MORROW METROPOLITAN HOUSING AUTHORITY

MORROW COUNTY

REGULAR AUDIT

OCTOBER 1, 2019 – SEPTEMBER 30, 2020

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Morrow Metropolitan Housing Authority
210A West High Street
Mount Vernon, Ohio 43050

We have reviewed the *Independent Auditor's Report* of the Morrow Metropolitan Housing Authority, Morrow County, prepared by Wilson, Shannon & Snow, Inc., for the audit period October 1, 2019 through September 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 Morrow Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

May 07, 2021

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MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY

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WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Morrow Metropolitan Housing Authority
Morrow County
201A West High Street
Mount Vernon, Ohio 43050

To the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

10 West Locust Street | Newark, Ohio 43055 | Phone: 740-345-6611 | Fax: 740-345-5635 | wssinc.net

Opinion

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

Emphasis of Matter

As disclosed in Note 12 to financial statements, during fiscal year 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report March 19, 2021, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 19, 2021

MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
(UNAUDITED)

The Morrow Metropolitan Housing Authority, Morrow County, (the "Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current fiscal years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements (beginning on page 11).

FINANCIAL HIGHLIGHTS

- During fiscal year 2020, the Authority's net position increased by $24,963 (or 65.2%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position for fiscal year 2019 was ($38,292) and ($13,329) for fiscal year 2020.
- Revenues increased by $9,216 (or 1.4%) during fiscal year 2020, and were $654,060 and $663,276 for fiscal year 2019 and fiscal year 2020, respectively.
- Expenses decreased by $38,270 (or 5.7%) during fiscal year 2020. Total expenses were $676,583 and $638,313 for fiscal year 2019 and fiscal year 2020, respectively.

USING THIS ANNUAL REPORT

The following is a graphic outlining the major sections of the report.

MD&A ~ Management's Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (Pension and OPEB Schedules) ~
Supplementary and Other Information ~ Financial Data Schedules ~

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

Basic Financial Statements

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

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

Investment in Capital Assets: This component of Net Position consists of all Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority has no debt.

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

Unrestricted: Consists of assets that do not meet the definition of "Investment in Capital Assets", or "Restricted".

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

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

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

THE AUTHORITY'S FUND

The Authority consists exclusively of an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector. The fund maintained by the Authority is required by the Department of Housing and Urban Development (HUD).

Business-Type Activities:
Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of adjusted household income. CARES Act Funding is also included in this program. The CARES Act provided additional funding to housing authorities to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus.

Family Self-Sufficiency Program – represents HUD resources to enable participating families to increase earned income ad financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence ad self- sufficiency.

Supportive Housing for Persons with Disabilities/Mainstream Vouchers – Starting November 2018, these programs designated funding to assist clients with disabilities with a Housing Choice Voucher type program. CARES Act Funding is also included in this program. The CARES Act provided additional funding to housing authorities to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus.

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Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior fiscal year.

STATEMENT OF NET POSITION

	2020	2019
Current and Other Noncurrent Assets	$ 153,511	$ 103,709
Capital Assets	579	1,159
Total Assets	154,090	104,868
Deferred Outflows of Resources	7,474	22,552
Current Liabilities	29,737	5,073
Non-Current Liabilities	130,585	159,591
Total Liabilities	160,322	164,664
Deferred Inflows of Resources	14,571	1,048
Net Position		
Investment in Capital Assets	579	1,159
Restricted	40,490	14,872
Unrestricted	(54,398)	(54,323)
Total Net Position (Deficit)	$ (13,329)	$ (38,292)

For more detailed information see page 11 for the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current and other assets increased $49,802 (48%). An increase of $52,987 in restricted cash; due to the timing of grant funding, including CARES Act funding, cash was received but unspent before fiscal year 2020. Total liabilities decreased $4,342 which is primarily attributed fluctuations in net pension and net OPEB liabilities off-set by an increase in unearned revenue and decreases in accounts payable, accrued wages and payroll taxes and accrued compensated absences.

Capital assets had decreased of $580 which represents the current fiscal year's depreciation expense. For more detail see "Capital Assets and Debt Administration" on page 9.

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

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position September 30, 2019		$(54,323)
Results of Operations:	$ (655)	
Adjustments:		
Depreciation (1)	580	
Adjusted Results from Operations		(75)
Unrestricted Net Position September 30, 2020		$(54,398)

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

CHANGE OF RESTRICTED NET POSITION

Restricted Net Position September 30, 2019		$14,872
Results of Operations:		
HAP Reserves	$23,404	
Other Revenues	2,214	
Adjusted Results from Operations		25,618
Restricted Net Position September 30, 2020		$ 40,490

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	2020	2019
Revenues		
Operating Grants	$ 661,052	$ 639,172
Interest Revenue	10	2
Other Revenues	2,214	14,886
Total Revenue	663,276	654,060
Expenses		
Administrative, Salaries & Benefits	104,741	124,561
General	1,252	1,403
Housing Assistance Payments	531,740	550,040
Depreciation	580	579
Total Expenses	638,313	676,583
Change in Net Position	24,963	(22,523)
Net Position (Deficit) at October 1	(38,292)	(15,769)
Net Position (Deficit) at September 30	$(13,329)	$(38,292)

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

Changes to be noted were increases to operating grant revenue and decreases in Housing Assistance Payments (HAP) expense. Part of the funding provided for the Housing Choice Voucher and Mainstream Voucher programs is used to support administration of the program and part is used to make rental assistance payments on behalf of program participants. The rental assistance payments made under the programs is reported as HAP expense. The increases to operating grant revenue are the result of Mainstream Voucher funding which was new for fiscal year 2020. HAP expense primarily reflects a decrease in rental assistance payments made on behalf of participants assisted by those programs and funding to enable the agency to make those assistance payments.

Most other expenses fluctuated moderately due to inflation and current fiscal year needs.

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2020, the Authority had $579 invested in Capital Assets as reflected in the following schedule, which represents an increase based on depreciation expense.

CAPITAL ASSETS AT FISCAL YEAR END (NET OF DEPRECIATION)

	Business-type Activities	
	2020	2019
Furniture, Fixtures, and Equipment	$ 15,138	$ 15,138
Accumulated Depreciation	(14,559)	(13,979)
Total	$ 579	$ 1,159

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 4 of the notes to the basic financial statements. The Authority had no additions or disposals.

CHANGE IN CAPITAL ASSETS

	Business-type Activities
Beginning Balance	$ 1,159
Depreciation	(580)
Ending Balance	$ 579

Debt Outstanding

The Authority has no debt.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the amount of housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.
- Unknown financial and federal program impacts as the result of the COVID-19 pandemic.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Edwin L. Tharp, Executive Director for the Morrow Metropolitan Housing Authority, at (419) 946-5789. Specific requests may be submitted to the Authority at 201A W. High Street, Mount Vernon, Ohio 43050.

MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY

STATEMENT OF NET POSITION
SEPTEMEBER 30, 2020

Assets		
Current Assets:		
Cash and Cash Equivalents	$	31,609
Total Current Assets		31,609
Non-Current Assets:		
Restricted Cash and Cash Equivalents		121,902
Capital Assets:		
Depreciable Capital Assets		15,138
Accumulated Depreciation		(14,559)
Total Capital Assets		579
Total Non-Current Assets		122,481
Total Assets		154,090
Deferred Outflows of Resources		
Pension		2,554
OPEB		4,920
Total Deferred Outflows of Resources		7,474
Liabilities		
Current Liabilities:		
Unearned Revenue		29,737
Total Current Liabilities		29,737
Non-Current Liabilities:		
Family Self-Sufficiency Deposits Payable		51,675
Net Pension Liability		47,833
Net OPEB Liability		31,077
Total Non-Current Liabilities		130,585
Total Liabilities		160,322
Deferred Inflows of Resources		
Pension		10,146
OPEB		4,425
Total Deferred Inflows of Resources		14,571
Net Position		
Investment in Capital Assets		579
Restricted		40,490
Unrestricted		(54,398)
Total Net Position (Deficit)	$	(13,329)

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

MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Operating Revenues		
Operating Grants		$ 661,052
Other Revenues		2,214
Total Operating Revenues		663,266
Operating Expenses		
Housing Assistance Payments	$ 531,740	
Administrative	104,741	
General	1,252	
Depreciation	580	
Total Operating Expenses		638,313
Operating Income		24,953
Nonoperating Revenues		
Interest Revenue		10
Total Nonoperating Revenues		10
Change in Net Position		24,963
Net Position (Deficit) at October 1, 2019		(38,292)
Net Position (Deficit) at September 30, 2020		$ (13,329)

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

MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Cash flows from operating activities:		
Cash received from HUD and local grant sources	$	685,313
Cash received from other sources		2,214
Cash payments to employees for services		(40,074)
Cash payments for good or services - HUD		(531,740)
Cash payments for goods or services		(65,921)
Net cash provided by operating activities		49,792
Cash flows from investing activities:		
Interest		10
Net cash provided by investing activities		10
Net change in cash and cash equivalents		49,802
Cash and cash equivalents at October 1, 2019		103,709
Cash and cash equivalents at September 30, 2020	$	153,511
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	24,953
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		580
Changes in:		
Accounts payable		(1,727)
Family self-sufficiency liability		(2,368)
Net pension liability		(25,382)
Net OPEB liability		(1,256)
Other liabilities		(3,346)
Unearned revenue		29,737
Deferred outflow of resources		15,078
Deferred inflow of resources		13,523
Net cash provided by operating activities	$	49,792

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units,* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

Management believes the financial statements included in this report represent all of the funds over which the Authority is financially accountable. Based on the above criteria, the Authority has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Accounting

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

Proprietary Fund Type:

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

Enterprise Fund – The Authority accounts for and reports all receipts on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Authority are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

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

Accounting and Reporting for Nonexchange Transactions

The Authority accounts for nonexchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Nonexchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return. In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

Estimates

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Family Self-Sufficiency Deposits of $51,675, Housing Assistance Payment equity balance of $15,405, and unspent grant funds of $54,822. See Note 5 for additional information concerning Family Self-Sufficiency restricted assets.

Accounts Receivable

Management considers all accounts receivable to be collected in full. The Authority did not report receivables at September 30, 2020.

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are reported as prepaid items via the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the fiscal year which services are consumed. The Authority did not report prepaid items at September 30, 2020.

Capital Assets

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

Description	Estimated Useful Lives - Years
Equipment and Furniture	7
Computer Hardware & Software	3

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Vacation benefits are accrued as a liability as the benefits are earned if the employee’s right to receive compensation is attributable to services already rendered and it is probable that employer will compensate the employees for the benefits through paid time off or some other means.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Sick leave benefits are accrued as these benefits are earned and used within the fiscal year; unused balances are carried over however no benefits are paid out upon termination of employment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation and sick leave policies are established by the Board of Trustees based on local and state laws. Employees are entitled to 8 days of annual vacation leave after completing twelve months of consecutive employment, 12 days after six years of service, 16 days after 12 years of service, and 20 days after 22 years of service. Sick pay is accumulated at the rate of 4.5 hours for each completed 72 hours of pay to a maximum of 960 hours. Employees are allowed to accumulate a maximum of three weeks for vacation leave at the end of each calendar year. In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a current liability. The Authority did not report compensated absences at September 30, 2020.

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 7 and 8.

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 7 and 8.

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Investment in capital assets consists of capital assets, net of accumulated depreciation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did not have net position restricted by enabling legislature at September 30, 2020.

Operating Revenues and Expenses

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

2. DEFICIT NET POSITION

The Authority reported deficit net positon of $13,329 at September 30, 2020.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition. All monies are deposited into banks as determined by the Authority. Funds are deposited in either interest bearing or non-interest bearing accounts at the Authority's discretion. Security shall be furnished for all accounts in the Authority's name.

Cash and cash equivalents included in the Authority's cash position at September 30, 2020 are as follows:

	Checking	Savings	Total
Demand Deposits:			
Bank balance	$101,279	$ 51,675	$ 152,954
Items-in-transit	557	-	557
Carrying balance	$101,836	$ 51,675	$ 153,511

Of the fiscal year-end bank balance, $153,511 of deposits of the total checking and saving account balances were covered by federal deposit insurance.

Based on the Authority having only demand deposits at September 30, 2020, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

4. CAPITAL ASSETS

The following is a summary of capital assets at September 30, 2020:

	Balance 9/30/2019	Increase	Decrease	Balance 9/30/2020
Capital Assets Depreciated				
Furniture and Equipment	$ 15,138	$ 0	$ (0)	$ 15,138
Total Capital Assets Depreciated	15,138	0	(0)	15,138
Accumulated Depreciation				
Furniture and Equipment	(13,979)	(580)	0	(14,559)
Total Accumulated Depreciation	(13,979)	(580)	0	(14,559)
Total Capital Assets, Net	$ 1,159	$ (580)	$ 0	$ 579

5. FSS ESCROW PAYABLE

The Authority is involved in the Family Self-Sufficiency program through the Housing Choice Vouchers Program. Each month contributions are deposited into the Authority's savings account on behalf of the program participants. Participants are limited to a five year contract (with a two year extension option) at which time, they either meet their program goals and may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs, the money earned is used by the Authority to reinvest into the Housing Choice Voucher Program.

6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year 2020, the Authority purchased commercial insurance for public officials and employment practices liability for general insurance, property, crime, electronic equipment, and automobile insurance. Public officials' liability and employment practices liability insurance each carries a $2,500 deductible. Property and electronic equipment insurance each carries a $500 deductible. Vehicle carries a $250 deductible for comprehensive damages and $500 deductible for collision.

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

7. 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.

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

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

Plan Description – All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined pension plan.

7. DEFINED BENEFIT PENSION PLANS - CONTINUED

2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides age and service retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 145. OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. That report can be obtained by visiting the OPERS website at www.opers.org.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Authority is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the PERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the contribution rate consistent across all three plans.

The Authority's contractually required pension contribution to OPERS was $1,041 for fiscal year 2020. Of this amount $0 is reported within accrued wages and payroll taxes as there were no employees as of January 1, 2020.

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

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

7. DEFINED BENEFIT PENSION PLANS - CONTINUED

	OPERS Traditional Plan
Proportionate Share of the Net Pension Liability	$47,833
Proportion of the Net Pension Liability	0.0002420%
Change in Proportion from Prior Measurement Date	(0.0000250%)
Pension Expense	$1,265

The Authority's employees have only participated in the Traditional Plan.

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

	Total Deferred Outflows
Change of assumptions	$2,554
Total Deferred Outflows of Resources	$2,554

	Total Deferred Inflows
Differences between expected and actual experience	$ 605
Net difference between projected and actual pension investment earnings	9,542
Total Deferred Inflows of Resources	$10,146

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending September 30:

2021	($1,235)
2022	(1,235)
2023	(1,306)
2024	(1,908)
2025	(1,908)
Total	($7,592)

Actuarial Methods and Assumptions

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

7. DEFINED BENEFIT PENSION PLANS - CONTINUED

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

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

Actuarial Information	Traditional Pension Plan	Combined Plan	Member-Directed Plan
Measurement & Valuation Date	December 31, 2019	December 31, 2019	December 31, 2019
Experience Study	5-Year Period Ended December 31, 2015	5-Year Period Ended December 31, 2015	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age	Individual entry age
Actuarial Assumptions			
Investment Rate of Return	7.20%	7.20%	7.20%
Wage Inflation	3.25%	3.25%	3.25%
Projected Salary increases	3.25%-10.75% (includes wage inflation at 3.25%)	3.25%-8.25% (includes wage inflation at 3.25%)	3.25%-8.25% (includes wage inflation at 3.25%)
Cost of living Adjustments	3.00% Simple	3.00% Simple	3.00% Simple

Special tables are used for the period after disability retirement and post-retirement mortality. The most recent experience study was completed December 31, 2019. The long-term return expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Allocation	Real Rate of Return
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%

7. DEFINED BENEFIT PENSION PLANS - CONTINUED

Discount Rate The total pension liability was calculated using the discount rate of 8 percent. The projection of cash flows used to determine the discount rate assumed the employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate 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 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Authority's proportionate share of the net pension liability	$ 55,675	$ 47,833	$ 39,991

Plan Fiduciary Net Position Detailed information about the Plan's fiduciary net position is available in the separately issued OPERS's financial report.

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.

8. OTHER POST EMPLOYMENT BENEFITS

Net OPEB Liability

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

8. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB. GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium.

The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the fiscal year is included in accrued wages and payroll taxes on the accrual basis of accounting.

Plan Description – OPERS

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS). OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member directed plan is a defined contribution plan and the combined plan is a cost sharing, multiple-employer defined benefit plan with defined contribution features.

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016.

8. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service was required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2020, Authority contributed at a rate of 14 percent of earnable salary.

The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System’s actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage.

The portion of Traditional Pension Plan employer contributions allocated to health care was zero.

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

The net OPEB liability for OPERS was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

8. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

The Authority's proportion of the net OPEB liability was based on The Authority's share of contributions to the retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Proportionate Share of the Net OPEB Liability	$31,077
Proportion of the Net OPEB Liability	0.0002250%
Change in Proportion from Prior Measurement Date	(0.0000230%)
OPEB Expense	$698

	Total Deferred Outflows
Difference between expected and actual experience	$ 1
Changes of assumptions	4,919
Total Deferred Outflows of Resources	$ 4,920

	Total Deferred Inflows
Difference between expected and actual experience	$ 4,425

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

Fiscal Year Ending September 30:	
2021	$ 163
2022	163
2023	163
2024	6
Total	$ 495

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

8. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% 3.25 - 10.75%
Single Discount Rate	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.75%
Health Care Cost Trend Rate	10.5% initial, 3.50% 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 were 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 the above described tables.

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

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

Asset Class	Target Allocation for 2019	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00%	1.53%
Domestic Equities	21.00	5.75
REITs	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
TOTAL	100.00%	4.55%

A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met).

8. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. 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 OPEB plan's fiduciary net position and future contributions were sufficient to finance the health care costs through the year 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

The following table presents the Authority's proportionate share of the net OPEB liability calculated using the current period discount rate assumption 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	$37,530	$31,077	$22,817

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

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

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.

8. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

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.

9. COMPENSATED ABSENCES

Employees earn annual vacation leave per anniversary year, based on years of service. Employees are allowed to accumulate a maximum of three weeks for vacation leave at the end of each calendar year. Sick leave is accumulated each month at the rate of 4.5 hours for each completed 72 hours of pay to a maximum of 960 hours. The Authority did not report a liability at September 30, 2020 due to having no employees at fiscal year-end.

10. LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended September 30, 2020:

Description	Balance 09/30/19	Additions	Deletions	Balance 09/30/20	Due Within One Year
Net Pension Liability	$73,215	$ 0	($25,382)	$47,833	$ 0
Net OPEB Liability	32,333	0	(1,256)	31,077	0
Family Self-Sufficiency Payable	54,043	19,349	(21,717)	51,675	0
Compensated Absence Payable	1,827	699	(2,526)	0	0
Total	**$161,418**	**$ 20,048**	**$(50,881)**	**$130,585**	**$ 0**

See Notes 7 and 8 for information on the Authority's net pension and OPEB liabilities and Note 5 for information on the Authority's family self-sufficiency payable.

11. CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any such disallowed claims could have a material adverse effect on the overall financial position of the Authority at September 30, 2020.

B. Litigation

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

12. COVID-19

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

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MORROW METROPOLITAN HOUSING AUTHORITY
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	0.000242%	0.000267%	0.000257%	0.000263%	0.000273%	0.000277%	0.000277%
Authority's Proportionate Share of the Net Pension Liability	$47,833	$73,215	$40,318	$59,457	$47,288	$33,410	$32,655
Authority's Covered Payroll	$35,870	$36,005	$33,987	$33,987	$33,987	$33,987	$33,986
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	133.35%	203.35%	118.74%	174.94%	139.14%	98.30%	96.08%
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%

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

(2) - Amounts presented as of the Authority's plan measurement date, which is the prior calendar year-end.

See accompanying notes to the required supplementary information.

MORROW METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PENSION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions										
Traditional Plan	$1,041	$5,022	$4,880	$4,331	$4,078	$4,078	$4,078	$4,418	$4,636	$4,706
Total Required Contributions	$1,041	$5,022	$4,880	$4,331	$4,078	$4,078	$4,078	$4,418	$4,636	$4,706
Contributions in Relation to the Contractually Required Contribution	($1,041)	($5,022)	($4,880)	($4,331)	($4,078)	($4,078)	($4,078)	($4,418)	($4,636)	($4,706)
Contribution Deficiency / (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Authority's Covered Payroll										
Traditional Plan	$7,436	$35,870	$35,491	$33,969	$33,983	$33,983	$33,986	$33,986	$46,364	$47,057
Pension Contributions as a Percentage of Covered Payroll										
Traditional Plan	14.00%	14.00%	13.75%	12.75%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%

See accompanying notes to the required supplementary information

MORROW METROPOLITAN HOUSING AUTHORITY
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	0.0002250%	0.0002480%	0.000240%	0.000250%
Authority's Proportionate Share of the Net OPEB Liability	$ 31,077	$ 32,333	$ 26,062	$ 25,251
Authority's Covered Payroll	$ 35,870	$ 36,005	$ 33,987	$ 33,983
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	86.64%	89.80%	76.63%	71.82%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	68.52%

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

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

See accompanying notes to the required supplementary information

MORROW METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ -	$ -	$ 88	$ 428	$ 680	$ 680	$ 680	$ 340	$ 1,855	$ 1,882
Contributions in Relation to the Contractually Required Contribution	-	-	(88)	(428)	(680)	(680)	(680)	(340)	(1,855)	(1,882)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority Covered Payroll	$7,436	$35,870	$35,491	$33,969	$33,983	$33,983	$33,986	$33,986	$46,364	$47,057
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.25%	1.26%	2.00%	2.00%	2.00%	1.00%	4.00%	4.00%

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%.

MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY

ENTITY WIDE BALANCE SHEET SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
SEPTEMBER 30, 2020

FDS Line Item No.	Account Description	14.MSC Mainstream Vouchers CARES	14.896 Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.HCC Housing Choice Vouchers CARES	14.879 Mainstream Voucher Progam	Total
	Current Assets						
	Cash						
111	Cash - Unrestricted	$ -	$ -	$ 31,609	$ -	$ -	$ 31,609
113	Cash - Other Restricted	1,318	51,675	15,405	28,419	25,085	121,902
100	Total Cash	1,318	51,675	47,014	28,419	25,085	153,511
150	Total Current Assets	1,318	51,675	47,014	28,419	25,085	153,511
	Noncurrent Assets						
	Capital Assets						
164	Furniture and Equipment - Administration	-	-	15,138	-	-	15,138
166	Accumulated Depreciation	-	-	(14,559)	-	-	(14,559)
160	Total Capital Assets net of accumulated depreciation	-	-	579	-	-	579
180	Total Noncurrent Assets	-	-	579	-	-	579
190	Total Assets	1,318	51,675	47,593	28,419	25,085	154,090
200	Deferred Outflow of Resources	-	-	7,474	-	-	7,474
290	Total Assets and Deferred Outflow of Resources	$ 1,318	$ 51,675	$ 55,067	$ 28,419	$ 25,085	$ 161,564
	Current Liabilities						
342	Unearned Revenue	1,318	$ -	$ -	28,419	$ -	$ 29,737
310	Total Current Liabilities	1,318	-	-	28,419	-	29,737
	Non-Current Liabilities						
353	Non-Current Liabilities - Other	-	51,675	-	-	-	51,675
357	Accrued Pension and OPEB Liabilities	-	-	78,910	-	-	78,910
350	Total Non-Current Liabilities	-	51,675	78,910	-	-	130,585
300	Total Liabilities	1,318	51,675	78,910	28,419	-	160,322
400	Deferred Inlow of Resources	-	-	14,571	-	-	14,571
	Net Position						
508.1	Net Investment in Capital Assets	-	-	579	-	-	579
511.1	Restricted Net Position	-	-	15,405	-	25,085	40,490
512.1	Unrestricted Net Position	-	-	(54,398)	-	-	(54,398)
	Total Net Position	-	-	(38,414)	-	25,085	(13,329)
600	Total Liabilities, Deferred Inflow of Resources, and Net Positior	$ 1,318	$ 51,675	$ 55,067	$ 28,419	$ 25,085	$ 161,564

NOTE FOR REAC REPORTING: The accompanying schedules have been prepared in accordance with the format as required for HUD's electronic filing REAC system. The format and classifications of various line items may differ from those used in the preparation of the financial statements presented in accordance with accounting principles generally accepted in the United States of America.

MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY

ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FDS SCHEDULE SUBMITTED TO HUD
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

FDS Line Item No.	Account Description	14.MSC Mainstream Vouchers CARES	14.896 Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.HCC Housing Choice Vouchers CARES	14.879 Mainstream Voucher Progam	Total
	Revenue						
70600	HUD PHA Operating Grants	$ -	$ 39,984	$ 564,089	$ -	$ 56,979	$ 661,052
71100	Investment Income - Unrestricted	-	-	10	-	-	10
71500	Other Revenue	-	-	2,214	-	-	2,214
70000	Total Revenue	-	39,984	566,313	-	56,979	663,276
	Expenses						
91100	Administrative Salaries	-	6,955	-	-	-	6,955
91200	Auditing Fees	-	-	5,875	-	-	5,875
91300	Management Fee	-	29,988	33,205	-	2,195	65,388
91500	Employee Benefit Contribution - Administrative	-	1,169	1,963	-	-	3,132
91600	Office Expenses	-	1,872	12,410	-	-	14,282
91700	Legal Expense	-	-	250	-	-	250
91800	Travel	-	-	42	-	-	42
91900	Other	-	-	8,817	-	-	8,817
91000	Total Operating - Administrative	-	39,984	62,562	-	2,195	104,741
96120	Liability Insurance	-	-	1,252	-	-	1,252
96100	Total Insurance Premiums	-	-	1,252	-	-	1,252
96900	Total Operating Expenses	-	39,984	63,814	-	2,195	105,993
97000	Excess Operating Revenue Over Operating Expenses	-	-	502,499	-	54,784	557,283
	Other Expenses						
97300	Housing Assistance Payments	-	-	502,041	-	29,699	531,740
97400	Depreciation Expense	-	-	580	-	-	580
	Total Other Expenses	-	-	502,621	-	29,699	532,320
90000	Total Expenses	-	39,984	566,435	-	31,894	638,313
10000	Excess of Revenues under Expenses	-	-	(122)	-	25,085	24,963
11030	Beginning Net Position	-	-	(38,292)	-	-	(38,292)
11170	Administrative Fee Equity	-	-	(53,819)	-	-	(53,819)
11180	Housing Assistance Payment Equity	-	-	15,405	-	-	15,405
	Total Ending Net Position	$ -	$ -	$ (38,414)	$ -	$ 25,085	$ (13,329)

WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

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

Morrow Metropolitan Housing Authority
Morrow County
201A West High Street
Mount Vernon, Ohio 43050

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Morrow Metropolitan Housing Authority, Morrow County, (the Authority) as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 19, 2021, wherein we noted the Authority considered the financial impact of COVID-19 as disclosed in Note 12.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 19, 2021

OHIO AUDITOR OF STATE
KEITH FABER

MORROW METROPOLITAN HOUSING AUTHORITY

MORROW 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 5/20/2021

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