ALLEN METROPOLITAN HOUSING AUTHORITY

ALLEN COUNTY

SINGLE AUDIT

JULY 1, 2019 – JUNE 30, 2020

WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Commissioners
Allen Metropolitan Housing Authority
600 South Main Street
Lima, Ohio 45804

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

Noncompliance Citation / Finding for Recovery Repaid Under Audit
The Authority issued check number 41928 on November 1, 2019 in the amount of $24,400 to S & R Contracting. Included in this payment was invoice #554 for $650, invoice #555 in the amount of $1,500, and invoice #556 for $8,750, for a total amount due of $10,900. Due to a keying error by the Authority invoice #555 was entered as $15,000 which resulted in an overpayment of $13,500. In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against S & R Contracting, in the amount of $13,500 and in favor of Authority.

Assistant Director Tiffany Wright signed check number 41928 resulting in the improper payment to S & R Contracting. Accordingly, Tiffany Wright will be jointly and severally liable in the amount of $13,500 and in favor of the Authority, to the extent that recovery or restitution is not obtained from S & R Contracting. The Authority has a crime policy with Travelers Casualty and Surety Company of America.

A billing adjustment in the amount of $13,500 was made to the October 19, 2020 invoice to repay this finding in full.

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

Keith Faber
Auditor of State
Columbus, Ohio

January 5, 2021

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ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY

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INDEPENDENT AUDITOR'S REPORT

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 Allen Metropolitan Housing Authority, Allen County as of June 30, 2020, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Supplementary Information

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

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

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

The schedules and certifications 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[i] also issued our report dated December 4, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 4, 2020

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The following discussion and analysis of the Allen Metropolitan Housing Authority (the "Authority") is to provide an introduction to the basic financial statements for the fiscal year ended June 30, 2020 with selected comparative information for the fiscal year ended June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2020 by $4,933,448 (net position). Of this amount, $578,354 (unrestricted Net Position) may be used to meet the Authority's ongoing obligations to citizens and creditors.

- Capital assets decreased by $185,374. The decrease is the result of depreciation on assets exceeding capital additions.

- Net Position increased by $509,527 in the fiscal year ended June 30, 2020.

- Revenues increased by $690,754 primarily due to an increase in operating subsidies and capital grant funds.

- Expenses decreased by $303,905 primarily due to a decrease in Housing Assistance Payments (HAP) expenses from low lease up numbers, lower depreciation expense, and administrative costs from employee turnover.

- In March 2020, the United States and the State of Ohio declared a state of emergency due to the COVID-19 pandemic. HUD provided additional funds to the Authority's Public Housing and Housing Choice Voucher programs to help the Authority prepare for, prevent, and respond to the coronavirus, which helped the Authority maintain normal operations during the period.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this 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) ~
Other Supplementary Information ~ Financial Data Schedules and Cost Certifications~ ~ Schedule of Expenditures of Federal Awards ~

The focus is on both the Authority as a whole (authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Basic Financial Statements

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

These statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred 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 fiscal year), and "Non-current".

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

> Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have any outstanding debt.

> 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 "Investment in Capital Assets", or "Restricted Net Position". This account resembles the old operating reserves account.

The Authority financial statements include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, operating grants, and other revenues; Operating Expenses, such as administrative, utilities, maintenance, general, insurance, housing assistance payments, and depreciation; and Non-Operating Revenues, such as capital grant revenue, investment/interest income, and gain on disposal of capital assets.

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

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

Fund Financial Statements

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

Accounting balances for many of the programs maintained by the Authority are segregated as required by HUD. Others are segregated to enhance accountability and control.

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

Capital Fund Program (CFP) - The Capital Fund Program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

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

Special Needs Assistance Program (SNAP) – The Continuum of Care Program funding received from HUD for this Program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Section 8 Moderate Rehab – Single Room Only (SRO) – The Authority administers Section 8 Rental Assistance programs where HUD enters into annual contribution contract with a private owner. The owner rents housing to eligible low-income individuals who typically pay rent of 30% of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority earns an administration fee for these services rendered. The Program operates from Section 8 – New Construction and Substantial Rehab funding.

FSS – Service Coordinators – The purpose of the FSS Service Coordinator Program is to provide funding to hire and maintain Service Coordinators who will assess the needs of residents of conventional Public Housing and coordinate available resources in the community to meet those needs. In the past, the ROSS grant has included programs such as ROSS-Family & Homeownership. These programs have been combined into one FSS Service Coordinators program.

Business Activities - Represent other non-HUD activities

Authority Activity Highlights

Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2020 and 2019:

	2020	2019
Revenue		
Tenant Revenues - Rents and Other	$ 557,676	$ 586,765
Operating Subsidies	7,829,533	7,273,980
Capital Grants	243,315	175,284
Investment Income	3,871	3,772
Other Revenues	75,820	25,134
Gain on Sale of Capital Assets	45,474	0
Total Revenues	8,755,689	8,064,935
Expenses		
Administrative	1,111,438	1,237,309
Tenant Services	81,156	65,254
Utilities	308,155	307,070
Maintenance	835,761	800,405
General Expenses and Insurance	165,804	165,632
Housing Assistance Payments	5,316,685	5,437,475
Depreciation	427,163	536,922
Total Expenses	8,246,162	8,550,067
Change in Net Position	509,527	(485,132)
Total Net Position - Beginning of Fiscal Year	4,423,921	4,909,053
Total Net Position - End of Fiscal Year	$ 4,933,448	$ 4,423,921

Housing Units Managed

The following table shows housing units managed by the Authority for fiscal years ended June 30, 2020 and 2019:

	2020	2019
Owned by Authority	245	246
Units Under Vouchers	1,041	1,041
Units Under NC SR	63	63
Total Housing Units Managed	1,349	1,350

Changes in Capital Assets

Total capital assets decreased from the previous fiscal year by $185,374. The decrease is a result of depreciation on assets exceeding capital additions. The following table summarizes changes in capital asset balances for fiscal years ending June 30, 2020 and 2019:

	2020	2019
Land and Land Rights	$ 924,233	$ 925,759
Buildings	21,078,600	20,887,246
Equipment	709,781	709,781
Accumulated Depreciation	(18,627,658)	(18,252,456)
Total Capital Assets	$ 4,084,956	$ 4,270,330

Beginning Balance - June 30, 2019	$ 4,270,330
Current Year Additions	243,315
Current Year Depreciation Expense	(427,163)
Current Year Deletions	(1,526)
Ending Balance - June 30, 2020	$ 4,084,956

Current Year Additions are summarized as follows:	
3624/3622 Yoakam Renovations	$ 28,652
1215 Spring Remodel	25,316
608 Woodlawn Remodel	74,554
501 S. West Renovation	13,294
735 W. O'Conner Renovation	42,610
FW Elevator/Fire Alarm System	7,490
786 Greenlawn Renovation	15,425
FW Chiller/Common Area Upgrades	10,724
856 N. Elizabeth Renovations	15,250
110/112 S. Rosedale Foundation	10,000
Total 2020 Additions	$ 243,315

Capital assets are presented in detail on page 23 of the notes.

Debt

The Authority did not report outstanding debt at June 30, 2020.

Financial Position

The Statement of Net Position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority. Net position is the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, deferred outflows, and deferred inflows of resources, and net position at June 30, 2020 and 2019:

	2020	2019
Assets and Deferred Outflows of Resources		
Assets		
Current Assets	$ 3,177,907	$ 2,366,204
Capital Assets	4,084,956	4,270,330
Mortgages Receivable	47,500	24,000
Total Assets	7,310,363	6,660,534
Deferred Outflows of Resources	214,990	524,806
Total Assets and Deferred Outflows of Resources	7,525,353	7,185,340
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilites	240,911	188,237
Non-Current Liabilities	1,939,035	2,376,383
Total Liabilities	2,179,946	2,564,620
Deferred Inflows of Resources	411,959	196,799
Net Position		
Investment in Capital Assets	4,084,956	4,270,330
Restricted	270,138	73,023
Unrestricted	578,354	80,568
Total Net Position	4,933,448	4,423,921
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 7,525,353	$ 7,185,340

Major Fluctuations Comments

Current assets increased considerably. The increase was in cash largely due to increases in revenues, CARES Act funding provided by HUD for the Housing Choice Voucher Program, and an increase in operating subsidy of the Public Housing Program. The increase in current liabilities was in accounts payable as a result of timing of receipt of invoices near fiscal year-end that were not paid at fiscal year-end. The drop in capital assets reflects that depreciation on existing assets outpaced capital additions. Deferred outflow of resources and non-current liabilities significantly decreased, and deferred inflows of resources increased, all due to reporting of pension activity required by GASB 68 and GASB 75. GASB 68 and GASB 75 are the relatively new accounting standards that essentially require the Authority to report what is determined to be its share of the unfunded pension and health insurance (OPEB) liability of the pension system, the Ohio Public Employees Retirement System (OPERS). Employees of the Authority are required by state law to be members of OPERS, and the Authority is required to make retirement contributions to OPERS for all its employees. The Net Pension and OPEB liabilities are unlike other liabilities the Authority has in that it does not represent a bill to be paid by the Authority, but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its pension and OPEB obligations.

Operating subsidies increased with CARES Act funding, giving a boost to administrative funding. Capital grant income also increased due to a significant transfer of funds to operations and increased capital activity.

HAP expenses had a significant decrease due to a struggle with lease up for the fiscal year. The Authority works hard to stay within budget for operational expenses. Administrative expenses that do show an increase are due mostly to the increased cost of goods. As a small agency, most capital grant monies are used on capital improvements that fall under the capitalization threshold but that are outside of the operational budget.

Economic Factors

According to the Ohio County Profiles prepared by the Offices of Research, the median annual household income for families in Allen County (where Allen MHA is based) is $47,905, which is significantly lower than that same statistic statewide and nationally. Additionally, more than 32% of Allen County households make less than $30,000 per year. So, the demand for services of the Authority is as great as ever.

Of course, nothing can be said about 2020 without noting the coronavirus and its impact on everything. Yes, the Authority received an influx of cash through CARES Act funding, but those funds are restrictive and are a one-time shot in the arm. Because of the shutdowns and social distancing required, our HCV/Section 8 lease-up numbers are down considerably. Due to shutdowns and social distancing, we can't hold large lease-up meetings like we've done in the past and communication between staff and tenants has been slow due to the use of drop boxes, e-mail, the postal service, and the like. The HCV/S8 Program is currently a High Performer under SEMAP.

The Public Housing Program is currently at a 97% percent lease up. The Program's financial condition is good. However, the Authority's housing stock is aging quickly, and the Capital Fund monies received haven't kept up with the major renovations required. We are frequently re-evaluating how to make the most of our public housing assets. The Public Housing Program is still a High Performer under the PHAS system.

The Authority has managed to maneuver these difficult times by continuing to make sound financial decisions. We are diligent about monitoring our resources and serving our community the best we can with what we have.

Requests for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Anna Schnippel, Executive Director, Allen Metropolitan Housing Authority, 600 S Main, Lima, Ohio 45804.

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets Current	
Assets	
Cash and Cash Equivalents	$ 2,464,531
Restricted Cash	585,726
Receivables, Net	22,454
Inventories, Net	54,821
Prepaid Items	50,375
Total Current Assets	3,177,907
Non-Current Assets	
Capital Assets:	
Non-Depreciable Capital Assets	924,233
Depreciable Capital Assets, Net	21,788,381
Accumulated Depreciation	(18,627,658)
Total Capital Assets	4,084,956
Mortgages Receivable	47,500
Total Non-Current Assets	4,132,456
Total Assets	7,310,363
Deferred Outflows of Resources	
Pension	102,789
OPEB	112,201
Total Deferred Outflows of Resources	214,990
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 7,525,353
LIABLIITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
Liabilities	
Current Liabilities	
Accounts Payable	$ 32,077
Accrued Wages and Payroll Taxes	52,518
Intergovernmental Payables	68,247
Accrued Liabilities - Other	19,272
Tenant Security Deposits	68,797
Total Current Liabilities	240,911
Non-Current Liabilities	
Accrued Compensated Absences	59,953
Family Self-Sufficiency Escrow Liability Payable	194,452
Net Pension Liability	984,331
Net OPEB Liability	700,299
Total Non-Current Liabilities	1,939,035
Total Liaiblities	2,179,946
Deferred Inflows of Resources	
Pension	277,696
OPEB	134,263
Total Deferred Inflows of Resources	411,959
Net Position	
Investment in Capital Assets	4,084,956
Restricted	270,138
Unrestricted	578,354
Total Net Position	4,933,448
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 7,525,353

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

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

OPERATING REVENUES		
Tenant Revenue		$ 557,676
Government Operating Grants		7,829,533
Other Revenue		75,820
Total Operating Revenues		8,463,029
OPERATING EXPENSES		
Administrative	1,111,438	
Tenant Services	81,156	
Utilities	308,155	
Maintenance	562,232	
Insurance	101,200	
General	64,604	
Extraordinary Maintenance	273,529	
Housing Assistance Payments	5,316,685	
Depreciation	427,163	
Total Operating Expenses		8,246,162
Operating Income		216,867
NONOPERATING REVENUES		
Capital Grants		243,315
Interest		3,871
Gain on Sale of Capital Assets		45,474
Total Nonoperating Revenues		292,660
Change in Net Position		509,527
Total Net Position at July 1, 2019		4,423,921
Total Net Position at June 30, 2020		$ 4,933,448

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

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Operating Grants	$ 7,851,999
Cash Received from Tenants	561,597
Cash Received from Other Sources	77,352
Cash Payments to Employees for Services	(1,045,648)
Cash Payments for Goods or Services - HAP	(5,297,965)
Cash Payments for Goods or Services	(1,360,849)
Net Cash Provided by Operating Activities	786,486
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	3,871
Net Cash Provided by Investing Activities	3,871
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Proceeds from Asset Sale	23,500
Capital Grant Funds Received	243,315
Acquisition of Capital Assets	(243,315)
Net Cash Provided by Capital and Related Activities	23,500
Net Change in Cash and Cash Equivalents	813,857
Cash and Cash Equivalents at July 1, 2019	2,236,400
Cash and Cash Equivalents at June 30, 2020	$ 3,050,257
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 216,867
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	427,163
Changes in Assets and Liabilities:	
Accounts Receivable	589
Prepaid Items	(483)
Inventory	2,048
Accounts Payable	46,427
Accrued Wages and Payroll Taxes	1,881
Security Deposits	(660)
Net Pension Liability	(463,671)
Net OPEB Liability	(4,385)
Other Liabilities	35,734
Change in Deferred Outflows of Resources	309,816
Change in Deferred Inflows of Resources	215,160
Net Cash Provided by Operating Activities	$ 786,486

Schedule of Noncash Investing, Capital, and Financing Activities:
During fiscal year 2020, the Authority authorized a Mortgage Receivable of $23,500 to cover a portion of the sale of capital assets.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the U.S. 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.

NOTE 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 to account for any activity for which a fee is charged to external users for goods and services.

Fund Accounting
The Authority uses the proprietary fund to report on its financial position and the results of its operations for its programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary, and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types
Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in the private sector. The following is the 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 periodic determination of revenue earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting
Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include housing assistance payments and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Investments
Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at fair market value.

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

Receivables – Net of Allowance

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 fiscal year. The allowance for uncollectable tenant receivables was $2,500, and the allowance for doubtful fraud receipts was $17,245 at June 30, 2020.

Inventories

Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was $13,679 at June 30, 2020.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight-line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold is $7,500. The following are the useful lives used for depreciation purposes:

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

Inter-program payables/receivables

On the basic financial statements, intercompany receivables and payables reported on the FDS are eliminated.

Compensated Absences

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

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. The Authority considers the entire liability to be non-current based on historical trends and employees using leave earned during the current fiscal year.

Capital Grants
This represents contributions made available by HUD with respect to all federally aided projects under an annual contributions contract.

Budgetary Accounting
The authority annually prepares its budget as prescribed by HUD. Budgets are submitted to HUD when applicable. Budgets are adopted by the Board of the Authority.

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, deferred outflows and inflows of resources, 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.

Accounting and Reporting for Non-exchange Transactions
The Authority previously adopted GASB 33. Non-exchange transactions occur when the Public Housing Authority (PHA) 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).

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

Accounting and Reporting for Non-exchange Transactions (Continued)

- Voluntary non-exchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary non-exchange transaction.

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

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.

- Purpose restrictions specify the purpose for which resources are required to be used (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a non-exchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net position, equity, or fund balance as restricted.

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

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

The PHA receives government-mandated or voluntary non-exchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

Unearned Revenue

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

Prepaid Items

Payments made to vendor for services that will benefit beyond fiscal year-end are recorded as prepaid items via the consumption method. A current asset for prepaid amounts is recorded at the time of purchase and the expense is reported in the fiscal year the services are consumed.

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

Pensions – Deferred Inflows/Outflows of Resources

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. 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 systems 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. The investment in capital assets consists of capital assets net of accumulated depreciation. 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. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority reported restricted net position for modernization and development of public housing projects of $49,859 and HAP reserves of $220,279 at June 30, 2020.

Change in Accounting Principle

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

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

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

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

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

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

NOTE 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.

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 as security for repayment, but surety company bonds deposited with the treasurer 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.

At fiscal year end June 30, 2020, the carrying amount of the Authority's deposits totaled $3,050,257, (including petty cash of $200 and change fund of $100), and its bank balance was $3,079,036. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of June 30, 2020, $250,000 was protected by FDIC and $2,829,036 was secured by the specific pledge collateral method through the FHLB (Federal Home Loan Bank of Cincinnati). $0 was exposed to custodial risk as discussed below.

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

Deposits (Continued)
Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of 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 bank and pledged as a pool of collateral against all of the public deposits it hold or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments
HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority had no classified investments at June 30, 2020.

NOTE 3: **RISK MANAGEMENT**

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

NOTE 4: RESTRICTED CASH

Restricted cash balance as of June 30, 2020 consists of cash on hand for the following:

HCV HAP Equity	$ 220,279
FSS Escrow Funds Held for Tenants	194,452
Tenant Security Deposits	68,797
Accounts Payable HUD	52,339
Development Funds on Hand	49,859
Total Restricted Cash	$ 585,726

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Balance 6/30/2019	Additions	Deletions	Reclasses	Balance 6/30/2020
Capital Assets Not Being Depreciated					
Land	$ 925,759	$ 0	$ (1,526)	$ 0	$ 924,233
Total Capital Assets Not Being Depreciated	925,759	0	(1,526)	0	924,233
Capital Assets Being Depreciated					
Buildings and Improvements	20,887,246	243,315	(51,961)	0	21,078,600
Furniture and Equipment	709,781	0	0	0	709,781
Total Capital Assets Being Depreciated	21,597,027	243,315	(51,961)	0	21,788,381
Accumulated Depreciation					
Buildings and Improvements	(17,646,197)	(426,707)	51,961	102,381	(17,918,562)
Furniture and Equipment	(606,259)	(456)	0	(102,381)	(709,096)
Total Accumulated Depreciation	(18,252,456)	(427,163)	51,961	0	(18,627,658)
Capital Assets Being Depreciated, Net	3,344,571	(183,848)	0	0	3,160,723
Total Capital Assets, Net	$ 4,270,330	$ (183,848)	$ (1,526)	$ 0	$ 4,084,956

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of long-term liabilities:

Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020	Due Within One Year
Compensated Absences	$ 52,964	$ 49,344	$ (42,355)	$ 59,953	$ 0
FSS Escrow Liability	170,733	113,414	(89,695)	194,452	0
Net Pension Liability	1,448,002	0	(463,671)	984,331	0
Net OPEB Liability	704,684	0	(4,385)	700,299	0
Total Long-Term Liabilities	$ 2,376,383	$ 162,758	$ (600,106)	$ 1,939,035	$ 0

NOTE 7: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension/OPEB. The deferred outflows of resources related to pension are explained in Note 8, and deferred outflow of resources related to OPEB are explained in Note 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension/OPEB. The deferred inflows of resources related to pension are explained in Note 8, and deferred inflow of resources related to OPEB are explained in Note 9.

NOTE 8: 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.

NOTE 8: **DEFINED BENEFIT PENSION PLANS** (Continued)

Net Pension Liability (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

A death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for calendar years 2019-2020 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for calendar years 2019-2020. The Authority's contractually required contributions used to fund pension benefits was $98,903 for fiscal year ending June 30, 2020.

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability Prior Measurement Date	0.005287%
Proportion of the Net Pension Liability Current Measurement Date	0.004980%
Change in Proportionate Share	-0.000307%
Proportionate Share of the Net Pension Liability	$ 984,331
Pension Expense	$ 55,259

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

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Changes of assumptions	$ 52,575
Authority contributions subsequent to the measurement date	50,214
Total Deferred Outflows of Resources	$ 102,789
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 196,348
Differences between expected and actual experience	12,445
Changes in proportion and differences between Authority contributions and proportionate share of contributions	68,903
Total Deferred Inflows of Resources	$ 277,696

$50,214 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending June 30:	
2021	$ (77,385)
2022	(77,905)
2023	8,132
2024	(77,963)
Total	$ (225,121)

NOTE 8: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions - OPERS

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

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

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

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

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLANS** (Continued)

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Authority's proportionate share of the net pension liability	$ 1,623,480	$ 984,331	$ 409,754

Changes Between Measurement Date and Report Date

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

NOTE 9: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

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

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

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

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.

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

Net OPEB Liability (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution allocated to health care was $2,665 for fiscal year 2020.

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

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

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.005405%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.005070%
Change in Proportionate Share	-0.000335%
Proportionate Share of the Net OPEB Liability	$ 700,299
OPEB Expense	$ 53,207

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

		OPERS
Deferred Outflows of Resources		
Differences between expected and actual experience	$	19
Changes of assumptions		110,850
Authority contributions subsequent to the measurement date		1,332
Total Deferred Outflows of Resources	$	112,201
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	$	35,661
Differences between expected and actual experience		64,046
Changes in proportion and differences between Authority contributions and proportionate share of contributions		34,556
Total Deferred Inflows of Resources	$	134,263

$1,332 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in fiscal year 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

		OPERS
Year Ending June 30:		
2021	$	(6,316)
2022		(1,867)
2023		28
2024		(15,239)
Total	$	(23,394)

Actuarial Assumptions - OPERS

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

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Authority's proportionate share of the net OPEB liability	$ 845,676	$ 700,299	$ 514,149

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 635,372	$ 700,299	$ 690,534

NOTE 9: **DEFINED BENEFIT OPEB PLANS** (Continued)

Changes Between Measurement Date and Report Date

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

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

NOTE 10: **MORTGAGES RECEIVABLE**

When the Authority sells a Public Housing home under the 4(h) Homeownership program, the difference between the appraised value of the home and the price actually paid for the home is secured by a promissory note and a subordinate second mortgage. This amount dissipates 20% each year after the fifth year the family maintains residency. Therefore, after a period of 10 years, the mortgage amount is ZERO. If the family leaves the residence or fails to make its mortgage payment within the first 5 years of residency, the family would owe the entire amount of the note to the Authority. If, however, the family decides to leave the residence or fails to make its mortgage payment after the 10^{th} year of residency, the family owes nothing to the Authority. If the family wants to leave in its eighth year, the amount the family owes to the Authority would be calculated to reflect a 60% reduction, etc.

On December 12, 2016, the Authority sold a house to an eligible family in which the second mortgage amount was $24,000. If the family remains in the unit until December 2026, they will owe the Authority nothing. The balance at June 30, 2020 is $24,000.

On April 10, 2020, the Authority sold a house to an eligible family in which the second mortgage amount was $23,500. If the family remains in the unit until April 2030, they will owe the Authority nothing. The balance at June 30, 2020 is $23,500.

NOTE 11: **CONTINGENCIES/LITIGATIONS AND CLAIMS**

In the normal course of operations, the Authority may be subject to litigation and claims. At June 30, 2020, the Authority was not involved in such matters.

NOTE 12: **SUBSEQUENT EVENTS**

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 Allen MHA. The investments of the pension and other postemployment benefit plan in which Allen MHA participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on Allen MHA's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

Traditional Plan	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.004980%	0.005287%	0.005810%	0.005825%	0.005395%	0.006221%	0.006221%
Authority's Proportionate Share of the Net Pension Liability	$ 984,331	$ 1,448,002	$ 911,476	$ 1,322,758	$ 933,482	$ 750,322	$ 733,375
Authority's Covered Payroll	$ 700,691	$ 713,800	$ 767,825	$ 753,017	$ 671,426	$ 762,762	$ 810,896
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.48%	202.86%	118.71%	175.66%	139.03%	98.37%	90.44%
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 the information becomes available.

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

See accompanying notes to the required supplementary information

ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY, OHIO
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	$ 98,903	$ 103,438	$ 98,771	$ 96,287	$ 89,663	$ 89,055	$ 107,639	$ 87,402	$ 66,065	$ 59,624
Contributions in Relation to the Contractually Required Contribution	(98,903)	(103,438)	(98,771)	(96,287)	(89,663)	(89,055)	(107,639)	(87,402)	(66,065)	(59,624)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 706,450	$ 738,843	$ 733,112	$ 770,563	$ 747,192	$ 742,125	$ 861,112	$ 760,679	$ 660,650	$ 648,792
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.47%	12.50%	12.00%	12.00%	12.50%	11.49%	10.00%	9.19%

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.005070%	0.005405%	0.005690%	0.005710%
Authority's Proportionate Share of the Net OPEB Liability	$ 700,299	$ 704,684	$ 617,892	$ 576,729
Authority's Covered Payroll	$ 766,024	$ 783,993	$ 805,408	$ 788,591
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.42%	89.88%	76.72%	73.13%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 2,665	$ 2,659	$ 5,317	$ 13,043	$ 14,720	$ 15,125
Contributions in Relation to the Contractually Required Contribution	(2,665)	(2,659)	(5,317)	(13,043)	(14,720)	(15,125)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 773,070	$ 805,314	$ 768,997	$806,966	$747,192 0	$ 780,505
Contributions as a Percentage of Covered Payroll	0.34%	0.33%	0.69%	1.62%	1.97%	1.94%

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

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

Net OPEB Liability

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

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

ALLEN METROPOLITAN HOUSING AUTHORITY

ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD

JUNE 30, 2020

	Project Total	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	8 Other Federal Program 1	Subtotal	ELIM	Total
111 Cash - Unrestricted	$1,536,549	$779	$146,893	$780,310		$2,464,531		$2,464,531
113 Cash - Other Restricted	$49,859	$52,339		$414,731		$516,929		$516,929
114 Cash - Tenant Security Deposits	$67,582		$1,215			$68,797		$68,797
115 Cash - Restricted for Payment of Current Liabilities		$0				$0		$0
100 Total Cash	$1,653,990	$53,118	$148,108	$1,195,041	$0	$3,050,257	$0	$3,050,257
122 Accounts Receivable - HUD Other Projects			$0		$525	$525		$525
125 Accounts Receivable - Miscellaneous				$18,257		$18,257		$18,257
126 Accounts Receivable - Tenants	$6,172					$6,172		$6,172
126.1 Allowance for Doubtful Accounts -Tenants	-$2,500					-$2,500		-$2,500
128 Fraud Recovery				$17,245		$17,245		$17,245
128.1 Allowance for Doubtful Accounts - Fraud				-$17,245		-$17,245		-$17,245
120 Total Receivables, Net of Allowances for Doubtful Accounts	$3,672	$0	$0	$18,257	$525	$22,454	$0	$22,454
142 Prepaid Expenses and Other Assets	$42,113			$8,262		$50,375		$50,375
143 Inventories	$68,500					$68,500		$68,500
143.1 Allowance for Obsolete Inventories	-$13,679					-$13,679		-$13,679
144 Inter Program Due From				$525		$525	-$525	$0
150 Total Current Assets	$1,754,596	$53,118	$148,108	$1,222,085	$525	$3,178,432	-$525	$3,177,907
161 Land	$924,233					$924,233		$924,233
162 Buildings	$20,873,622		$168,354	$36,624		$21,078,600		$21,078,600
163 Furniture, Equipment & Machinery - Dwellings	$56,271					$56,271		$56,271
164 Furniture, Equipment & Machinery - Administration	$529,446			$124,064		$653,510		$653,510
166 Accumulated Depreciation	-$18,390,801		-$82,643	-$154,214		-$18,627,658		-$18,627,658
160 Total Capital Assets, Net of Accumulated Depreciation	$3,992,771	$0	$85,711	$6,474	$0	$4,084,956	$0	$4,084,956
171 Notes, Loans and Mortgages Receivable - Non-Current	$47,500					$47,500		$47,500
180 Total Non-Current Assets	$4,040,271	$0	$85,711	$6,474	$0	$4,132,456	$0	$4,132,456
200 Deferred Outflow of Resources	$96,745			$118,245		$214,990		$214,990
290 Total Assets and Deferred Outflow of Resources	$5,891,612	$53,118	$233,819	$1,346,804	$525	$7,525,878	-$525	$7,525,353
312 Accounts Payable <= 90 Days	$14,852			$17,225		$32,077		$32,077
321 Accrued Wage/Payroll Taxes Payable	$18,819			$33,699		$52,518		$52,518
331 Accounts Payable - HUD PHA Programs		$52,339				$52,339		$52,339
333 Accounts Payable - Other Government	$15,908					$15,908		$15,908
341 Tenant Security Deposits	$67,582		$1,215			$68,797		$68,797
346 Accrued Liabilities - Other	$19,272					$19,272		$19,272
347 Inter Program - Due To					$525	$525	-$525	$0
310 Total Current Liabilities	$136,433	$52,339	$1,215	$50,924	$525	$241,436	-$525	$240,911
353 Non-current Liabilities - Other				$194,452		$194,452		$194,452
354 Accrued Compensated Absences - Non Current	$24,222			$35,731		$59,953		$59,953
357 Accrued Pension and OPEB Liabilities	$758,084			$926,546		$1,684,630		$1,684,630
350 Total Non-Current Liabilities	$782,306	$0	$0	$1,156,729	$0	$1,939,035	$0	$1,939,035
300 Total Liabilities	$918,739	$52,339	$1,215	$1,207,653	$525	$2,180,471	-$525	$2,179,946
400 Deferred Inflow of Resources	$185,381			$226,578		$411,959		$411,959
508.4 Net Investment in Capital Assets	$3,992,771		$85,711	$6,474		$4,084,956		$4,084,956
511.4 Restricted Net Position	$49,859			$220,279		$270,138		$270,138
512.4 Unrestricted Net Position	$744,862	$779	$146,893	-$314,180	$0	$578,354		$578,354
513 Total Equity - Net Assets / Position	$4,787,492	$779	$232,604	-$87,427	$0	$4,933,448	$0	$4,933,448
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$5,891,612	$53,118	$233,819	$1,346,804	$525	$7,525,878	-$525	$7,525,353

ALLEN METROPOLITAN HOUSING AUTHORITY

ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	8 Other Federal Program 1	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$467,230				$14,580				$481,810		$481,810
70400 Tenant Revenue - Other	$75,866								$75,866		$75,866
70500 Total Tenant Revenue	$543,096	$0	$0	$0	$14,580	$0	$0	$0	$557,676	$0	$557,676
70600 HUD PHA Operating Grants	$1,513,436	$11,054	$37,837	$263,290		$5,708,997	$120,614	$174,305	$7,829,533		$7,829,533
70610 Capital Grants	$243,315								$243,315		$243,315
71100 Investment Income - Unrestricted	$3,507				$364				$3,871		$3,871
71400 Fraud Recovery						$17,244			$17,244		$17,244
71500 Other Revenue						$58,576			$58,576		$58,576
71600 Gain or Loss on Sale of Capital Assets	$45,474								$45,474		$45,474
70000 Total Revenue	$2,348,828	$11,054	$37,837	$263,290	$14,944	$5,784,817	$120,614	$174,305	$8,755,689	$0	$8,755,689
91100 Administrative Salaries	$273,764			$36,102		$277,440	$91,705		$679,011		$679,011
91200 Auditing Fees	$4,444			$340		$5,431			$10,215		$10,215
91500 Employee Benefit contributions - Administrative	$7,193			$10,970		$230,586	$22,633		$271,382		$271,382
91600 Office Expenses	$35,564				$4,512	$80,346			$120,422		$120,422
91700 Legal Expense	$9,751								$9,751		$9,751
91800 Travel	$3,192					$5,314			$8,506		$8,506
91900 Other	$3,115					$9,036			$12,151		$12,151
91000 Total Operating - Administrative	$337,023	$0	$0	$47,412	$4,512	$608,153	$114,338	$0	$1,111,438	$0	$1,111,438
92100 Tenant Services - Salaries			$28,504					$8,697	$37,201		$37,201
92300 Employee Benefit Contributions - Tenant Services	$6,825		$9,333					$2,453	$18,611		$18,611
92400 Tenant Services - Other	$7,014	$11,369					$6,961		$25,344		$25,344
92500 Total Tenant Services	$13,839	$11,369	$37,837	$0	$0	$0	$6,961	$11,150	$81,156	$0	$81,156
93100 Water	$237,593								$237,593		$237,593
93200 Electricity	$41,993								$41,993		$41,993
93300 Gas	$18,471								$18,471		$18,471
93600 Sewer	$10,098								$10,098		$10,098
93000 Total Utilities	$308,155	$0	$0	$0	$0	$0	$0	$0	$308,155	$0	$308,155
94100 Ordinary Maintenance and Operations - Labor	$79,294								$79,294		$79,294
94200 Ordinary Maintenance and Operations - Materials and Other	$206,618								$206,618		$206,618
94300 Ordinary Maintenance and Operations Contracts	$274,237								$274,237		$274,237
94500 Employee Benefit Contributions - Ordinary Maintenance	$2,083								$2,083		$2,083
94000 Total Maintenance	$562,232	$0	$0	$0	$0	$0	$0	$0	$562,232	$0	$562,232
96110 Property Insurance	$101,200								$101,200		$101,200
96100 Total insurance Premiums	$101,200	$0	$0	$0	$0	$0	$0	$0	$101,200	$0	$101,200
96200 Other General Expenses	$247					$8,815			$9,062		$9,062
96210 Compensated Absences	$3,433					$3,556			$6,989		$6,989
96300 Payments in Lieu of Taxes	$15,908								$15,908		$15,908
96400 Bad debt - Tenant Rents	$32,645								$32,645		$32,645
96000 Total Other General Expenses	$52,233	$0	$0	$0	$0	$12,371	$0	$0	$64,604	$0	$64,604
96900 Total Operating Expenses	$1,374,682	$11,369	$37,837	$47,412	$4,512	$620,524	$121,299	$11,150	$2,228,785	$0	$2,228,785
97000 Excess of Operating Revenue over Operating Expenses	$974,146	-$315	$0	$215,878	$10,432	$5,164,293	-$685	$163,155	$6,526,904	$0	$6,526,904
97100 Extraordinary Maintenance	$272,670								$272,670		$272,670
97200 Casualty Losses - Non-capitalized	$859								$859		$859
97300 Housing Assistance Payments				$215,632		$4,937,898		$163,155	$5,316,685		$5,316,685
97400 Depreciation Expense	$419,191				$6,122	$1,850			$427,163		$427,163
90000 Total Expenses	$2,067,402	$11,369	$37,837	$263,044	$10,634	$5,560,272	$121,299	$174,305	$8,246,162	$0	$8,246,162
10010 Operating Transfer In	$100,000	$315					$685		$101,000	-$101,000	$0
10020 Operating transfer Out	-$100,315					-$685			-$101,000	$101,000	$0
10100 Total Other financing Sources (Uses)	-$315	$315	$0	$0	$0	-$685	$685	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$281,111	$0	$0	$246	$4,310	$223,860	$0	$0	$509,527	$0	$509,527
11030 Beginning Equity	$4,506,381	$0	$0	$533	$228,294	-$311,287	$0	$0	$4,423,921		$4,423,921
11170 Administrative Fee Equity						-$307,706			-$307,706		-$307,706
11180 Housing Assistance Payments Equity						$220,279			$220,279		$220,279
11190 Unit Months Available	2908			756	12	12492		380	16548		16548
11210 Number of Unit Months Leased	2842			647	12	11979		380	15860		15860

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

Capital Fund Program Number:	501-17	501-18
1. The Program Costs are as follows:		
Funds Approved	$341,433	$527,509
Funds Expended	341,433	527,509
Excess (Deficiency) of Funds Approved	$ -	$ -
Funds Advanced	$341,433	$527,509
Funds Expended	341,433	527,509
Excess (Deficiency) of Funds Advanced	$ -	$ -

2. All costs have been paid and there are no outstanding obligations.

3. The Final Financial Status Report was signed and filed on:	3/29/19*	6/15/20

4. The Final Costs on the Certification agrees with the Authority’s records.

*- Cost Certificate was approved by HUD for audit on March 27, 2020.

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

Federal Grantor/Pass Through Grantor Program/Cluster Title	Pass-Through Number	Federal CFDA Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Section 8 Project Based Cluster:			
Section 8 - New Construction and Substantial Rehab	N/A	14.182	$ 263,290
Total Section 8 Project Based Cluster			263,290
Continuum of Care Program	N/A	14.267	174,305
Public and Indian Housing:			
Public and Indian Housing	N/A	14.850	1,146,878
Public Housing CARES Act Funding	N/A	14.PHC	11,054
Total Public and Indian Housing			1,157,932
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	5,708,997
HCV CARES Act Funding	N/A	14.HCC	120,614
Total Housing Voucher Cluster			5,829,611
Public Housing Capital Fund	N/A	14.872	609,873
Family Self-Sufficiency Program	N/A	14.896	37,837
Total Expenditures of Federal Awards			$ 8,072,848

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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*

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

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 Allen Metropolitan Housing Authority, Allen County, (the Authority) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 4, 2020, 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) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 4, 2020

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
December 4, 2020

ALLEN METROPOLITAN HOUSING AUTHROITY
ALLEN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

ALLEN COUNTY METROPOLITAN HOUSING AUTHORITY

ALLEN 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 1/19/2021

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