LAKE METROPOLITAN HOUSING AUTHORITY
LAKE 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 of Directors
Lake Metropolitan Housing Authority
189 First Street
Painesville, OH 44077

We have reviewed the *Independent Auditor's Report* of the Lake Metropolitan Housing Authority, Lake 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 Lake Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

March 10, 2021

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LAKE COUNTY, OHIO
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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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
Lake Metropolitan Housing Authority
Painesville, 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 Lake 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 Lake 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.

Emphasis of Matter

As discussed in Note 10 to the basic financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 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

January 12, 2021

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

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 12).

FINANCIAL HIGHLIGHTS

- During fiscal year 2020, the Authority's net position increased by $1,074,629 (or 16.89%). The increase in other grants is primarily related to an ODNR grant used to fund the Riverbank Restoration Project at Parkview Place. The Authority also had an overall decrease in expenses for the fiscal year. Total net position was $7,438,244 and $6,363,615 for fiscal year 2020 and fiscal year 2019, respectively.

- The total expenses of the Authority decreased by $54,006. The majority of the decrease can be attributed to lower staffing levels resulting in a decrease of related expenses. Total expenses were $11,945,650 and $11,999,656 for fiscal year 2020 and fiscal year 2019, respectively.

- During fiscal year 2020, the Authority was awarded CARES Act funding as a result of the COVID-19 pandemic. These funds have been utilized to offset administrative expenses and costs for additional cleaning and protective equipment. The COVID-19 pandemic resulted in income loss for many Housing Choice voucher participants, resulting in an increase to HAP expense.

Authority Financial Statements

The Authority's financial statements are designed to be corporate-like in that all business type activities are consolidated 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 - 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 purpose of the Statement of Net Position (the "Unrestricted Net Position") is to report the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net position (similar to equity) 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 assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of net position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position", although there may also be certain restrictions placed on the use of these funds.

Employers are now required to report a net pension/OPEB liability or asset, along with deferred outflows and inflows. Many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension/OPEB and the net pension/OPEB liability to the reported net position and subtracting deferred outflows related to pension/OPEB.

There is no repayment schedule for the net pension/OPEB liability. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB liability is satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

The Authority financial statements also include a Statement of Revenues, Expenses and Change in Net Position (similar to an Income Statement). This statement includes operating revenue, such as rental income, operating expenses, such as administrative, utility, maintenance and depreciation. This statement also includes non-operating revenue and expenses, such as capital grant revenue, investment income and interest expense.

The purpose of the Statement of Revenues, Expenses and Changes in Net Position is to report the Authority's operating performance for the fiscal year. The "Change in Net Position" (similar to Net Income or Loss in the private sector), is the result.

The Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension/OPEB liability not accounted for as deferred inflows/outflows.

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.

Fund Financial Statements

The Authority consists exclusively of Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the programs maintained by the Authority are required by the U.S. Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

The Authority's Programs

Public Housing Program: Under the conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Public Housing Program also includes the Capital Funds Program, which is the primary funding source for physical and management improvements to the Authority's properties. The Authority currently operates 25 Public Housing units.

Capital Fund Program: The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development of existing Public Housing units.

Multi-Family (RAD - PBRA): On April 1, 2018, the Authority converted 241 of the pre-existing 266 Public Housing units to HUD's Multifamily Housing Program under the HUD Rental Assistance Demonstration (RAD) program. Although still funded by HUD, the revenue stream under the Multi-Family program is more predictable than Public Housing and the covenant restrictions of the Declaration of Trust on the properties have been removed. Initial operating and replacement reserves along with the partial first year operations were funded from previous Public Housing and Capital Funds, with all future funding coming from the Multi-Family Program.

Housing Choice Voucher Program: Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the tenant family's rent through a Housing Assistance Payment made to the landlord. This was formerly known as Section 8. The program is also administered under and Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Parkview Place: Two adjacent apartment buildings located in Willoughby, Ohio were purchased in 2012 and renovated in 2013 and 2014. They consist of forty total units, twenty-five Public Housing units funded under the ACC, eligible to receive Operating Subsidy and Capital Funds, and fifteen units reported as **Other Federal Programs 2**. These 15 units have been funded from sources "other than federal funds" and are operated from internally generated and other funds which may include, but are not limited to, **State and Local** program funds.

State and Local Program: Under its local program, Lake MHA manages investments of locally controlled funding accumulated in past years until decisions are reached regarding how to use the funds to further the purposes of Lake MHA. These funds are also used for any non-federal expenditure incurred by the Authority.

Statement of Net Position

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

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

	6/30/2020	6/30/2019
Assets and Deferred Outflows of Resources		
Assets		
Current and Other Assets	$ 3,831,237	$ 2,726,091
Capital Assets	6,212,660	6,010,691
Net Pension Asset	0	3,566
Total Assets	10,043,897	8,740,348
Deferred Outflows of Resources	288,095	490,400
Total Assets and Deferred Outflows of Resources	$ 10,331,992	$ 9,230,748
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities	$ 272,424	$ 308,309
Non-Current Liabilities	169,003	66,574
Net Pension and OPEB Liability	2,052,339	2,389,959
Total Liabilities	2,493,766	2,764,842
Deferred Inflows of Resources	399,982	102,291
Net Position		
Investment in Capital Assets	6,212,660	6,010,691
Restricted	1,276,530	984,324
Unrestricted	(50,946)	(631,400)
Total Net Position	7,438,244	6,363,615
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 10,331,992	$ 9,230,748

For more detailed information, see page 12 for the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Total assets increased by $1,303,549 or 14.91% and total liabilities decreased by $271,076 or 9.80%. Current assets are used to extinguish liabilities. The increase in total assets is primarily related to increased cash (as a result of a favorable operating period) and increased capital assets (primarily the Riverbank Restoration Project at Parkview Place). The overall decrease in total liabilities was primarily related to a decrease in net pension liabilities as a result of GASB 68 and 75 reporting requirements.

Table 2 presents details on the change in Unrestricted Net Position and Table 3 details the change in Restricted Net Position, which primarily consists of Housing Assistance Payment (HAP) funds in the HCV and Mainstream Voucher programs and the Replacement Reserve in the Multi-Family program.

Table 2 - Statement of Unrestricted Net Position

Unrestricted Net Position at June 30, 2019		$ (631,400)
Results of Operations	$ 1,074,629	
Adjustments:		
Depreciation (1)	308,232	
Change in Restricted Net Position	(292,206)	
Adjusted Results from Operations		1,090,655
Net Change in Capital Assets		(510,201)
Unrestricted Net Position at June 30, 2020		$ (50,946)

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

While the results of operations is a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position may provide a clearer picture of operating results since it removes both the restricted and capital transactions from the overall Authority operating report.

Table 3 - Statement of Restricted Net Position

Restricted Net Position at June 30, 2019		$ 984,324
Adjustments:		
HAP Revenue Less Expense	$ 122,801	
Fraud Revenue Collection	8,202	
FSS Forfeitures	13,887	
Other Changes (Replacement Reserve)	147,316	
Change in Restricted Net Position		292,206
Restricted Net Position at June 30, 2020		$ 1,276,530

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

Table 4 - Statement of Revenues, Expenses, and Changes in Net Position

	2020	2019
Revenues		
HUD Operating Subsidies and Grants	$ 11,524,766	$ 11,672,024
Tenant Revenue	980,107	967,802
Capital Grants	0	21,287
Other Government Grants	443,472	105,918
Investment Income	1,992	2,700
Other Revenues	69,942	136,233
Total Revenues	13,020,279	12,905,964
Expenses		
Housing Assistance Payments	9,262,560	9,105,915
Administrative Expenses	1,491,078	1,657,368
Utilities	291,365	291,593
Maintenance	455,566	493,802
Protective Services	10,458	8,695
General Expenses	126,391	143,950
Depreciation Expense	308,232	298,333
Total Expenses	11,945,650	11,999,656
Net Increase (Decrease)	1,074,629	906,308
Beginning Net Position	6,363,615	5,457,307
Ending Net Position	$ 7,438,244	$ 6,363,615

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

There is a significant overall increase in net position as opposed to last year. The decrease in HUD grants is a result of normalized funding after a RAD conversion in the prior fiscal year. The increase in other grants is due to an ODNR grant received to fund the Riverbank Restoration Project at Parkview Place. The Authority operated the majority of the fiscal year with lower staffing levels, resulting in a decrease in salary, benefits, and pension expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the Authority had $6,212,660 in capital assets as reflected in the following schedule, which represents a net increase of $201,969 over last fiscal year end.

Table 5 - Capital Assets at Year End (Net of Depreciation)

	2020	2019
Land and Land Rights	$ 1,028,099	$ 1,028,099
Buildings and Improvements	14,607,457	14,033,771
Equipment - Dwelling	41,171	41,171
Equipment - Administrative	574,037	564,604
Construction-in-Progress	0	72,918
Accumulated Depreciation	(10,038,104)	(9,729,872)
Total	$ 6,212,660	$ 6,010,691

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 23 of the notes.

Table 6 - Change in Capital Assets

Beginning Balance - July 1, 2019	$	6,010,691
Additions		510,201
Depreciation		(308,232)
Ending Balance - June 30, 2020	$	6,212,660

The majority of the increase in Capital Assets is due to the completion of the Riverbank Restoration Project at Parkview Place. The construction-in-progress related to that project was reclassified to buildings and improvements. The remaining additions are related to the purchase of capital assets in the normal course of business.

Debt Outstanding

As of June 30, 2020, the Authority had no outstanding debt.

ECONOMIC FACTORS

Lake Metropolitan Housing Authority is dependent on HUD subsidies to administer its programs and maintain its properties. Historically, Federal budget cuts have resulted in less than 100% program allocations and reduced subsidies for our major programs. However, Lake MHA made a strategic decision to voluntary seek a RAD conversion of 240 Public Housing Units to the HUD Multifamily PBRA Program. During this fiscal year, the Housing Authority was able to realize the full positive impact of said conversion as it transitioned out of the initial funding year and receipt of timely reimbursements from the Multifamily Program. In addition, Lake MHA experienced a basic, positive operating period with overall higher stated income coupled with overall decreased administrative expenses.

With the onset of COVID-19 and increased rental subsidies, there was potential for a negative budgetary impact; however, CARES Act revenue was able to offset that impact.

From a Housing Choice Voucher perspective, leasing has decreased significantly this year, with a direct impact stemming from COVID-related circumstances. It is expected that the decrease in leasing will soon lead to a significant decrease in future HAP funding allocations. Furthermore, it is unknown how extensive the impact will be on future staffing levels, as the housing Authority has been challenged with maintaining a full level of staff capacity to assist with properly administering its programs. This trend has been noted for many employers and has only increased with the uncertainty presented by COVID-19.

The Housing Authority will continue to explore increased operating efficiencies for all its programs, especially its newly administered Multifamily Program.

FINANCIAL CONTACT

Questions concerning this report or requests for additional information should be directed to Melissa Winfield, Executive Director, of the Lake Metropolitan Housing Authority, 189 First Street, Painesville, Ohio, 44077.

LAKE METROPOLITAN HOUSING AUTHORITY
LAKE COUNTY, OHIO
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets		
Current Assets		
Cash and Cash Equivalents Unrestricted	$	2,169,243
Cash and Cash Equivalents - Restricted		1,559,836
Receivables, Net		57,666
Prepaid Expenses		44,492
Total Current Assets		3,831,237
Non-Current Assets		
Capital Assets:		
Non-Depreciable Capital Assets		1,028,099
Depreciable Capital Assets, Net		5,184,561
Total Capital Assets		6,212,660
Total Assets		10,043,897
Deferred Outflows of Resources		
Pension		129,080
OPEB		159,015
Total Deferred Outflows of Resources		288,095
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	10,331,992
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Liabilities		
Current Liabilities		
Accounts Payable	$	54,761
Accrued Liabilities		52,694
Unearned Revenue		66,965
Accrued Compensated Absences		10,133
Tenant Security Deposits		87,871
Total Current Liabilities		272,424
Long-Term Liabilities		
Accrued Compensated Absences		40,533
Other Non-Current Liabilities		128,470
Net Pension Liability		1,158,664
Net OPEB Liability		893,675
Total Long-Term Liabilities		2,221,342
Total Liabilities		2,493,766
Deferred Inflows of Resources		
Pension		261,619
OPEB		138,363
Total Deferred Inflows of Resources		399,982
Net Position		
Net Investment in Capital Assets		6,212,660
Restricted		1,276,530
Unrestricted		(50,946)
Total Net Position		7,438,244
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	10,331,992

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

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

Operating Revenues	
Tenant Revenue	$ 980,107
Government Operating Grants	11,968,238
Other Revenue	69,942
Total Operating Revenues	13,018,287
Operating Expenses	
Administrative	1,491,078
Utilities	291,365
Maintenance	455,566
Insurance	72,892
General	53,499
Protective Services	10,458
Housing Assistance Payments	9,262,560
Depreciation	308,232
Total Operating Expenses	11,945,650
Operating Income	1,072,637
Non-Operating Revenues	
Investment Income - Unrestricted	1,892
Investment Income - Restricted	100
Total Non-Operating Revenues	1,992
Change in Net Position	1,074,629
Total Net Position - Beginning of the Year	6,363,615
Total Net Position - End of the Year	$ 7,438,244

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

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

Cash Flows from Operating Activities	
Cash Received from Operating Grants	$ 12,213,002
Cash Received from Tenants	976,267
Cash Received from Other Income	69,942
Cash Payments for Housing Assistance Payments	(9,262,560)
Cash Payments for General and Admnistrative Expenses Paid	(2,215,101)
Net Cash Provided by Operating Activities	1,781,550
Cash Flows from Investing Activities	
Interest Received	1,992
Net Cash Provided by Investing Activities	1,992
Cash Flows from Capital and Related Financing Activities	
Capital Assets Purchased	(510,201)
Net Cash Used in Capital and Related Financing Activities	(510,201)
Increase in Cash and Cash Equivalents	1,273,341
Cash and Cash Equivalents - Beginning of Year	2,455,738
Cash and Cash Equivalents - End of Year	$ 3,729,079
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	$ 1,072,637
Adjustments:	
Depreciation	308,232
Non-Cash Benefit Expense (GASB 68 & 75)	165,942
Changes in:	
Receivables, Net	170,124
Prepaid Expenses	(1,929)
Accounts Payable	1,930
Unearned Revenue	66,965
Accrued Liabilities	26,365
Tenant Security Deposits	3,835
Accrued Compensated Absences	(32,551)
Net Cash Provided by Operating Activities	$ 1,781,550

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Lake Metropolitan Housing Authority (the Authority) was created under the Ohio Revised Code Section 3735.27 to engage in the acquisition, development, leasing and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U.S. Department of Housing and Urban Development (HUD) under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities. The Authority depends on the subsidies from HUD to operate.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units that are presented in the financial statements.

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

The enterprise fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

Measurement Focus and Basis of Accounting
The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

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's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Public Housing Program
The Public Housing Program is designed to provide low-cost housing within the County. Under this Program, HUD provides funding via an annual contribution contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Capital Fund Program
The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development of existing Public Housing units.

Housing Choice Voucher Program
The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low income persons.

Multi-Family (RAD - PBRA)
On April 1, 2018, the Authority converted 241 of the pre-existing 266 Public Housing units to HUD’s Multifamily Housing Program under the HUD Rental Assistance Demonstration (RAD) program. Although still funded by HUD, the revenue stream is provided under the Multi-Family program rather than Public Housing. Virtually all of the former Public Housing residents were able to remain in their unit and transition to the new funding source with a minimum of disruption during the conversion.

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

Description of Programs (Continued)

Parkview Place (Other Federal Programs 2)

Parkview Place, comprised of two adjacent apartment buildings located in Willoughby, Ohio was purchased in 2012 and renovated in 2013 and 2014. It consists of forty total units, twenty-five Public Housing units funded under the ACC, eligible to receive Operating Subsidy and Capital Funds, and fifteen affordable housing units reported as Other Federal Programs 2. These 15 units have been funded from sources "other than federal funds" and are operated from internally generated and other funds which may include, but are not limited to, State and Local program funds. Occasionally, LMHA may apply for and receive additional funding from the Lake County allocation of federal funding, including Community Development Block Grant (CDBG) and HOME funds. This activity is reported in this fund. There was no such activity during fiscal year 2020.

State and Local

The State and Local fund represents the assets and activity of all prior and current non-federal programs, etc. These assets may be used to create other non-federal programs or supplement any of the existing federal programs.

Budgetary Accounting

The Authority is required by contractual agreement to adopt annual, appropriated operating budgets for all HUD funded programs. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. The Board of Commissioners adopts a budget through passage of a budget resolution.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the 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.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of six months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

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

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $5,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Depreciation is computed on the straight line method based on the following estimated useful lives:

Buildings	40 years
Building and Land Improvements	15 years
Furniture, Fixtures and Equipment	7 years
Vehicles	7 years

Total depreciation expense for the 2020 fiscal year was $308,232.

Capitalization of Interest

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

Compensated Absences

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

Prepaid Items

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as non-operating revenues.

Accounts Receivable

Accounts receivable are reported net of a $14,702 allowance for doubtful accounts.

Accrued Interest Receivable

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

Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their usage through external restrictions imposed by creditors, grantors or laws or regulations of governments.

Net Position can be displayed in three components as follows:

1. Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation and related debt.

2. Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount reported as restricted net position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments in the HCV program and the Replacement Reserve in the Multi-Family program. When an expense is incurred for purposes which both restricted and unrestricted Net Positions are available, the Authority first applies restricted net position. Net Position restricted by HUD was $1,276,530.

3. Unrestricted - This consists of Net Position that does not meet the definition of “investment in capital assets or restricted net position”.

Income Taxes

No provision for income taxes is recorded as the Authority is a political subdivision of the State of Ohio and is exempt from all income taxes.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

Pensions/Other Postemployment Benefits (OPEB)

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

Change in Accounting Principle

During fiscal year 2020, the Lake MHA 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 Lake MHA.

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 Lake MHA.

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

Change in Accounting Principle (Continued)
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 Lake MHA.

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 Lake MHA.

NOTE 2: **DEPOSITS AND INVESTMENTS**

The provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Deposits
State statutes classify monies held by the Authority into three categories.

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

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

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

At year-end, the carrying amount of the Authority's deposits was $3,729,079 (including $299 of petty cash) and the bank balance was $3,742,386. The difference is primarily outstanding checks at fiscal year-end.

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

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. The financial institution collateral pool that insures public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling $500,000 were covered by Federal Depository Insurance and the remaining balance of $3,242,386 was collateralized with securities pledged specifically in the name of the Authority or collateralized as part of a pool.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve banks or at member banks of the Federal Reserve System in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments

The Authority had only demand deposits at June 30, 2020, therefore, is not subject to interest rate, credit concentration, or custodial credit risk.

NOTE 3: **RESTRICTED CASH**

Restricted cash balance as of June 30, 2020 of $1,559,836 represents the following:

Unspent funding provided by HUD to make Housing Assistance Payments in the Housing Choice Voucher Program	$ 169,481
Unspent funding provided by HUD to make Housing Assistance Payments in the Mainstream Voucher Program	28,971
Family Self-Sufficiency Escrows	128,470
Replacement Reserve in the Multi-Family Program	1,078,078
Tenant Security Deposits	87,871
Unspent CARES funding provided for the Housing Choice Voucher Program	60,073
Unspent funding provided for the PIH FSS Program	6,892
Total	$ 1,559,836

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at June 30, 2020 is as follows:

	Balance at 6/30/2019	Additions	Deletions	Balance at 6/30/2020
Capital Assest Not Depreciated				
Land	$ 1,028,099	$ 0	$ 0	$ 1,028,099
Construction in Progress	72,918	0	(72,918)	0
Total Capital Assets Not being Depreciated	1,101,017	0	(72,918)	1,028,099
Capital Assets Being Depreciated				
Buildings and Improvements	14,033,771	573,686	0	14,607,457
Furniture, Equipment, and Machinery	605,775	9,433	0	615,208
Total Capital Assets Being Depreciated	14,639,546	583,119	0	15,222,665
Accumulated Depreciation				
Buildings and Improvements	(9,203,890)	(285,531)	0	(9,489,421)
Furniture, Equipment, and Machinery	(525,982)	(22,701)	0	(548,683)
Total Accumulated Depreciation	(9,729,872)	(308,232)	0	(10,038,104)
Total Capital Assets being Depreciated, Net	4,909,674	274,887	0	5,184,561
Capital Assets, Net	$ 6,010,691	$ 274,887	$ (72,918)	$ 6,212,660

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

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

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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Net Pension Liability (continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the 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.

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):

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

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

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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

	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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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 $104,955 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 for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.005723%	0.003189%	
Proportion of the Net Pension Liability Current Measurement Date	0.005862%	0.000000%	
Change in Proportionate Share	0.000139%	-0.003189%	
Proportionate Share of the Net Pension Liability	$ 1,158,664	$ 0	$ 1,158,664
Pension Expense	$ 115,333	$ 0	$ 115,333

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

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Changes of assumptions	$ 61,887
Changes in proportion and differences between Authority contributions and proportionate share of contributions	18,149
Authority contributions subsequent to the measurement date	49,044
Total Deferred Outflows of Resources	$ 129,080
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 231,128
Differences between expected and actual experience	14,649
Changes in proportion and differences between Authority contributions and proportionate share of contributions	15,842
Total Deferred Inflows of Resources	$ 261,619

$49,044 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:

	OPERS Traditional Pension Plan
Year Ending June 30:	
2021	$ (31,217)
2022	(68,164)
2023	9,570
2024	(91,772)
Total	$ (181,583)

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 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability 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

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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (continued)

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The 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.

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.

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (continued)

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:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Authority's proportionate share of the net pension liability	$ 1,911,012	$ 1,158,664	$ 482,325

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 6: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

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

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

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

NOTE 6: **<u>DEFINED BENEFIT OPEB PLANS</u>** (Continued)

Net OPEB Liability (continued)

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

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

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 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.

NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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.

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 $5,627 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:

NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.006309%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.006470%
Change in Proportionate Share	0.000161%
Proportionate Share of the Net OPEB Liability	$ 893,675
OPEB Expense	$ 91,250

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

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$ 23
Changes of assumptions	141,458
Changes in proportion and differences between Authority contributions and proportionate share of contributions	15,034
Authority contributions subsequent to the measurement date	2,500
Total Deferred Outflows of Resources	$ 159,015
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 45,504
Differences between expected and actual experience	81,731
Changes in proportion and differences between Authority contributions and proportionate share of contributions	11,128
Total Deferred Inflows of Resources	$ 138,363

$2.500 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	$ 21,010
2022	16,550
2023	37
2024	(19,445)
Total	$ 18,152

NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions - OPERS

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

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Future Salary Increases, including inflation	
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.

NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (continued)

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.

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

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

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

NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (continued)

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

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

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Authority's proportionate share of the net OPEB liability	$ 1,079,196	$ 893,675	$ 656,123

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

NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 810,820	$ 893,675	$ 881,214

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 7: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of thirty-nine (39) Ohio housing authorities.

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, which transitioned to prospective billing January 1, 2016. Rates were previously calculated retrospectively. Employers must reconcile their actual payroll for the prior policy year within 45 days after the close of the policy year.

There was no significant reduction in coverage and settled claims have not exceeded insurance held in any of the past three years.

NOTE 8: LONG-TERM LIABILITIES

Changes in other long-term obligations of the Authority during the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
FSS Liability	$ 115,583	$ 71,737	$ (58,850)	$ 128,470	$ 0
Accrued Comp. Absences	83,217	60,992	(93,543)	50,666	10,133
Net Pension Liability	1,567,414	0	(408,750)	1,158,664	0
Net OPEB Liability	822,545	71,130	0	893,675	0
Total	$ 2,588,759	$ 203,859	$ (561,143)	$ 2,231,475	$ 10,133

NOTE 9: CONTINGENT LIABILITIES

Litigations and Claims

In the normal course of operations, the Authority may be subject to litigation and claims other than those associated with routine eviction cases and administrative appeals of participants who have been terminated from the Housing Choice Voucher Program. As of June 30, 2020, the Authority was not involved in any such cases.

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the Federal government. Grantors may require refunding any disallowed cost or excess reserve balances from time to time, however management is presently not aware of any circumstances that would fall into either category.

NOTE 10: SUBSEQUENT EVENTS

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

LAKE METROPOLITAN HOUSING AUTHORITY
LAKE 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	0.005862%	0.005723%	0.006015%	0.006316%	0.005391%	0.005801%	0.005801%
Authority's Proportionate Share of the Net Pension Liability	$ 1,158,664	$ 1,567,414	$ 943,637	$ 1,434,256	$ 933,791	$ 699,665	$ 683,862
Authority's Covered Payroll	$ 824,718	$ 773,054	$ 794,890	$ 816,422	$ 670,973	$ 711,242	$ 709,889
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.49%	202.76%	118.71%	175.68%	139.17%	98.37%	96.33%
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	0.000000%	0.003189%	0.012181%	0.012541%	0.013140%	0.013162%	0.013162%
Authority's Proportionate Share of the Net Pension (Asset)	$ 0	$ (3,566)	$ (16,582)	$ (6,980)	$ (6,394)	$ (5,068)	$ (1,381)
Authority's Covered Payroll	$ 0	$ 13,638	$ 49,888	$ 48,817	$ 47,801	$ 48,113	$ 48,022
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	0.00%	26.15%	33.24%	14.30%	13.38%	10.53%	2.88%
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

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions										
Traditional Plan	$ 104,955	$ 115,721	$ 104,768	$ 102,048	$ 92,653	$ 82,539	[1]	[1]	[1]	[1]
Combined Plan	0	0	6,575	6,102	6,156	5,615	[1]	[1]	[1]	[1]
Total Required Contributions	104,955	115,721	111,343	108,150	98,809	88,154	108,414	99,535	98,014	97,154
Contributions in Relation to the Contractually Required Contribution	(104,955)	(115,721)	(111,343)	(108,150)	(98,809)	(88,154)	(108,414)	(99,535)	(98,014)	(97,154)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll										
Traditional Plan	$ 749,679	$ 826,579	$ 776,354	$ 816,384	$ 772,108	$ 687,825	[1]	[1]	[1]	[1]
Combined Plan	0	0	48,725	48,816	51,300	46,792	[1]	[1]	[1]	[1]
Total Covered Payroll	$ 749,679	$ 826,579	$ 825,079	$ 865,200	$ 823,408	$ 734,617	$ 867,804	$ 866,924	$ 980,136	$ 1,021,652
Pension Contributions as a Percentage of Covered Payroll										
Traditional Plan	14.00%	14.00%	13.49%	12.50%	12.00%	12.00%	[1]	[1]	[1]	[1]
Combined Plan	14.00%	14.00%	13.49%	12.50%	12.00%	12.00%	[1]	[1]	[1]	[1]
Total	14.00%	14.00%	13.49%	12.50%	12.00%	12.00%	12.49%	11.48%	10.00%	9.51%

(1) – Information prior to 2015 is not available for classification of OPERS contributions by plan. Total contributions reported include any amounts contributed to the Member-Directed Plan.

See accompanying notes to the required supplementary information

LAKE METROPOLITAN HOUSING AUTHORITY
LAKE 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	0.006470%	0.006309%	0.006630%	0.006800%
Authority's Proportionate Share of the Net OPEB Liability	$ 893,675	$ 822,545	$ 719,969	$ 686,823
Authority's Covered Payroll	$ 977,424	$ 915,115	$ 939,330	$ 939,251
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.43%	89.88%	76.65%	73.12%
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.

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

	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 5,627	$ 5,888	$ 8,533	$ 16,301	$ 17,131	$ 15,911
Contributions in Relation to the Contractually Required Contribution	(5,627)	(5,888)	(8,533)	(16,301)	(17,131)	(15,911)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 890,352	$ 973,777	$ 904,661	$ 957,270	$ 864,361 0	$ 834,633
Contributions as a Percentage of Covered Payroll	0.63%	0.60%	0.94%	1.70%	1.98%	1.91%

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

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

Net OPEB Liability

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

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

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

	Project Total	14.896 PIH Family Self-Sufficiency Program	State/Local	Other Federal Program	14.149 Rent Supplements_Rental Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	279,219	-	170,591	235,135	812,011	-	672,287	-	-	2,169,243	-	2,169,243
113 Cash - Other Restricted	-	6,892	-	-	1,078,078	28,971	297,951	-	60,073	1,471,965	-	1,471,965
114 Cash - Tenant Security Deposits	11,527	-	-	12,965	63,379	-	-	-	-	87,871	-	87,871
100 Total Cash	290,746	6,892	170,591	248,100	1,953,468	28,971	970,238	-	60,073	3,729,079	-	3,729,079
122 Accounts Receivable - HUD Other Projects	27,900	-	-	-	-	182	10,000	-	-	38,082	-	38,082
124 Accounts Receivable - Other Government	-	-	-	2,415	-	-	-	-	-	2,415	-	2,415
125 Accounts Receivable - Miscellaneous	-	-	-	-	48	-	1,133	-	-	1,181	-	1,181
126 Accounts Receivable - Tenants	478	-	-	1,171	14,339	-	-	-	-	15,988	-	15,988
128 Fraud Recovery	-	-	-	-	-	-	14,702	-	-	14,702	-	14,702
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-14,702	-	-	-14,702	-	-14,702
120 Total Receivables, Net of Allowances for Doubtful Accounts	28,378	-	-	3,586	14,387	182	11,133	-	-	57,666	-	57,666
142 Prepaid Expenses and Other Assets	3,825	-	-	1,349	27,298	-	12,020	-	-	44,492	-	44,492
144 Inter Program Due From	-	-	-	-	-	-	182	-	-	182	-182	-
150 Total Current Assets	322,949	6,892	170,591	253,035	1,995,153	29,153	993,573	-	60,073	3,831,419	-182	3,831,237
161 Land	179,025	-	-	126,852	722,222	-	-	-	-	1,028,099	-	1,028,099
162 Buildings	2,815,482	-	-	2,257,455	9,534,520	-	-	-	-	14,607,457	-	14,607,457
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	41,171	-	-	-	-	41,171	-	41,171
164 Furniture, Equipment & Machinery - Administration	21,287	-	21,154	12,634	442,963	-	75,999	-	-	574,037	-	574,037
166 Accumulated Depreciation	-443,228	-	-16,621	-277,807	-9,230,533	-	-69,915	-	-	-10,038,104	-	-10,038,104
160 Total Capital Assets, Net of Accumulated Depreciation	2,572,566	-	4,533	2,119,134	1,510,343	-	6,084	-	-	6,212,660	-	6,212,660
180 Total Non-Current Assets	2,572,566	-	4,533	2,119,134	1,510,343	-	6,084	-	-	6,212,660	-	6,212,660
200 Deferred Outflow of Resources	17,286	-	-	-	115,238	-	155,571	-	-	288,095	-	288,095
290 Total Assets and Deferred Outflow of Resources	2,912,801	6,892	175,124	2,372,169	3,620,734	29,153	1,155,228	-	60,073	10,332,174	-182	10,331,992
312 Accounts Payable <= 90 Days	-	-	-	-	53,845	-	916	-	-	54,761	-	54,761
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	43,538	-	-	-	-	43,538	-	43,538
322 Accrued Compensated Absences - Current Portion	391	-	-	186	3,136	-	6,420	-	-	10,133	-	10,133
333 Accounts Payable - Other Government	9,156	-	-	-	-	-	-	-	-	9,156	-	9,156
341 Tenant Security Deposits	11,527	-	-	12,965	63,379	-	-	-	-	87,871	-	87,871
342 Unearned Revenue	-	6,892	-	-	-	-	-	-	60,073	66,965	-	66,965
347 Inter Program - Due To	-	-	-	-	-	182	-	-	-	182	-182	-
310 Total Current Liabilities	21,074	6,892	-	13,151	163,898	182	7,336	-	60,073	272,606	-182	272,424
353 Non-current Liabilities - Other	-	-	-	-	-	-	128,470	-	-	128,470	-	128,470
354 Accrued Compensated Absences - Non Current	1,564	-	-	745	12,544	-	25,680	-	-	40,533	-	40,533
357 Accrued Pension and OPEB Liabilities	123,141	-	-	-	820,936	-	1,108,262	-	-	2,052,339	-	2,052,339
350 Total Non-Current Liabilities	124,705	-	-	745	833,480	-	1,262,412	-	-	2,221,342	-	2,221,342
300 Total Liabilities	145,779	6,892	-	13,896	997,378	182	1,269,748	-	60,073	2,493,948	-182	2,493,766
400 Deferred Inflow of Resources	23,999	-	-	-	159,993	-	215,990	-	-	399,982	-	399,982
508.4 Net Investment in Capital Assets	2,572,566	-	4,533	2,119,134	1,510,343	-	6,084	-	-	6,212,660	-	6,212,660
511.4 Restricted Net Position	-	-		-	1,078,078	28,971	169,481	-	-	1,276,530	-	1,276,530
512.4 Unrestricted Net Position	170,457	-	170,591	239,139	-125,058	-	-506,075	-	-	-50,946	-	-50,946
513 Total Equity - Net Assets / Position	2,743,023	-	175,124	2,358,273	2,463,363	28,971	-330,510	-	-	7,438,244	-	7,438,244
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	2,912,801	6,892	175,124	2,372,169	3,620,734	29,153	1,155,228	-	60,073	10,332,174	-182	10,331,992

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

	Project Total	14.896 PIH Family Self-Sufficiency Program	State/Local	Other Federal Program	14.149 Rent Supplements_Rental Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	106,073	-	-	131,398	721,982	-	-	-	-	959,453	-	959,453
70400 Tenant Revenue - Other	512	-	-	359	19,783	-	-	-	-	20,654	-	20,654
70500 Total Tenant Revenue	106,585	-	-	131,757	741,765	-	-	-	-	980,107	-	980,107
70600 HUD PHA Operating Grants	178,724	31,938	-	-	846,200	29,153	10,300,880	6,632	131,239	11,524,766	-	11,524,766
70800 Other Government Grants	-	-	-	443,472	-	-	-	-	-	443,472	-	443,472
71100 Investment Income - Unrestricted	-	-	325	1,567	-	-	-	-	-	1,892	-	1,892
71400 Fraud Recovery	-	-	-	-	-	-	16,404	-	-	16,404	-	16,404
71500 Other Revenue	-	-	25,859	150	9,607	-	17,922	-	-	53,538	-	53,538
72000 Investment Income - Restricted	-	-	-	-	100	-	-	-	-	100	-	100
70000 Total Revenue	285,309	31,938	26,184	576,946	1,597,672	29,153	10,335,206	6,632	131,239	13,020,279	-	13,020,279
91100 Administrative Salaries	31,907	-	-	15,160	209,383	-	346,245	2,398	131,239	736,332	-	736,332
91200 Auditing Fees	342	-	-	114	2,392	-	8,542	-	-	11,390	-	11,390
91400 Advertising and Marketing	418	-	-	34	588	-	759	-	-	1,799	-	1,799
91500 Employee Benefit contributions - Administrative	40,721	-	-	4,620	121,012	-	221,558	-	-	387,911	-	387,911
91600 Office Expenses	11,888	-	-	2,925	96,677	182	144,687	-	-	256,359	-	256,359
91700 Legal Expense	1,982	-	-	2,266	18,498	-	10,390	-	-	33,136	-	33,136
91800 Travel	788	-	-	439	9,863	-	8,930	-	-	20,020	-	20,020
91900 Other	-	-	6,106	790	-	-	-	-	-	6,896	-	6,896
91000 Total Operating - Administrative	88,046	-	6,106	26,348	458,413	182	741,111	2,398	131,239	1,453,843	-	1,453,843
92100 Tenant Services - Salaries	-	23,287	-	-	-	-	-	-	-	23,287	-	23,287
92300 Employee Benefit Contributions - Tenant Services	-	8,651	-	-	-	-	-	542	-	9,193	-	9,193
92400 Tenant Services - Other	-	-	-	-	-	-	-	-	4,755	4,755	-	4,755
92500 Total Tenant Services	-	31,938	-	-	-	-	-	542	4,755	37,235	-	37,235
93100 Water	6,368	-	-	5,288	54,434	-	669	2,450	-	69,209	-	69,209
93200 Electricity	2,597	-	-	2,958	187,714	-	3,184	704	-	197,157	-	197,157
93300 Gas	1,831	-	-	2,390	19,310	-	388	1,080	-	24,999	-	24,999
93000 Total Utilities	10,796	-	-	10,636	261,458	-	4,241	4,234	-	291,365	-	291,365
94100 Ordinary Maintenance and Operations - Labor	18,146	-	-	12,847	150,222	-	-	-	-	181,215	-	181,215
94200 Ordinary Maintenance and Operations - Materials and Other	6,502	-	3,316	3,612	79,328	-	3,249	-	-	96,007	-	96,007
94300 Ordinary Maintenance and Operations Contracts	13,597	-	1,756	7,121	99,085	-	4,314	-	-	125,873	-	125,873
94500 Employee Benefit Contributions - Ordinary Maintenance	5,718	-	-	3,480	43,273	-	-	-	-	52,471	-	52,471
94000 Total Maintenance	43,963	-	5,072	27,060	371,908	-	7,563	-	-	455,566	-	455,566
95200 Protective Services - Other Contract Costs	1,371	-	-	823	7,644	-	620	-	-	10,458	-	10,458
95000 Total Protective Services	1,371	-	-	823	7,644	-	620	-	-	10,458	-	10,458
96110 Property Insurance	5,511	-	-	3,298	56,831	-	7,252	-	-	72,892	-	72,892
96100 Total insurance Premiums	5,511	-	-	3,298	56,831	-	7,252	-	-	72,892	-	72,892
96200 Other General Expenses	-	-	1,545	-	23,007	-	11,787	-	-	36,339	-	36,339
96300 Payments in Lieu of Taxes	10,056	-	-	540	-	-	-	-	-	10,596	-	10,596
96400 Bad debt - Tenant Rents	495	-	-	2,674	3,395	-	-	-	-	6,564	-	6,564
96000 Total Other General Expenses	10,551	-	1,545	3,214	26,402	-	11,787	-	-	53,499	-	53,499
96900 Total Operating Expenses	160,238	31,938	12,723	71,379	1,182,656	182	772,574	7,174	135,994	2,374,858	-	2,374,858
97000 Excess of Operating Revenue over Operating Expenses	125,071	-	13,461	505,567	415,016	28,971	9,562,632	-542	-4,755	10,645,421	-	10,645,421

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

	Project Total	14.896 PIH Family Self-Sufficiency Program	State/Local	Other Federal Program	14.149 Rent Supplements_Rental Housing for Lower Income Families	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
97300 Housing Assistance Payments	-	-	-	-	-	-	9,259,679	-	-	9,259,679	-	9,259,679
97350 HAP Portability-In	-	-	-	-	-	-	2,881	-	-	2,881	-	2,881
97400 Depreciation Expense	73,601	-	3,022	45,435	185,160	-	1,014	-	-	308,232	-	308,232
90000 Total Expenses	233,839	31,938	15,745	116,814	1,367,816	182	10,036,148	7,174	135,994	11,945,650	-	11,945,650
10010 Operating Transfer In	33,585	-	-	-	-	-	-	542	4,755	38,882	-	38,882
10020 Operating transfer Out	-34,127	-	-	-	-	-	-4,755	-	-	-38,882	-	-38,882
10100 Total Other financing Sources (Uses)	-542	-	-	-	-	-	-4,755	542	4,755	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	50,928	-	10,439	460,132	229,856	28,971	294,303	-	-	1,074,629	-	1,074,629
11030 Beginning Equity	2,692,095	-	164,685	1,898,141	2,233,507	-	-624,813	-	-	6,363,615		6,363,615
11170 Administrative Fee Equity	-	-	-	-	-	-	-499,991	-	-	-499,991		-499,991
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	169,481	-	-	169,481		169,481
11190 Unit Months Available	300	-	-	168	2,880	52	17,628	-	-	21,028		21,028
11210 Number of Unit Months Leased	289	-	-	158	2,771	-	16,356	-	-	19,574		19,574
11270 Excess Cash	285,250	-	-	-	-	-	-	-	-	285,250		285,250

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

Federal Grantor/ *Pass-Through Grantor/* Program Title	Federal CFDA Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Rent Supplements - Rental Housing for Lower Income Families	14.149	$ 846,200
Public and Indian Housing	14.850	145,139
COVID-19 - Public and Indian Housing	14.850	6,632
Total CFDA #14.850		151,771
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	10,300,880
COVID-19 - Section 8 Housing Choice Vouchers	14.871	131,239
Mainstream Vouchers	14.879	29,153
Total Housing Voucher Cluster		10,461,272
Public Housing Capital Fund	14.872	33,585
Family Self-Sufficiency Program	14.896	31,938
Total U.S. Department of Housing and Urban Development		11,524,766
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 11,524,766

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

The Authority has elected not to use the 10 percent de minims 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
Lake Metropolitan Housing Authority
Painesville, 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 Lake 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 January 12, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority.

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

January 12, 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
Lake Metropolitan Housing Authority
Painesville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Lake Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

James G. Zupka, CPA, Inc.

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

January 12, 2021

LAKE METROPOLITAN HOUSING AUTHORITY
LAKE 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 Opinions	Unmodified
2020(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2020(vii)	Major Programs (list): Rent Supplements - Rental Housing for Lower Income Families - CFDA #14.149 Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871 COVID-19 - Section 8 Housing Choice Vouchers - CFDA #14.871 Mainstream Vouchers - CFDA #14.879	
2020(viii)	Dollar Threshold: A/B Program	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.

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

The prior audit report, as of June 30, 2019, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE
KEITH FABER

LAKE METROPOLITAN HOUSING AUTHORITY

LAKE 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 3/23/2021

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