

Fayette Metropolitan Housing Authority

Financial Statements

For the Year Ended December 31, 2019



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
Fayette Metropolitan Housing Authority  
121 East East Street  
Washington Court House, OH 43160

We have reviewed the *Independent Auditor's Report* of the Fayette County Metropolitan Housing Authority prepared by Salvatore Consiglio, CPA, Inc., for the audit period January 1, 2019 through December 31, 2019. 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 Fayette County Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

November 6, 2020

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FAYETTE METROPOLITAN HOUSING AUTHORITY  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Fayette Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Fayette Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2019, 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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

American Institute of Certified Public Accountant  
Ohio Society of Certified Public Accountant

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Fayette Metropolitan Housing Authority as of December 31, 2019, and the respective changes in financial position and, where applicable, 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 financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. I did not modify my opinion regarding 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, as listed in the table of contents, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fayette Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying financial data schedule ("FDS") is not required part of the basic financial statements. The Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the financial statements.

The financial data schedule (FDS) is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is the responsibility of management and was 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 my opinion, the Schedule of Expenditure of Federal Awards and the financial data schedule ("FDS") 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*, I have also issued my report dated August 28, 2020, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

*Salvatore Consiglio*

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Salvatore Consiglio, CPA, Inc.  
North Royalton, Ohio  
August 28, 2020

FAYETTE METROPOLITAN HOUSING AUTHORITY  
 FAYETTE COUNTY  
 MANAGEMENT’S DISCUSSION AND ANALYSIS  
 DECEMBER 31, 2019

**(UNAUDITED)**

The Fayette 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 year challenges), and (d) identify individual fund issues or concerns.

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

**FINANCIAL HIGHLIGHTS**

- During 2019 the Authority’s Net Position increased by \$136,619 (or 36.03%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. Net Position was \$379,166 and \$515,785 for years 2018 and 2019, respectively.
- The revenue increased by \$169,547 (or 7.88%) during 2019 and was \$2,151,044 and \$2,321,004 for the years 2018 and 2019, respectively.
- The total expenses for the Authority increased by \$123,180 (or 5.98%). Total expenses were \$2,061,204 and \$2,184,384 for the years 2018 and 2019, respectively.

**USING THIS ANNUAL REPORT**

The Report includes the following sections:

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 ~
Supplementary and Other Information ~ Financial Data Schedules ~ ~ Schedule of Federal Awards Expenditures ~

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

**Government-Wide Financial Statements**

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

These Statements include a Statement of Net Position, which is like 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, minus liabilities, equal "Net Position", formerly known as 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 Net Position") is designed represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly 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 Position Invested in Capital Assets, Net of Related Debt", or "Restricted Net Position".

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

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

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

FAYETTE METROPOLITAN HOUSING AUTHORITY  
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**Fund Financial Statements**

The Authority is accounted for as an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector.

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

**The Authority's Programs**

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 made to the landlord. The program is 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 adjusted household income.

Other Programs- In addition to the housing choice voucher program, the Authority also operates the following programs:

Section 8 New Construction/Single Unit Program – SRO - Provides housing assistance payments to participating owners on behalf of eligible tenants occupying the units under a lease agreement between the landlords and tenants.

Mainstream Vouchers – This Program is exactly like the HCV except it only subsidizes households where one or more family members have a disability.

HOME Investment Partnership Programs - Funded by the US Department of Housing & Urban Development (HUD), the Tenant Based Rental Assistance (TBRA) funds are distributed to the County or City to provide help for paying rent, utility bills, and both rental and utility security deposits.

Shelter Plus Care – Provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS), and related diseases. Rental assistance grants must be matched with supportive services.

Business Activities – Represents non-HUD resources developed from a variety of activities.

FAYETTE METROPOLITAN HOUSING AUTHORITY  
 FAYETTE COUNTY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**AUTHORITY-WIDE STATEMENT**

**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**

	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 359,782	\$ 335,619
Capital Assets	<u>1,028,661</u>	<u>717,548</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,388,443</u>	<u>\$ 1,053,167</u>
Current Liabilities	\$ 87,322	\$ 139,992
Long-Term Liabilities	<u>785,336</u>	<u>534,009</u>
Total Liabilities and Deferred Inflows of Resources	<u>872,658</u>	<u>674,001</u>
Net Position:		
Net Investment in Capital Assets	183,301	135,053
Restricted Net Position	87,874	21,960
Unrestricted Net Position	<u>244,610</u>	<u>222,153</u>
Total Net Position	<u>515,785</u>	<u>379,166</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 1,388,443</u>	<u>\$ 1,053,167</u>

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

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

Current assets increased by \$24,163 or 7.20% in 2019. Total liabilities also increased during the year by \$198,657 or 29.47% which was the result of the purchase of 3 homes and capitalized improvements with debt to cover all.

Capital Assets also were increased by a net amount of \$311,113 or 43.36%. This was the result of the new purchases, other capitalized improvements, and the current year's depreciation.

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For more detail see "Capital Assets and Debt Administration" below.

**Table 2 - Changes of Net Position**

	<b>Net Investment in Capital</b>		
	<b>Unrestricted</b>	<b>Assets</b>	<b>Restricted</b>
Beginning Balance	\$222,153	\$135,053	\$21,960
Results of Operation	70,706	0	65,914
Adjustments:			
Current year Depreciation Expense (1)	47,726	(47,726)	0
Capital Expenditure (2)	(358,840)	358,840	0
Retirement of Debt	(255,568)	255,568	0
New Debt Issued	518,433	(518,433)	0
Rounding Adjustment	0	(1)	0
Ending Balance	<u>\$244,610</u>	<u>\$183,301</u>	<u>\$87,874</u>

- 1) Depreciation is treated as an expense and reduces the results of operations, but does not have an impact on Unrestricted Net Position
- 2) Capital expenditures represent an outflow of unrestricted net position but are treated as an expense against results of operations and must be deducted.

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

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 FAYETTE COUNTY  
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**Table 3 - Statement of Revenue, Expenses & Changes in Net Position**

	<u>2019</u>	<u>2018</u>
<b><u>Revenues</u></b>		
Total Tenant Revenues	\$ 149,498	128,890
Operating Grants	2,086,797	1,942,377
Investment Income	632	413
Other Revenues	84,077	79,777
<b>Total Revenues</b>	<b><u>2,321,004</u></b>	<b><u>2,151,457</u></b>
<b><u>Expenses</u></b>		
Administrative	240,256	245,902
Maintenance	71,858	43,284
General and Interest	34,650	22,014
Housing Assistance Payments	1,789,894	1,715,676
Depreciation	47,726	34,328
<b>Total Expenses</b>	<b><u>2,184,384</u></b>	<b><u>2,061,204</u></b>
Net Increases (Decreases)	136,620	90,253
Beginning net position	379,165	288,913
<b>Total net position - ending</b>	<b><u>\$ 515,785</u></b>	<b><u>\$ 379,166</u></b>

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

The Operating Grant Revenue increased \$144,420 or 7.44% for 2019. The increase is due to HUD funding received and the additional Mainstream Program during the year.

Total expenses increased by \$123,180 or 5.98%. The main reason for this increase is additional housing assistance payments made during the year of \$74,218 or 4.33%.

The net change in Net Position for the year of \$136,620 is reported as follows: "Restricted Net Position" due to additional HAP funding for the Housing Choice Voucher Program and the 5-year Mainstream Program of \$65,914; and increase in "Unrestricted Net Position" of \$70,706 due to result of operating activities for the year.

FAYETTE METROPOLITAN HOUSING AUTHORITY  
 FAYETTE COUNTY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 DECEMBER 31, 2019

(UNAUDITED)

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2019, the Authority had \$1,028,661 invested in capital assets as reflected in the following schedule, which represents a net increase (additions, deductions and depreciation) of \$311,113 from the end of last year.

**Table 4 - Condensed Statement of Changes in Capital Assets**

	<u>2019</u>	<u>2018</u>
Land	\$ 259,075	\$ 221,575
Building and Improvement	1,250,247	935,363
Equipment	41,991	137,180
Accumulated Depreciation	<u>(522,652)</u>	<u>(576,570)</u>
 Total	 <u>\$ 1,028,661</u>	 <u>\$ 717,548</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes to the financial statements:

**Table 5 - Changes in Capital Assets**

Beginning Balance	\$	717,548
Current year Additions		358,840
Current year Depreciation Expense		(47,726)
Rounding Adjustment		<u>(1)</u>
 Ending Balance	 \$	 <u>1,028,661</u>



FAYETTE METROPOLITAN HOUSING AUTHORITY  
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**(UNAUDITED)**

Current year Additions are summarized as follows:

530 Pearl Street	\$	97,500
818 Yeoman St		104,000
363 Ely St		92,500
Leasehold Improvements		58,385
New computers and printer		6,455
 Total Current Year Additions	 \$	 <u>358,840</u>

**Debt Outstanding**

As of December 31, 2019, the Authority had \$845,360 of outstanding debt compared to \$582,495 last year. The table below summarizes the changes that took place during the year:

**Table 6 - Condensed Statement of Changes in Debt Outstanding**

Beginning Balance	\$	582,495
Current Year Debt Issued		518,433
Current Year Debt Retired		(255,568)
 Ending Balance	 \$	 <u>845,360</u>

**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

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Nancy A. Reed; Executive Director for the Fayette Metropolitan Housing Authority, at (740) 335-7525. Specific requests may be submitted to the Authority at 121 E. East Street, Washington Court House, OH 43160.

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Net Position**  
**December 31, 2019**

***ASSETS***

**Current assets**

Cash and cash equivalents	\$ 265,286
Restricted cash and cash equivalents	90,018
Receivables, net	4,478
<b>Total current assets</b>	<b>359,782</b>

**Noncurrent assets**

Capital assets:	
Non-Depreciable capital assets	259,075
Depreciable capital assets, net	769,586
<b>Total capital assets</b>	<b>1,028,661</b>
<b>Total noncurrent assets</b>	<b>1,028,661</b>
<b>Total assets</b>	<b>\$ 1,388,443</b>

***LIABILITIES***

**Current liabilities**

Accounts payable	\$ 24,423
Unearned revenue	731
Tenant security deposits	2,144
Long-Term Debt - Current Portion	60,024
<b>Total current liabilities</b>	<b>87,322</b>

**Noncurrent liabilities**

Long-Term Debt - Noncurrent Portion	785,336
<b>Total noncurrent liabilities</b>	<b>785,336</b>
<b>Total liabilities</b>	<b>\$ 872,658</b>

***NET POSITION***

Invested in capital assets	\$ 183,301
Restricted net position	87,874
Unrestricted net position	244,610
<b>Total net position</b>	<b>\$ 515,785</b>

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

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended December 31, 2019**

<b><i>OPERATING REVENUES</i></b>	
Tenant revenue	\$ 149,498
Operating grants	2,086,797
Other operating revenue	84,077
<b>Total operating revenues</b>	<b><u>2,320,372</u></b>
 <b><i>OPERATING EXPENSES</i></b>	
Administrative	240,256
Maintenance	71,858
General and insurance	15,105
Housing assistance payment	1,789,894
Depreciation	47,726
<b>Total operating expenses</b>	<b><u>2,164,839</u></b>
<b>Operating income (loss)</b>	<b><u>155,533</u></b>
 <b><i>NONOPERATING REVENUES (EXPENSES)</i></b>	
Interest income	632
Interest expense	(19,545)
<b>Total nonoperating revenues (expenses)</b>	<b><u>(18,913)</u></b>
Change in net position	136,620
Beginning net position	379,165
<b>Total net position - ending</b>	<b><u>\$ 515,785</u></b>

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

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Operating Grants	\$ 2,025,245
Cash Received from Tenants	149,498
Cash Received from Other Revenue	40,877
Cash Payments for General and Administrative expenses	(308,311)
Cash Payments for Housing Assistance	<u>(1,789,894)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>117,415</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned	<u>632</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>632</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>	
Loan Debt Payments	(234,190)
Loan Proceeds	518,433
Property and Equipment Purchased	(358,840)
Interest Paid	<u>(19,545)</u>
<b>Net Cash Provided (Used) by Capital and Related Activities</b>	<b><u>(94,142)</u></b>
Net Increase (Decrease) in Cash	23,905
Cash and cash equivalents - Beginning of year	<u>331,399</u>
<b>Cash and cash equivalents - End of year</b>	<b><u><u>\$ 355,304</u></u></b>

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

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	\$	155,532
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation		47,726
- Loan Forgiveness		(21,378)
- (Increases) Decreases in Accounts Receivable		(258)
- Increases (Decreases) in Accounts Payable		(3,422)
- Increases (Decreases) in Accounts Payable - HUD		1,159
- Increases (Decreases) in Tenant Security Deposits		(650)
- Increases (Decreases) in Unearned Revenue		(61,294)
		(61,294)
<b>Net Cash Provided by Operating Activities</b>	<b>\$</b>	<b>117,415</b>

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

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
FAYETTE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Summary of Significant Accounting Policies

The basic financial statements of the Fayette Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the generally 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. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. 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 can 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 the funds of the Authority over which the Authority is financially accountable.

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
FAYETTE COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Basis of Presentation

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

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

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

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources 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 net total position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, propriety and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

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

*Enterprise Fund* – This 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 a periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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.

**FAYETTE METROPOLITAN HOUSING AUTHORITY**  
**FAYETTE COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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 Authority uses a single enterprise fund to maintain its financial records on the accrual basis. The following are the various major programs which are included in the enterprise fund:

Housing Choice Voucher Program (HCV) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Authority subsidizes the balance.

Section 8 New Construction Program- Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for very low-income families at rents they can afford. Housing Assistance Payments are used to make up the difference between that approved rent due to the owner for the dwelling unit and the occupant family's required contribution towards rent. Assisted families must pay the highest of 30% of their monthly adjusted income, 10% of gross family income, or the portion of welfare assistance designated for housing toward rent.

Other Business Activities- Represents non-HUD resources and derived from a variety of other activities mainly DD rentals.

Use of Estimates

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

Cash and Cash Equivalents

For the statement of cash flows, cash and cash equivalents all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash and Investments

Restricted cash and investments represent amounts received from HUD to be used strictly for providing housing assistance to families and individuals in need. As of December 31, 2019 total restricted cash was \$87,874. In addition, the Authority is also holding \$2,144 of funds for tenant security deposits.

Certain assets may be classified as restricted assets on the statement of net position because their use is restricted by contracts or agreements with outside third parties and lending institutions, or laws and regulations of other governments. It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.



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

Accounts Receivable-Net

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for uncollectable receivables was \$12,787 at December 31, 2019.

Due From/To Other Programs

There was no Inter-program receivables and payables as of December 31, 2019 on the Financial Data Schedule.

Accounting and Reporting for Non-exchange Transactions

Non-exchange transactions occur when the Authority receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transactions as follows:

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- Imposed non-exchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).
- Government-mandated non-exchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary non-exchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

The Authority grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions. GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met, or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used, (i.e., capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a non-exchange transaction is recognized. However, the authority that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
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The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

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. Donated capital assets are recorded at fair market value on the date of receipt. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the assets life, are not capitalized. The capitalization threshold used by the Authority is \$500. The following are the useful lives used for depreciation purposes:

Building-residential	27.5 years	Furniture	7 years
Building-non-residential	40 years	Equipment-dwelling	5 years
Building improvements	15 years	Equipment-non-dwelling	7 years
Land improvements	15 years	Vehicles	5 years
Leasehold improvements	15 years	Computer Software & hardware	3 years

Budgetary Accounting

The Authority annually prepares its budget as prescribed by HUD. This budget is submitted to HUD and once approved, is adopted by the Board of the Housing Authority.

Net Position

Net position represents the difference between assets and liabilities. The investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, constructions, or improvements of those assets. 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.

**2. DEPOSITS AND INVESTMENTS**

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 withdrawable 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.

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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.

Protection of Authority’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

For the year ended December 31, 2019, the carrying amount of the Authority’s deposits was \$355,304 and its bank balances were \$355,314. Based on the criteria described in GASB Statement No.40, *Deposits and Investment Risk Disclosure*, as of December 31, 2019, deposits totaling \$250,000 were covered by Federal Depository Insurance, while \$105,314 was exposed by custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the Federal Reserve System, in the name of the respective depository banks held at the Federal Reserve Bank in the name of the Authority.

**3. RESTRICTED CASH**

The restricted cash balance of \$90,018 on December 31, 2019 represents the following:

Excess housing assistance cash	\$87,874
Tenant security deposits	<u>2,144</u>
<b>TOTAL RESTRICTED CASH</b>	<b><u>\$90,018</u></b>

\*\*\*\*\*This space has been intentionally left blank.\*\*\*\*\*

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
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**4. CAPITAL ASSETS**

The following is a summary of capital assets at December 31, 2019:

	Balance 12/31/2018	Additions	Deletions	Rounding Adjustment	Balance 12/31/2019
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$221,575	\$37,500	\$0	\$0	\$259,075
<b>Total Capital Assets Not Being Depreciated</b>	<b>221,575</b>	<b>37,500</b>	<b>0</b>	<b>0</b>	<b>259,075</b>
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvement	935,364	314,885	0	(2)	1,250,247
Dwelling Equipment	22,376	0	(22,376)		0
Administration Equipment	114,803	6,455	(79,267)	0	41,991
<b>Total Capital Assets Being Depreciated</b>	<b>1,072,543</b>	<b>321,340</b>	<b>(101,643)</b>	<b>(2)</b>	<b>1,292,238</b>
<b>Accumulated Depreciation:</b>					
Buildings and Improvement	(439,390)	(46,852)	0	0	(486,242)
Furnt, Mach. and Equip.	(137,179)	(874)	101,643	0	(36,410)
<b>Total Accumulated Depreciation</b>	<b>(576,569)</b>	<b>(47,726)</b>	<b>101,643</b>	<b>0</b>	<b>(522,652)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>495,974</b>	<b>273,614</b>	<b>0</b>	<b>(2)</b>	<b>769,586</b>
<b>Total Capital Assets, Net</b>	<b>\$717,549</b>	<b>\$311,114</b>	<b>\$0</b>	<b>(\$2)</b>	<b>\$1,028,661</b>

**5. CONTRACT SERVICES**

The Authority contract with:

- Fayette County Commissioners to obtain financial services for the Authority. The Authority does not have any employees; instead, services are subcontracted from Fayette County.
- Highland Metropolitan Housing Authority to provide management and financial reporting services. Compensation shall be based on the amount allowed by HUD for performing these services.
- Fayette County Board of Developmental Disabilities (DD) to provide a rent subsidy program for persons with developmental disabilities. To provide these services, the Authority acquired residential houses on behalf of the DD. The DD will maintain a legal interest in the property acquired with community assistance funds and will compensate the Authority expenses when vacancies occur in the properties.

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
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**6. ECONOMIC DEPENDENCY**

The Authority is economically dependent of receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

**7. RISK MANAGEMENT**

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage, during the past three Fiscal years.

**8. LONG-TERM DEBT**

The Authority has an obligation with the Ohio Department of Developmental Disabilities for which the Authority received several grants with the condition that the grant funds are used to acquire several properties or make repairs to those properties. The properties are than to be rented rent to DODD clients for the next 15 to 30 years. As long as the Authority complies with this restriction, the grant funds are forgiven for each year that has expired. These grants while they are under the compliance period are reported as long-term debt on the financial statements.

Below is a summary of the Authority debt with Merchants National Bank and DODD as of December 31, 2019:

Note payable to Merchants National Bank to purchase 842 Lincoln Drive. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on May 8, 2029. Monthly payments of principal and interest is \$485.89.	\$45,994
Note payable to Merchants National Bank to purchase 364 Carolyn Rd. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 30-years due on September 11, 2031. Monthly payments of principal and interest is \$396.56.	44,931
Note payable to Merchants National Bank to purchase 834 Lincoln Drive. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 30-years due on September 11, 2031. Monthly payments of principal and interest is \$396.56.	44,931
Note payable to Merchants National Bank to purchase 1103 Golfview Drive. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on May 8, 2029. Monthly payments of principal and interest is \$564.16.	53,402
Note payable to Merchants National Bank to purchase 594 Leslie Trace. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on May 8, 2029. Monthly payments of principal and interest is \$523.20.	49,525
Note payable to Merchants National Bank to purchase 1029 S Fayette Street. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on May 8, 2029. Monthly payments of principal and interest is \$552.85.	52,345

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
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Note payable to Merchants National Bank to purchase 388 Leslie Trace. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on May 8, 2029. Monthly payments of principal and interest is \$336.13.	31,824
Note payable to Merchants National Bank to purchase 1412 Lindberg Avenue. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 25-years due on March 28, 2033. Monthly payments of principal and interest is \$245.60.	30,552
Note payable to Merchants National Bank to purchase 1254 Dayton Avenue. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on July 8, 2030. Monthly payments of principal and interest is \$624.08.	65,011
Note payable to Merchants National Bank to purchase 530 Pearl Street. The note was issued on January 10, 2019 in the amount of \$97,500. This note was paid off when funding from ODODD was received.	0
Note payable to Merchants National Bank to purchase 818 Yeoman Street. The note was issued on April 30, 2019 in the amount of \$104,000. This note was paid off when funding from ODODD was received.	0
Notes payable to Ohio Department of Development Disabilities to either purchase or rehab properties as follows:	
- Acquisition 388 Leslie Trace. Note was issued on June 6, 2016 at 0% interest, forgivable over 180 months.	5,611
- Replacement of new flooring on 388 Leslie Trace. Note was issued on June 21, 2018 at 0% interest, forgivable over 180 months.	6,637
- Acquisition of 1412 Lindberg Avenue. Note was issued on February 1, 2008 at 0% interest, forgivable over 180 months.	16,665
- Acquisition of 1254 Dayton Avenue. Note was issued on July 1, 2013 at 0% interest, forgivable over 180 months.	14,666
- Rehab 1254 Dayton Avenue. Note was issued on July 23, 2013 at 0% interest, forgivable over 180 months.	5,547
- Acquisition of 855 Blackstone Street NW. Note was issued on September 26, 2018 at 0% interest, forgivable over 360 months.	66,638
- Acquisition of 530 Pearl Street. Note was issued on January 29, 2019 at 0% interest, forgivable over 360 months.	88,824
- Acquisition of 818 Yeoman Street. Note was issued on April 1, 2019 at 0% interest, forgivable over 360 months.	93,068
- Acquisition of 818 Yeoman Street. Note was issued on April 1, 2019 at 0% interest, forgivable over 360 months.	7,048
- Replacement of new flooring on 1120 S Fayette. Note was issued on November 25, 2019 at 0% interest, forgivable over 360 months.	8,830
- Replacement of new windows on 1254 Dayton Avenue. Note was issued on December 2, 2019 at 0% interest, forgivable over 360 months.	17,601
- Acquisition of 363 Ely Street. Note was issued on December 13, 2019 at 0% interest, forgivable over 360 months.	84,522

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
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- Replacement of new roof at 834 Lincoln. Note was issued on December 19, 2019 at 0% interest, forgivable over 360 months.	<u>11,188</u>
Total Long-Term Debt	<u><u>\$845,360</u></u>

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

	<u>Balance</u> <u>12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
Loan Payable - Bank	\$451,205	\$201,500	(\$234,190)	418,515	\$33,935
DODD Grant Funds Unexpired	131,290	316,933	(21,378)	426,845	26,089
 Total Long-Term Liabilities	 <u>\$582,495</u>	 <u>\$518,433</u>	 <u>(\$255,568)</u>	 <u>\$845,360</u>	 <u>\$60,024</u>

Maturities for the debt are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$60,024	\$15,564	\$75,588
2021	59,677	13,601	73,278
2022	59,084	12,547	71,631
2023	55,558	11,115	66,673
2024	56,593	9,633	66,226
2025-2029	275,414	22,585	297,999
2030-2034	94,628	837	95,465
2035-2039	64,446	0	64,446
2040-2044	64,446	0	64,446
2045-2049	55,490	0	55,490
 Total	 <u>\$845,360</u>	 <u>\$85,882</u>	 <u>\$931,242</u>

**9. CONTINGENCIES**

- A.** The Authority has received several Federal and state grants for specific purposes which are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2019
- B.** The Authority is unaware of any outstanding lawsuits or other contingencies.

**FAYETTE METROPOLITAN HOUSING AUTHORITY  
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**10. SUBSEQUENT EVENTS**

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



Fayette Metropolitan Housing Authority  
Financial Data Schedule  
For the Year Ended December 31, 2019

	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.879 Mainstream Vouchers 14.182 N/C S/R Section 8 Programs	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	Total
111 Cash - Unrestricted	\$149,485	\$20,343	\$17,930	\$2,481	\$0	\$75,047	\$265,286
113 Cash - Other Restricted	\$30,422	\$57,452	\$0	\$0	\$0	\$0	\$87,874
114 Cash - Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$2,144	\$2,144
100 Total Cash	\$179,907	\$77,795	\$17,930	\$2,481	\$0	\$77,191	\$355,304
122 Accounts Receivable - HUD Other Projects	\$0	\$4,350	\$0	\$0	\$0	\$0	\$4,350
124 Accounts Receivable - Other Government	\$128	\$0	\$0	\$0	\$0	\$0	\$128
128 Fraud Recovery	\$12,787	\$0	\$0	\$0	\$0	\$0	\$12,787
128.1 Allowance for Doubtful Accounts - Fraud	-\$12,787	\$0	\$0	\$0	\$0	\$0	-\$12,787
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$128	\$4,350	\$0	\$0	\$0	\$0	\$4,478
150 Total Current Assets	\$180,035	\$82,145	\$17,930	\$2,481	\$0	\$77,191	\$359,782
161 Land	\$0	\$0	\$0	\$0	\$0	\$259,075	\$259,075
162 Buildings	\$0	\$0	\$0	\$0	\$0	\$1,099,869	\$1,099,869
164 Furniture, Equipment & Machinery - Administration	\$40,142	\$0	\$0	\$0	\$0	\$1,849	\$41,991
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$150,378	\$150,378
166 Accumulated Depreciation	-\$34,561	\$0	\$0	\$0	\$0	-\$488,091	-\$522,652
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,581	\$0	\$0	\$0	\$0	\$1,023,080	\$1,028,661
180 Total Non-Current Assets	\$5,581	\$0	\$0	\$0	\$0	\$1,023,080	\$1,028,661
290 Total Assets and Deferred Outflow of Resources	\$185,616	\$82,145	\$17,930	\$2,481	\$0	\$1,100,271	\$1,388,443
312 Accounts Payable <= 90 Days	\$23,264	\$0	\$0	\$0	\$0	\$0	\$23,264
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$1,159	\$0	\$0	\$0	\$1,159

Fayette Metropolitan Housing Authority  
Financial Data Schedule  
For the Year Ended December 31, 2019

	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.879 Mainstream Vouchers 14.182 N/C S/R Section 8 Programs	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	Total
341 Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$2,144	\$2,144
342 Unearned Revenue	\$731	\$0	\$0	\$0	\$0	\$0	\$731
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0	\$60,024	\$60,024
310 Total Current Liabilities	\$23,995	\$0	\$1,159	\$0	\$0	\$62,168	\$87,322
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0	\$785,336	\$785,336
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$785,336	\$785,336
300 Total Liabilities	\$23,995	\$0	\$1,159	\$0	\$0	\$847,504	\$872,658
508.4 Net Investment in Capital Assets	\$5,581	\$0	\$0	\$0	\$0	\$177,720	\$183,301
511.4 Restricted Net Position	\$30,422	\$57,452	\$0	\$0	\$0	\$0	\$87,874
512.4 Unrestricted Net Position	\$125,618	\$24,693	\$16,771	\$2,481	\$0	\$75,047	\$244,610
513 Total Equity - Net Assets / Position	\$161,621	\$82,145	\$16,771	\$2,481	\$0	\$252,767	\$515,785
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$185,616	\$82,145	\$17,930	\$2,481	\$0	\$1,100,271	\$1,388,443
70300 Net Tenant Rental Revenue	\$0	\$0	\$0	\$0	\$0	\$149,498	\$149,498
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$149,498	\$149,498
70600 HUD PHA Operating Grants	\$1,424,764	\$467,247	\$83,995	\$38,772	\$72,019	\$0	\$2,086,797
71100 Investment Income - Unrestricted	\$458	\$73	\$43	\$0	\$9	\$49	\$632
71400 Fraud Recovery	\$5,091	\$0	\$0	\$0	\$0	\$0	\$5,091
71500 Other Revenue	\$57,608	\$0	\$0	\$0	\$0	\$21,378	\$78,986
70000 Total Revenue	\$1,487,921	\$467,320	\$84,038	\$38,772	\$72,028	\$170,925	\$2,321,004

Fayette Metropolitan Housing Authority  
Financial Data Schedule  
For the Year Ended December 31, 2019

	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.879 Mainstream Vouchers 14.182 N/C S/R Section 8 Programs	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	Total
91200 Auditing Fees	\$3,322	\$1,128	\$223	\$139	\$0	\$0	\$4,812
91300 Management Fee	\$125,033	\$27,787	\$6,022	\$2,904	\$4,637	\$13,824	\$180,207
91600 Office Expenses	\$27,285	\$9,265	\$2,008	\$969	\$384	\$3,584	\$43,495
91800 Travel	\$1,909	\$648	\$141	\$68	\$0	\$0	\$2,766
91900 Other	\$6,196	\$2,104	\$456	\$220	\$0	\$0	\$8,976
91000 Total Operating - Administrative	\$163,745	\$40,932	\$8,850	\$4,300	\$5,021	\$17,408	\$240,256
94200 Ordinary Maintenance and Operations - Materials and Other	\$7,192	\$2,442	\$529	\$255	\$0	\$11,868	\$22,286
94300 Ordinary Maintenance and Operations Contracts	\$0	\$0	\$0	\$0	\$0	\$49,572	\$49,572
94000 Total Maintenance	\$7,192	\$2,442	\$529	\$255	\$0	\$61,440	\$71,858
96110 Property Insurance	\$0	\$0	\$0	\$0	\$0	\$1,610	\$1,610
96120 Liability Insurance	\$1,705	\$579	\$126	\$61	\$0	\$0	\$2,471
96100 Total insurance Premiums	\$1,705	\$579	\$126	\$61	\$0	\$1,610	\$4,081
96200 Other General Expenses	\$0	\$0	\$0	\$0	\$0	\$11,024	\$11,024
96000 Total Other General Expenses	\$0	\$0	\$0	\$0	\$0	\$11,024	\$11,024
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0	\$19,545	\$19,545
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$19,545	\$19,545
96900 Total Operating Expenses	\$172,642	\$43,953	\$9,505	\$4,616	\$5,021	\$111,027	\$346,764
97000 Excess of Operating Revenue over Operating Expenses	\$1,315,279	\$423,367	\$74,533	\$34,156	\$67,007	\$59,898	\$1,974,240

Fayette Metropolitan Housing Authority  
Financial Data Schedule  
For the Year Ended December 31, 2019

	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.879 Mainstream Vouchers 14.182 N/C S/R Section 8 Programs	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	Total
97300 Housing Assistance Payments	\$1,232,973	\$372,136	\$71,726	\$32,968	\$67,007	\$0	\$1,776,810
97350 HAP Portability-In	\$13,084	\$0	\$0	\$0	\$0	\$0	\$13,084
97400 Depreciation Expense	\$874	\$0	\$0	\$0	\$0	\$46,852	\$47,726
90000 Total Expenses	\$1,419,573	\$416,089	\$81,231	\$37,584	\$72,028	\$157,879	\$2,184,384
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$68,348	\$51,231	\$2,807	\$1,188	\$0	\$13,046	\$136,620
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$93,273	\$30,914	\$13,964	\$1,293	\$0	\$239,721	\$379,165
11170 Administrative Fee Equity	\$131,199	\$0	\$0	\$0	\$0	\$0	\$131,200
11180 Housing Assistance Payments Equity	\$30,422	\$0	\$0	\$0	\$0	\$0	\$30,422
11190 Unit Months Available	3,564	1,236	204	81	124	154	5,363
11210 Number of Unit Months Leased	3,492	1,186	195	81	124	152	5,230

FAYETTE METROPOLITAN HOUSING AUTHORITY  
 FAYETTE COUNTY  
 Schedule of Expenditures of Federal Award  
 For the Year Ended December 31, 2019

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Housing &amp; Urban Development</u></b>		
<i>Direct Programs:</i>		
Mainstream Vouchers	14.879	\$ 467,247
Section 8 Housing New Construction and Substantial Rehabilitation	14.182	83,995
Shelter Plus Care	14.238	38,772
Section 8 Housing Choice Vouchers	14.871	<u>1,424,764</u>
<b>TOTAL DIRECT AWARDS</b>		<b><u>\$ 2,014,778</u></b>
 Passed through Fayette County Commissioners:		
HOME Investment Partnership Programs	14.239	<u>72,019</u>
<b>TOTAL Pass through Programs</b>		<b><u>\$72,019</u></b>
<b>TOTAL U.S. Department of Housing &amp; Urban Development</b>		<b><u>\$ 2,086,797</u></b>
<b>Total Federal Expenditures</b>		<b><u>\$ 2,086,797</u></b>

**HIGHLAND METROPOLITAN HOUSING AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

**NOTE B – SUBRECIPIENTS**

The Authority provided no federal awards to subrecipients during the year ended December 31, 2019.

**NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE**

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2019.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2019.



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

Board of Commissioners  
Fayette Metropolitan Housing Authority

I 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 Fayette Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Fayette Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated August 28, 2020 wherein I noted the Authority considered the financial impact of COVID-19 as disclosed in Note 10.

**Internal Control over Financial Reporting**

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fayette Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Salvatore Consiglio*

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Salvatore Consiglio, CPA, Inc.  
North Royalton, Ohio  
August 28, 2020





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

Board of Commissioners  
Fayette Metropolitan Housing Authority

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

I have audited Fayette Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fayette Metropolitan Housing Authority's major federal programs for the year ended December 31, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

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

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

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## Opinion on Each Major Federal Program

In my opinion, Fayette Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

## Report on Internal Control over Compliance

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

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

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

*Salvatore Consiglio*

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Salvatore Consiglio, CPA, Inc.  
North Royalton, Ohio  
August 28, 2020

Fayette Metropolitan Housing Authority  
 Schedule of Findings  
 2 CFR § 200.515  
 December 31, 2019

**1. SUMMARY OF AUDITOR'S RESULTS**

Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any reportable findings under 2 CFR § 200.516(a)?	No
Major Programs (list):	<ul style="list-style-type: none"> <li>• CFDA # 14.871 Housing Choice Voucher Program</li> </ul>
Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All Others
Low Risk Auditee under 2 CFR §200.520?	Yes

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

There are no findings or questioned costs for the year ended December 31, 2019.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There are no findings or questioned costs for the year ended December 31, 2019.

# OHIO AUDITOR OF STATE KEITH FABER



**FAYETTE COUNTY METROPOLITAN HOUSING AUTHORITY**

**FAYETTE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/19/2020**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)