200 of petty cash) and a bank balance of $9,461,447. Of the bank balances held in various financial institutions, $250,000 was covered by Federal Depository Insurance and the remainder was covered by collateral held under the dedicated method.

Interest Rate Risk **-** As a means of limiting its exposure to market value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to maturities of 12 months or less. The Authority has no specific policy regarding interest rate risk.

Credit Risk **-** The Authority has no policy regarding credit risk.

Custodial Credit Risk **-** For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority had no funds that were considered to be investments and as such all funds were classified as cash & cash equivalents. The Authority has no policy on custodial credit risk.

Concentration of Credit Risk **-** The Authority places no limit on the amount that it may invest in any one issuer. The Authority has no policy regarding credit risk.

Cash and cash equivalents at June 30, 2020, consisted of the following:

NOTE B: CASH AND CASH EQUIVALENTS (Continued)

Cash and Cash Equivalents	
Checking - Unrestricted	$ 8,010,844
Cash - Restricted	1,192,521
Petty Cash	1,200
Total Cash and Cash Equivalents	$ 9,204,565
Restricted Cash and Cash Investments	
Tenant Security Deposits	$ 119,134
Excess Funding Advanced	33,511
HCV HAP Equity/Net Restricted Assets	665,150
Restricted for Development	224,238
Unearned HCV CARES Funding Advanced	138,520
Accounts Payable HUD - Section 8 Programs	11,968
Total Restricted Cash and Cash Investments	$ 1,192,521

NOTE C: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020, consisted of the following:

Tenants (Net of Allowance of $72,300)	$ 109,014
Accounts Receivable - Other PHAs - HCV Port Cases	145,758
Accounts Receivable - Casualty Loss	568,843
Accounts Recievable - Capital Fund Program	312,128
	$ 1,135,743

The above receivable balance excludes $608,133 of interfund balances that have been eliminated from the consolidated financial statements at June 30, 2020.

NOTE D: CAPITAL ASSETS

The following is a summary of changes in the net capital assets during the fiscal year ended June 30, 2020:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
Capital Assets Not Being Depreciated				
Land	$ 3,147,250	$ 0	$ 0	$ 3,147,250
Total Capital Assets Not Being Depreciated	3,147,250	0	0	3,147,250
Capital Assets Being Depreciated				
Buildings and Improvements	75,217,675	3,021,823	(495,650)	77,743,848
Furniture and Equipment	1,933,975	0	(472,303)	1,461,672
Subtotal Capital Assets Being Depreciated	77,151,650	3,021,823	(967,953)	79,205,520
Accumulated Depreciation				
Buildings and Improvements	(69,561,826)	(1,847,599)	477,377	(70,932,048)
Furniture and Equipment	(1,821,882)	(74,522)	472,303	(1,424,101)
Subtotal Accumulated Depreciation	(71,383,708)	(1,922,121)	949,680	(72,356,149)
Depreciable Assets, Net	5,767,942	1,099,702	(18,273)	6,849,371
Total Capital Assets, Net	$ 8,915,192	$ 1,099,702	$ (18,273)	$ 9,996,621

NOTE E: NOTE RECEIVABLE

Mixed Finance Construction Loan
The Authority is loaning to a development partner in conjunction with a multi-lender mixed finance arrangement for construction of the Beacon Pointe development. Repayment is based on cash flows realized by the Project. A lump sum payment of outstanding principal and interest is due at maturity, which is 40 years. The loan is secured by the property. At June 30, 2020, the Note Receivable balance is $594,888.

Allowance
No allowance for an uncollectible amount is deemed necessary against the receivable. No facts are currently known that would lead the Authority to believe that default on the loan is probable. The debt may be satisfied through repayment in full or by transfer of property to the Authority.

Interest Income
Due to the length of time preceding the required payment of interest, interest earned on the note receivable has been deferred and is not recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

NOTE F: SUMMARY OF CHANGES OF LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	July 1, 2019	Additions	Deletions	Balance June 30, 2020	Current Portion
Compensated Absences	$ 518,449	$ 130,072	$ (86,660)	$ 561,861	$ 179,517
Net Pension Liability	4,246,231	0	(1,360,442)	2,885,789	0
Net OPEB Liability	2,035,567	0	(17,685)	2,017,882	0
Total	$ 6,800,247	$ 130,072	$ (1,464,787)	$ 5,465,532	$ 179,517

NOTE G: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

NOTE G: DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability (Continued)

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

NOTE G: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

NOTE G: DEFINED BENEFIT PENSION PLANS (Continued)

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

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. A death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

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

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

NOTE G: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for calendar years 2019-2020 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for calendar years 2019-2020. The Authority's contractually required contributions used to fund pension benefits was $306,307 for fiscal year ending June 30, 2020.

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

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

NOTE G: <u>DEFINED BENEFIT PENSION PLANS</u> (Continued)

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.015504%	0.016117%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.014600%	0.015996%	
Change in Proportionate Share	-0.000904%	-0.000121%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 2,885,789	$ (33,356)	$ 2,852,433
Pension Expense	$ 265,560	$ (866)	$ 264,694

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Changes of assumptions	$ 154,135	$ 3,439	$ 157,574
Changes in proportion and differences between Authority contributions and proportionate share of contributions	6,265	3,499	9,764
Authority contributions subsequent to the measurement date	148,685	5,720	154,405
Total Deferred Outflows of Resources	$ 309,085	$ 12,658	$ 321,743
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 575,650	$ 4,328	$ 579,978
Differences between expected and actual experience	36,486	7,826	44,312
Changes in proportion and differences between Authority contributions and proportionate share of contributions	119,495	269	119,764
Total Deferred Inflows of Resources	$ 731,631	$ 12,423	$ 744,054

$154,405 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE G: <u>DEFINED BENEFIT PENSION PLANS</u> (Continued)

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending June 30:			
2021	$ (137,911)	$ (1,543)	$ (139,454)
2022	(228,588)	(1,463)	(230,051)
2023	23,839	(254)	23,585
2024	(228,571)	(1,835)	(230,406)
2025	0	117	117
Thereafter	0	(507)	(507)
Total	$ (571,231)	$ (5,485)	$ (576,716)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

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

NOTE G: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

NOTE G: <u>DEFINED BENEFIT PENSION PLANS</u> (Continued)

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

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

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

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	$ 4,759,600	$ 2,885,789	$ 1,201,288
Combined Plan	$ (20,155)	$ (33,356)	$ (42,869)

NOTE G: DEFINED BENEFIT PENSION PLANS (Continued)

Changes Between Measurement Date and Report Date

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

NOTE H: DEFINED OPEB BENEFIT PLANS

Net OPEB Liability

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

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

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

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

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

NOTE H: DEFINED OPEB BENEFIT PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

NOTE H: DEFINED OPEB BENEFIT PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

The Authority's contractually required contribution allocated to health care was $2,408 for fiscal year 2020.

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

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

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.015613%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.014609%
Change in Proportionate Share	-0.001004%
Proportionate Share of the Net OPEB Liability	$ 2,017,882
OPEB Expense	$ 192,035

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

NOTE H: DEFINED OPEB BENEFIT PLANS (Continued)

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

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$ 54
Changes of assumptions	319,410
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,785
Authority contributions subsequent to the measurement date	1,204
Total Deferred Outflows of Resources	$ 323,453
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 102,749
Differences between expected and actual experience	184,545
Changes in proportion and differences between Authority contributions and proportionate share of contributions	76,163
Total Deferred Inflows of Resources	$ 363,457

$1,204 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in fiscal year 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending June 30:	
2021	$ 9,368
2022	(6,751)
2023	82
2024	(43,907)
Total	$ (41,208)

Actuarial Assumptions - OPERS

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

NOTE H: DEFINED OPEB BENEFIT PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

NOTE H: DEFINED OPEB BENEFIT PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate	0.00	0.00
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

NOTE H: DEFINED OPEB BENEFIT PLANS (Continued)

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Authority's proportionate share of the net OPEB liability	$ 2,436,781	$ 2,017,882	$ 1,481,499

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 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

NOTE H: DEFINED OPEB BENEFIT PLANS (Continued)

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 1,830,800	$ 2,017,882	$ 1,989,746

Changes Between Measurement Date and Report Date

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

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

NOTE I: ACCRUED LIABILITIES

Accrued liabilities at June 30, 2020 consisted of:

Accrued Wages/Payroll Taxes Payable	$ 140,937
Casualty Loss Payable	513,893
Due to Development Partner - AMP 58	1,764
Total Accrued Liabilities	$ 656,594

NOTE J: RISK MANAGEMENT

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

NOTE K: RESTRICTED NET POSITION

HCV/HAP Equity	$	665,150
Restricted for Development - AMP 51		29,541
	$	694,691

NOTE L: ECONOMIC DEPENDENCY

The Authority's Housing Program and the Section 8 Housing Programs are economically dependent on annual contributions and grants from HUD. These programs operate at a loss prior to receiving the contributions and grants.

NOTE M: 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 conditions of the Authority.

NOTE N: PREPAID GROUND LEASE

On June 24, 2011, the Authority entered into a ground lease with Beacon Pointe LP to lease a parcel of land owned by the Authority. The Authority received a pre-payment of $212,000 in fiscal year 2011 which is being amortized over the 98-year lease term. The income recognized each year is $2,163, and the balance at June 30, 2020 was $194,697.

NOTE O: SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will likely impact subsequent periods of the Authority. The investments of the pension and other postemployment 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.

HUD awarded the Authority's Public Housing Program and Housing Choice Voucher Program CARES funding to help the Authority address the Authority's needs related to preparing for, preventing, and responding to the coronavirus.

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

Traditional Plan	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Authority's Proportion of the Net Pension Liability	0.014600%	0.015504%	0.015384%	0.015168%	0.015430%	0.013959%	0.013959%
Authority's Proportionate Share of the Net Pension Liability	$ 2,885,789	$ 4,246,230	$ 2,413,451	$ 3,444,395	$ 2,672,670	$ 1,683,612	$ 1,645,585
Authority's Covered Payroll	2,054,180	2,094,126	2,032,957	2,053,136	1,982,818	1,760,869	1,961,892
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.48%	202.77%	118.72%	167.76%	134.79%	95.61%	83.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Authority's Proportion of the Net Pension Asset	0.015996%	0.016117%	0.017704%	0.016977%	0.025380%	0.026619%	0.026619%
Authority's Proportionate Share of the Net Pension (Asset)	$ (33,356)	$ (18,021)	$ (24,101)	$ (9,449)	$ (12,350)	$ (10,248)	$ (2,793)
Authority's Covered Payroll	71,209	68,933	72,508	69,196	95,370	95,570	121,708
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	46.84%	26.14%	33.24%	13.66%	12.95%	10.72%	2.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

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

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions							
Traditional Plan	$ 295,315	$ 299,482	$ 276,015	$ 243,185	$ 232,780	$ 218,705	$ 235,427
Combined Plan	10,992	9,688	9,844	8,196	9,867	10,736	14,605
Total Required Contributions	306,307	309,170	285,859	251,381	242,647	229,441	250,032
Contributions in Relation to the Contractually Required Contribution	(306,307)	(309,170)	(285,859)	(251,381)	(242,647)	(229,441)	(250,032)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll							
Traditional Plan	$ 2,109,393	$ 2,139,157	$ 2,049,217	$ 1,945,480	$ 1,939,833	$ 1,822,542	$ 1,961,892
Combined Plan	78,514	69,200	73,088	65,568	82,225	89,467	121,708
Pension Contributions as a Percentage of Covered Payroll							
Traditional Plan	14.00%	14.00%	13.47%	12.50%	12.00%	12.00%	12.00%
Combined Plan	14.00%	14.00%	13.47%	12.50%	12.00%	12.00%	12.00%

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

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.014609%	0.015613%	0.015560%	0.015330%
Authority's Proportionate Share of the Net OPEB Liability	$ 2,017,882	$ 2,035,568	$ 1,689,701	$ 1,548,382
Authority's Covered Payroll	$ 2,207,070	$ 2,264,597	$ 2,204,108	$ 2,119,018
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.43%	89.89%	76.66%	73.07%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 2,408	$ 4,221	$ 15,219	$ 33,837	$ 42,302	$ 38,605
Contributions in Relation to the Contractually Required Contribution	(2,408)	(4,221)	(15,219)	(33,837)	(42,302)	(38,605)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 2,248,097	$ 2,313,879	$ 2,221,737	$ 2,088,887	$ 2,107,627 0	$ 2,635,386
Contributions as a Percentage of Covered Payroll	0.11%	0.18%	0.69%	1.62%	2.01%	1.46%

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

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

Net OPEB Liability

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

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

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

BUTLER METROPOLITAN HOUSING AUTHORITY (OH015)	Project Total	14.PHC Public Housing CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	1 Business Activities	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	4,567,546	-	-	215,550	18,078	583,005	-	2,628,256	8,012,435	-	8,012,435
113 Cash - Other Restricted	224,238	-	-	-	-	665,150	138,520	33,511	1,061,419	-	1,061,419
114 Cash - Tenant Security Deposits	119,134	-	-	-	-	-	-	-	119,134	-	119,134
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	11,577	-	-	-	11,577	-	11,577
100 Total Cash	4,910,918	-	-	215,550	29,655	1,248,155	138,520	2,661,767	9,204,565	-	9,204,565
121 Accounts Receivable - PHA Projects	312,128	-	-	-	-	145,758	-	-	457,886	-	457,886
125 Accounts Receivable - Miscellaneous	568,843	-	-	-	-	-	-	-	568,843	-	568,843
126 Accounts Receivable - Tenants	178,814	-	-	-	-	-	-	-	178,814	-	178,814
126.1 Allowance for Doubtful Accounts -Tenants	-72,300	-	-	-	-	-	-	-	-72,300	-	-72,300
127 Notes, Loans, & Mortgages Receivable - Current	2,500	-	-	-	-	-	-	-	2,500	-	2,500
128 Fraud Recovery	-	-	-	-	-	144,648	-	-	144,648	-	144,648
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-144,648	-	-	-144,648	-	-144,648
120 Total Receivables, Net of Allowances for Doubtful Accounts	989,985	-	-	-	-	145,758	-	-	1,135,743	-	1,135,743
142 Prepaid Expenses and Other Assets	168,418	-	-	-	-	28,536	-	31,244	228,198	-	228,198
143 Inventories	164,844	-	-	-	-	-	-	-	164,844	-	164,844
143.1 Allowance for Obsolete Inventories	-15,300	-	-	-	-	-	-	-	-15,300	-	-15,300
144 Inter Program Due From	-	-	-	-	-	-	-	608,133	608,133	-608,133	-
150 Total Current Assets	6,218,865	-	-	215,550	29,655	1,422,449	138,520	3,301,144	11,326,183	-608,133	10,718,050
161 Land	3,111,825	-	-	-	-	-	-	35,425	3,147,250	-	3,147,250
162 Buildings	76,270,998	-	-	-	-	-	-	1,472,852	77,743,850	-	77,743,850
164 Furniture, Equipment & Machinery - Administration	1,025,206	-	-	-	-	104,840	-	331,623	1,461,669	-	1,461,669
166 Accumulated Depreciation	-70,475,393	-	-	-	-	-95,683	-	-1,785,072	-72,356,148	-	-72,356,148
160 Total Capital Assets, Net of Accumulated Depreciation	9,932,636	-	-	-	-	9,157	-	54,828	9,996,621	-	9,996,621
171 Notes, Loans and Mortgages Receivable - Non-Current	594,888	-	-	-	-	-	-	-	594,888	-	594,888
174 Other Assets	16,302	-	-	-	-	8,007	-	9,047	33,356	-	33,356
180 Total Non-Current Assets	10,543,826	-	-	-	-	17,164	-	63,875	10,624,865	-	10,624,865
200 Deferred Outflow of Resources	315,311	-	-	-	-	154,875	-	175,010	645,196	-	645,196
290 Total Assets and Deferred Outflow of Resources	17,078,002	-	-	215,550	29,655	1,594,488	138,520	3,540,029	22,596,244	-608,133	21,988,111
312 Accounts Payable <= 90 Days	358,340	-	-	-	-	21,100	-	49,516	428,956	-	428,956
321 Accrued Wage/Payroll Taxes Payable	67,291	-	-	-	-	30,972	-	42,674	140,937	-	140,937
322 Accrued Compensated Absences - Current Portion	75,172	-	-	-	-	40,118	-	64,227	179,517	-	179,517
331 Accounts Payable - HUD PHA Programs	-	-	-	-	11,577	391	-	-	11,968	-	11,968
341 Tenant Security Deposits	119,134	-	-	-	-	-	-	-	119,134	-	119,134
342 Unearned Revenue	-	-	-	-	-	-	138,520	33,511	172,031	-	172,031
345 Other Current Liabilities	515,657	-	-	-	-	-	-	-	515,657	-	515,657
347 Inter Program - Due To	-	-	-	-	18,078	590,055	-	-	608,133	-608,133	-
310 Total Current Liabilities	1,135,594	-	-	-	29,655	682,636	138,520	189,928	2,176,333	-608,133	1,568,200
354 Accrued Compensated Absences - Non Current	179,166	-	-	-	-	67,256	-	135,922	382,344	-	382,344
357 Accrued Pension and OPEB Liabilities	2,396,461	-	-	-	-	1,177,096	-	1,330,114	4,903,671	-	4,903,671
350 Total Non-Current Liabilities	2,575,627	-	-	-	-	1,244,352	-	1,466,036	5,286,015	-	5,286,015
300 Total Liabilities	3,711,221	-	-	-	29,655	1,926,988	138,520	1,655,964	7,462,348	-608,133	6,854,215

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

BUTLER METROPOLITAN HOUSING AUTHORITY (OH015)	Project Total	14.PHC Public Housing CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	1 Business Activities	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
400 Deferred Inflow of Resources	735,946	-	-	-	-	265,852	-	300,410	1,302,208	-	1,302,208
508.4 Net Investment in Capital Assets	9,932,636	-	-	-	-	9,157	-	54,828	9,996,621	-	9,996,621
511.4 Restricted Net Position	29,541	-	-	-	-	665,150	-	-	694,691	-	694,691
512.4 Unrestricted Net Position	2,668,658	-	-	215,550	-	-1,272,659	-	1,528,827	3,140,376	-	3,140,376
513 Total Equity - Net Assets / Position	12,630,835	-	-	215,550	-	-598,352	-	1,583,655	13,831,688	-	13,831,688
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	17,078,002	-	-	215,550	29,655	1,594,488	138,520	3,540,029	22,596,244	-608,133	21,988,111

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

BUTLER METROPOLITAN HOUSING AUTHORITY (OH015)	Project Total	14.PHC Public Housing CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	1 Business Activities	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	2,416,477	-	-	-	-	-	-	-	2,416,477	-	2,416,477
70400 Tenant Revenue - Other	31,623	-	-	-	-	-	-	-	31,623	-	31,623
70500 Total Tenant Revenue	2,448,100	-	-	-	-	-	-	-	2,448,100	-	2,448,100
70600 HUD PHA Operating Grants	5,096,922	-	-	-	31,049	14,807,413	118,442	-	20,053,826	-	20,053,826
70610 Capital Grants	2,552,478	-	-	-	-	-	-	-	2,552,478	-	2,552,478
70710 Management Fee	-	-	-	-	-	-	-	929,440	929,440	-929,440	-
70720 Asset Management Fee	-	-	-	-	-	-	-	136,800	136,800	-136,800	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	137,453	137,453	-137,453	-
70700 Total Fee Revenue	-	-	-	-	-	-	-	1,203,693	1,203,693	-1,203,693	-
71100 Investment Income - Unrestricted	5,815	-	-	221	-	1,196	-	-	7,232	-	7,232
71400 Fraud Recovery	-	-	-	-	-	25,504	-	-	25,504	-	25,504
71500 Other Revenue	668,554	-	-	-	-	103,745	-	13,014	785,313	-	785,313
71600 Gain or Loss on Sale of Capital Assets	-18,273	-	-	-	-	-	-	-	-18,273	-	-18,273
72000 Investment Income - Restricted	3,020	-	-	-	-	-	-	-	3,020	-	3,020
70000 Total Revenue	10,756,616	-	-	221	31,049	14,937,858	118,442	1,216,707	27,060,893	-1,203,693	25,857,200
91100 Administrative Salaries	416,889	-	-	-	-	531,507	-	348,356	1,296,752	-	1,296,752
91200 Auditing Fees	9,410	-	-	-	100	5,004	-	946	15,460	-	15,460
91300 Management Fee	707,300	-	-	-	6,140	216,000	-	-	929,440	-929,440	-
91310 Book-keeping Fee	96,503	-	-	-	-	40,950	-	-	137,453	-137,453	-
91500 Employee Benefit contributions - Administrative	259,017	-	-	-	-	350,703	-	114,969	724,689	-	724,689
91600 Office Expenses	140,057	-	-	-	-	90,689	-	157,610	388,356	-	388,356
91700 Legal Expense	73,437	-	-	-	-	36,463	-	16,075	125,975	-	125,975
91800 Travel	6,321	-	-	-	-	3,003	-	18,877	28,201	-	28,201
91900 Other	297,915	-	-	9,949	-	221	-	441	308,526	-	308,526
91000 Total Operating - Administrative	2,006,849	-	-	9,949	6,240	1,274,540	-	657,274	3,954,852	-1,066,893	2,887,959
92000 Asset Management Fee	136,800	-	-	-	-	-	-	-	136,800	-136,800	-
92100 Tenant Services - Salaries	-	166,195	81,573	-	-	-	101,188	-	348,956	-	348,956
92300 Employee Benefit Contributions - Tenant Services	-	25,526	12,529	-	-	-	15,542	-	53,597	-	53,597
92400 Tenant Services - Other	11,501	12,545	10,625	-	-	-	1,712	-	36,383	-	36,383
92500 Total Tenant Services	11,501	204,266	104,727	-	-	-	118,442	-	438,936	-	438,936
93100 Water	167,101	-	-	-	-	-	-	229	167,330	-	167,330
93200 Electricity	453,063	-	-	-	-	-	-	21,616	474,679	-	474,679
93300 Gas	206,105	-	-	-	-	-	-	-	206,105	-	206,105
93800 Other Utilities Expense	333,755	-	-	-	-	-	-	158	333,913	-	333,913
93000 Total Utilities	1,160,024	-	-	-	-	-	-	22,003	1,182,027	-	1,182,027
94100 Ordinary Maintenance and Operations - Labor	666,090	-	-	-	-	-	-	-	666,090	-	666,090
94200 Ordinary Maintenance and Operations - Materials and Other	191,198	-	-	-	-	-	-	-	191,198	-	191,198
94300 Ordinary Maintenance and Operations Contracts	1,583,360	-	-	-	-	33,024	-	230,171	1,846,555	-	1,846,555
94500 Employee Benefit Contributions - Ordinary Maintenance	451,922	-	-	-	-	-	-	-	451,922	-	451,922
94000 Total Maintenance	2,892,570	-	-	-	-	33,024	-	230,171	3,155,765	-	3,155,765
95200 Protective Services - Other Contract Costs	62,295	-	-	-	-	2,651	-	948	65,894	-	65,894
95300 Protective Services - Other	72,974	-	-	-	-	-	-	-	72,974	-	72,974
95000 Total Protective Services	135,269	-	-	-	-	2,651	-	948	138,868	-	138,868

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

BUTLER METROPOLITAN HOUSING AUTHORITY (OH015)	Project Total	14.PHC Public Housing CARES Act Funding	14.CCC Central Office Cost Center CARES Act Funding	1 Business Activities	8 Other Federal Program 1	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
96110 Property Insurance	245,263	-	-	-	-	-	-	28,014	273,277	-	273,277
96120 Liability Insurance	-	-	-	-	-	7,220	-	-	7,220	-	7,220
96100 Total insurance Premiums	245,263	-	-	-	-	7,220	-	28,014	280,497	-	280,497
96200 Other General Expenses	5,924	-	-	500	-	5,437	-	5,890	17,751	-	17,751
96210 Compensated Absences	9,931	-	-	-	-	21,568	-	17,384	48,883	-	48,883
96400 Bad debt - Tenant Rents	178,378	-	-	-	-	-	-	-	178,378	-	178,378
96000 Total Other General Expenses	194,233	-	-	500	-	27,005	-	23,274	245,012	-	245,012
96900 Total Operating Expenses	6,782,509	204,266	104,727	10,449	6,240	1,344,440	118,442	961,684	9,532,757	-1,203,693	8,329,064
97000 Excess of Operating Revenue over Operating Expenses	3,974,107	-204,266	-104,727	-10,228	24,809	13,593,418	-	255,023	17,528,136	-	17,528,136
97100 Extraordinary Maintenance	141,127	-	-	-	-	-	-	-	141,127	-	141,127
97200 Casualty Losses - Non-capitalized	102,673	-	-	-	-	-	-	-	102,673	-	102,673
97300 Housing Assistance Payments	-	-	-	-	24,809	13,409,334	-	-	13,434,143	-	13,434,143
97350 HAP Portability-In	-	-	-	-	-	92,820	-	-	92,820	-	92,820
97400 Depreciation Expense	1,905,676	-	-	-	-	5,622	-	10,823	1,922,121	-	1,922,121
90000 Total Expenses	8,931,985	204,266	104,727	10,449	31,049	14,852,216	118,442	972,507	25,225,641	-1,203,693	24,021,948
10010 Operating Transfer In	295,798	204,266	104,727	-	-	-	-	-	604,791	-604,791	-
10020 Operating transfer Out	-500,064	-	-	-	-	-	-	-104,727	-604,791	604,791	-
10091 Inter Project Excess Cash Transfer In	332,641	-	-	-	-	-	-	-	332,641	-332,641	-
10092 Inter Project Excess Cash Transfer Out	-332,641	-	-	-	-	-	-	-	-332,641	332,641	-
10100 Total Other financing Sources (Uses)	-204,266	204,266	104,727	-	-	-	-	-104,727	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	1,620,365	-	-	-10,228	-	85,642	-	139,473	1,835,252	-	1,835,252
11030 Beginning Equity	11,010,470	-	-	225,778	-	-683,994	-	1,444,182	11,996,436	-	11,996,436
11170 Administrative Fee Equity	-	-	-	-	-	-1,263,502	-	-	-1,263,502	-	-1,263,502
11180 Housing Assistance Payments Equity	-	-	-	-	-	665,150	-	-	665,150	-	665,150
11190 Unit Months Available	13,716	-	-	-	88	29,076	-	-	42,880	-	42,880
11210 Number of Unit Months Leased	12,857	-	-	-	69	22,969	-	-	35,895	-	35,895

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

1. Actual Modernization Costs of the Project are as follows:

	OH10P015501-13
Fund Approved	$ 1,336,162
Funds Expended	1,336,162
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 1,336,162
Funds Expended	1,336,162
Excess (Deficiency) of Funds Advanced	$ 0

	OH10P015501-14
Fund Approved	$ 1,420,466
Funds Expended	1,420,466
Excess (Deficiency) of Funds Approved	$ 0
Funds Advanced	$ 1,420,466
	1,420,466
Excess (Deficiency) of Funds Advanced	$ 0

2. All modernization work in connection with the Project has been completed.

3. All modernization costs have been paid and all related liabilities have been discharged through payment.

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

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

FEDERAL GRANTOR/ *Pass-Through Grantor/* Program or Cluster Title	**Federal CFDA Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs:		
Public and Indian Housing	14.850	$ 4,249,836
Public Housing Capital Fund	14.872	3,399,564
Section 8 Project Based Cluster:		
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	31,049
Total Section 8 Project Based Cluster		31,049
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	14,807,413
Section 8 Housing Choice Vouchers - CARES Act	14.871	118,442
Total Housing Voucher Cluster		14,925,855
Total U.S. Department of Housing and Urban Development		22,606,304
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 22,606,304

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

NOTE 1: **BASIS OF PRESENTATION**

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

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

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

NOTE 3: **INDIRECT COST RATE**

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

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

To the Members of the Board
Butler Metropolitan Housing Authority
Hamilton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Butler Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 5, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

March 5, 2021

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

To the Members of the Board
Butler Metropolitan Housing Authority
Hamilton, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

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

March 5, 2021

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

1. SUMMARY OF AUDITOR'S RESULTS

2020(i)	Type of Financial Statement Opinion	Unmodified
2020(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2020(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2020(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2020(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2020(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2020(v)	Type of Major Programs' Compliance Opinion	Unmodified
2020(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2020(vii)	Major Programs (list): Public and Indian Housing - CFDA #14.850 Public Housing Capital Fund - CFDA #14.872	
2020(viii)	Dollar Threshold: Type A\B Programs	Type A: $750,000 Type B: All Others
2020(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The audit report for the fiscal year ending June 30, 2019 contained no audit findings   Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE
KEITH FABER

BUTLER COUNTY METROPOLITAN HOUSING AUTHORITY

BUTLER 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 4/20/2021

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