HARRISON METROPOLITAN
HOUSING AUTHORTIY
HARRISON COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED
MARCH 31, 2020

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

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
Harrison Metropolitan Housing Authority
82450 Cadiz-Jewett Road
Cadiz, Ohio 43907

We have reviewed the *Independent Auditor's Report* of the Harrison Metropolitan Housing Authority, Harrison County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2019 through March 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Harrison Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 24, 2020

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HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Harrison Metropolitan Housing Authority
Cadiz, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority as of March 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

September 16, 2020

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The management of the Harrison Metropolitan Housing Authority's (the "Authority" or Primary Government) offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended March 31, 2020. This discussion and analysis are designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual account issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the fiscal year ended March 31, 2020 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 13). In accordance with GASB Statement No. 34, paragraph 10, the financial information and discussion presented below focuses on the primary government.

FINANCIAL HIGHLIGHTS

The management of the Harrison Metropolitan Housing Authority operates an independent for profit limited liability company, Enterprise Housing Property Preservation, L.L.C.

The primary government's programs include: Conventional Public-Housing, Capital Fund Program (CFP), Housing Choice Voucher Program, State/Local, and USDA Rural Development. The discretely presented component unit consists of Enterprise Housing Property Preservation, L.L.C.

- Net position for the primary government was $550,500 and $644,123 for the fiscal years ended March 31, 2020 and 2019, respectively. The Authority's net position decreased by $93,623 or 14.53 percent during 2020, primarily due to normal business operations.

- Revenues for the primary government decreased by $159,276 or 10.72 percent during 2020, and were $1,326,139 and $1,485,415 for 2020 and 2019, respectively.

- Expenses decreased by $147,806 or 9.37 percent during 2020 and were $1,429,762 and $1,577,568 for 2020 and 2019, respectively.

USING THIS ANNUAL REPORT

The following outlines the format of this report:

MD&A ~ Management 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 Financial Statements ~
Other Required Supplementary Information ~Required Supplementary Information~ (Other than the MD&A)

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented (pages 13-15) are those of the Authority as a whole (Authority-wide) and the component unit, discretely reported. The financial statements are further detailed by major account. This perspective (Authority-wide, major account, and component unit) allows the user to address relevant questions, broadens a basis for comparison year to year or Authority to Authority) and enhances the Authority's accountability.

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 that reflects assets, minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

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

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

Unrestricted **-** Consists of net position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

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

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

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

FINANCIAL STATEMENTS BY MAJOR FUND

In general, the Authority's financial statements consist exclusively of an enterprise fund. An enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by private sector accounting.

Many of the funds maintained by the Authority are required by the United States Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

THE AUTHORITY'S PROGRAMS

Business Type Programs

Conventional Public Housing and Capital Fund Program – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30 percent of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority's physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

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

USDA Rural Development – Under the USDA Rural Development Program, the Authority rents units that is owns to low-income households. The USDA Rural Development Program is operated under a contract with the United States Department of Agriculture, and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

State/Local – The State and Local Programs include activity for management of a multi-family project, Bingham Terrace, management of USDA Rural Development properties, and any other non-federal activities conducted by the Authority.

Component Unit Activity **-** represents resources developed from a variety of activities including, but not limited, to the following:

Enterprise Housing Property Preservation, L.L.C. **-** provides routine building maintenance, scheduled property maintenance, unit renovation services to home owners, landlords, banking institutions, real estate agencies and commercial businesses of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, and Muskingum counties. Also, Enterprise Housing Property Preservation L.L.C. purchases various types of residential properties, assesses and renovates as needed, and either utilizes them as an income-producing rental or places them back on the open market for resale.

AUTHORITY-WIDE STATEMENTS

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

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

	2020	2019
Assets		
Current Assets	$ 512,145	$ 501,360
Capital Assets	992,242	1,114,522
Non-Current Assets	346,122	332,060
Deferred Outflow of Resources	68,282	148,808
Total Assets and Deferred Outflows of Resources	1,918,791	2,096,750
Liabilities		
Current Liabilites	94,843	104,667
Long-Term Liabilities	1,124,365	1,266,534
Defered Inflow of Resources	149,083	81,426
Total Liabilities and Deferred Inflow of Resources	1,368,291	1,452,627
Net Position		
Net Investment in Capital Assets	411,778	518,138
Restricted	46,397	78,702
Unrestricted	92,325	47,283
Total Net Position	550,500	644,123
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 1,918,791	$ 2,096,750

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

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Primary Government
During 2020, total assets and deferred outflows of resources for the primary government decreased by $177,959, due mainly to depreciation on capital asset and a decrease in deferred outflow of resources.

Total liabilities and deferred inflow of resources decreased by $84,336. Most of the decrease is related to a reduction in the Net Pension liability.

The biggest changes on this statement were to deferred outflow of resources and non-current liabilities, all due to reporting of pension and other postemployment benefits (OPEB) activity required by GASB 68 and GASB 75. GASB 68 and GASB 75 are accounting standards that essentially require Harrison MHA to report what is determined to be its share of the unfunded pension and health insurance liability of the pension system, the Ohio Public Employees Retirement System (OPERS). Employees of Harrison MHA are required by state law to be members of OPERS, and Harrison MHA is required to make retirement contributions to OPERS for all of its employees. The Net Pension and Health Insurance Liability is unlike other liabilities the Authority has in that these liabilities do not represent invoices 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 future pension and healthcare obligations. GASB 68 was implemented a few years ago. GASB 75 was implemented in 2019.

The following table presents a condensed change in Net Position by the separate Net Position components.

Table 2
Change in Net Position - Primary Government

	Unrestricted Net Position	Net Investment In Capital Assets	Restricted Net Position
Beginning Net Position	$ 47,283	$ 518,138	$ 78,702
Results From Operation	(93,623)	0	0
Adjustment:			
Capital Asset Additions	(11,219)	11,219	0
Current Year Depreciation Expense	133,499	(133,499)	0
Change in Restricted Net Position	32,305	0	(32,305)
Net Change In Debt Balance	(15,920)	15,920	0
Ending Net Position	$ 92,325	$ 411,778	$ 46,397

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

Table 3

Condensed Statement of Revenues, Expenses, and Changes in Net Position - Primary Government

	2020	2019
Revenues		
Tenant Revenue	$ 265,416	$ 245,434
Operating Subsidies	1,015,210	1,188,056
Investment/Other Income	45,513	51,925
Total Revenues	1,326,139	1,485,415
Expenses		
Administration	267,780	349,923
Tenent Services	21,003	11,991
Utilities	115,549	112,720
Maintenance	187,226	196,114
General, Insurance, Interest	47,071	55,676
Housing Assistance Payments	657,634	728,218
Depreciation	133,499	122,926
Total Expenses	1,429,762	1,577,568
Change in Net Position	(103,623)	(92,153)
Transfer from Component Unit	10,000	0
Beginning Net Position	644,123	736,276
Ending Net Position	$ 550,500	$ 644,123

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

Tenant revenue increased by approximately $20,000 in 2020 in comparison to 2019. Operating subsidies decreased due to a reduction in the HCV Program and other grant income. This was mainly due to reduction in other income due to expiration of the Administrative Reimbursement Agreement and outsourcing of the Authority's HQS Inspector.

Overall, total expenses decreased during 2020 in comparison to 2019. Contributing factors were a decrease in administrative costs due to an employee departure, and a reduction in housing assistance payments due to a reduction in HUD funding.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of March 31, 2020, the Authority had $992,242 invested in a variety of capital assets as reflected in the following table, which represents a net decrease of $122,280.

Table 4
Capital Assets (Net of Depreciation) - Primary Government

	2020	2019
Land	$ 137,179	$ 137,179
Buildings	4,964,878	4,953,659
Furniture and Equipment	333,168	333,168
Accumulated Depreciation	(4,442,983)	(4,309,484)
Total Capital Assets	$ 992,242	$ 1,114,522

The following table summarizes the change in Capital Assets.

Table 5
Change in Capital Assets - Primary Government

	2020
Beginning Balance-Net	$ 1,114,522
Capital Additions	11,219
Depreciation Expense	(133,499)
Total Capital Assets	$ 992,242

Refer to Note 6 for additional information on Capital Assets.

As of March 31, 2020, the Authority had $580,464 in debt (mortgages) outstanding compared to $596,384 the prior year.

Table 6
Condensed Statement of Changes in Debt Outstanding-Primary Government

	2020
Beginning Balance-April 1, 2019	$ 596,384
Current Year Principal Payments	(15,920)
Ending Balance-March 31, 2020	$ 580,464

Refer to Note 9 for additional information on Debt Outstanding.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the U.S. Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program
- Inflationary pressure on utility rates, supplies, and other costs

FINANCIAL CONTACT

Questions concerning any of the information provided in this Management Discussion & Analysis should be addressed to:

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HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

	Primary Government	Component Unit
Assets		
Current Assets		
Cash and Cash Equivalents	$ 414,565	$ 92,508
Cash and Cash Equivalents - Restricted	70,810	4,600
Receivables - Net of Allowance	4,493	1,183
Prepaid Expenses and Other Assets	22,277	2,162
Total Current Assets	512,145	100,453
Noncurrent Assets		
Capital Assets		
Land	137,179	54,300
Depreciable Capital Assets - Net	855,063	186,727
Total Capital Assets	992,242	241,027
Other Noncurrent Assets	30,584	0
Pledged Escrow Receivable - Noncurrent	250,000	0
Other Receivable - Noncurrent	65,538	0
Total Noncurrent Assets	1,338,364	241,027
Deferred Outflow of Resources		
Deferred Outflow of Resources - Pension	28,286	0
Deferred Outflow of Resources - OPEB	39,996	0
Total Deferred Outflow of Resources	68,282	0
Total Assets and Deferred Outflow of Resources	$ 1,918,791	$ 341,480
Liabilities		
Current Liabilities		
Accounts Payable	$ 15,192	591
Accrued Wages/Payroll Taxes	17,115	0
Accrued Compensated Absences - Current	13,470	0
Accrued Liabilities - Other	8,733	3,113
Tenant Security Deposits	24,413	4,600
Current Portion of Long-Term Debt	16,153	0
Total Current Liabilities	95,076	8,304
Noncurrent Liabilities		
Accrued Compensated Absences - Noncurrent	10,704	0
Long-Term Debt	564,311	0
Net Pension Liability	296,485	0
Net OPEB Liability	252,632	0
Total Noncurrent Liabilities	1,124,132	0
Total Liabilities	1,219,208	8,304
Deferred Inflow of Resources		
Deferred Inflow of Resources - Pension	99,917	0
Deferred Inflow of Resources - OPEB	49,166	0
Total Deferred Inflows of Resources	149,083	0
Net Position		
Net Investment in Capital Assets	411,778	241,027
Restricted	46,397	0
Unrestricted	92,325	92,149
Total Net Position	550,500	333,176
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,918,791	$ 341,480

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

	Primary Government	Component Unit
Operating Revenues		
Tenant Revenue	$ 265,416	$ 46,032
Government Operating Grants	1,015,210	0
Other Revenues	45,508	10,564
Total Operating Revenues	1,326,134	56,596
Operating Expenses		
Administrative	267,780	8,296
Tenant Services	21,003	0
Utilities	115,549	266
Maintenance	187,226	9,932
Insurance	19,764	4,991
General	19,086	4,318
Housing Assistance Payments	657,634	0
Depreciation	133,499	10,976
Total Operating Expenses	1,421,541	38,779
Operating Income/(Loss)	(95,407)	17,817
Non-Operating Revenues (Expenses)		
Transfer from Component Unit	10,000	(10,000)
Interest Revenue	5	74
Interest Expense	(8,221)	0
Total Non-Operating Revenue (Expenses)	1,784	(9,926)
Change In Net Position	(93,623)	7,891
Total Net Position Beginning of Year, Restated	644,123	325,285
Total Net Position End of Year	$ 550,500	$ 333,176

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

	Primary Government	Component Unit
Cash Flows From Operating Activities		
Cash Received From HUD/Other Grants	$ 1,015,210	$ 0
Cash Received From Tenants	265,787	44,785
Cash Received From Other Sources	45,313	10,564
Cash Payments For Housing Assistance Payments	(657,634)	0
Cash Payments For Other Operating Expenses	(628,133)	(27,269)
Net Cash Provided By (Used In) Operating Activities	40,543	28,080
Cash Flows From Capital And Related Financing Activities		
Debt Payments - Principal	(15,920)	0
Transfers	10,000	(10,000)
Purchase of Capital Assets	(11,219)	(7,601)
Debt Payments - Interest	(8,221)	0
Net Cash Provided By (Used In) Capital And Related Financing Activities	(25,360)	(17,601)
Cash Flows From Investing Activities		
Interest Income	5	74
Net Cash Provided By (Used In) Investing Activities	5	74
Net Increase (Decrease) in Cash and Cash Equivalents	15,188	10,553
Cash and Cash Equivalents, Beginning	470,187	86,555
Cash and Cash Equivalents, Ending	$ 485,375	$ 97,108
Reconciliation of Operating Income/Loss To		
Net Cash Provided by (Used in) Operating Activities		
Operating Income/(Loss)	$ (95,407)	$ 17,817
Adjustments To Reconcile Operating Income/(Loss) To Net Cash Provided By (Used In) Operating Activities		
Depreciation	133,499	10,976
(Increase)Decrease In:		
Receivables - Net of Allowance	6,010	(1,183)
Prepaid Expenses/Other Assets	(15,669)	(57)
Increase(Decrease) In:		
Change in Deferred Outflows and Deferred Inflows of Resources	148,183	0
Accounts Payable	(10,856)	591
Accrued Wages/Payroll Taxes	12,095	0
Accrued Compensated Absences	(15,511)	0
Accrued Liabilities - Other	(6,966)	0
Tenant Security Deposits	1,132	0
Unearned Revenue	0	(64)
Change in Net Pension/OPEB Liability	(115,967)	0
Net Cash Provided By (Used In) Operating Activities	$ 40,543	$ 28,080

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

NOTE 1: **REPORTING ENTITY**

Introduction

The Harrison Metropolitan Housing Authority (the Authority) was established for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the low-income housing program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

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

As required by GAAP, the basic financial statements of the reporting entity include those of the Authority and any component units. Component units are separate legal entities. Appointed officials of a primary government have financial accountability for the entity, and the nature and significance of the relationship between the entity and a primary government are such that to exclude the entity from the financial reporting entity would render the basic financial statements misleading or incomplete.

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. The following organization is described due to its relationship to the Authority.

The component unit column in the financial statements identifies the financial data of the Authority’s individual component unit: Enterprise Housing Property Preservation, L.L.C. (the Company). It is reported separately to emphasize that it is a legally separate entity and provides services to clients of the Authority and others.

Enterprise Housing Property Preservation, L.L.C. is an organization that is owned by the Board of Commissioners of the Authority. It was established in 2014 as a for-profit company and is offering residents of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Muskingum, and Tuscarawas counties commercial and residential maintenance services that include routine building maintenance, scheduled property maintenance, and unit renovation services. The Company also purchases various types of residential properties that are assessed and renovated. These properties are either kept as an income-producing rental or are placed back on the open market for resale.

NOTE 1: **REPORTING ENTITY** (Continued)

Introduction (Continued)
There are no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Company is not included in any other reporting entity based on such criteria. A summary of each program administered by the Authority included in the financial statements is provided to assist the reader in interpreting the basic financial statements. These programs constitute all programs subsidized by HUD and operated by the Authority.

Description of Programs

A. **Public Housing Program**

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

B. **Capital Fund Program**

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

C. **Housing Choice Voucher Program**

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit, or public landlords to subsidize rentals for low-income persons. Under this Program, the Authority determines the amount of subsidy a family will receive using HUD guidelines; however, there is a limit of the amount charged to the family.

D. **USDA Rural Development**

Under the USDA Rural Development Program, the Authority rents units that it owns to low-income households. The USDA Rural Development Program is operated under a contract with the United States Department of Agriculture (USDA), and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

E. **State and Local Program**

The State and Local Program includes activity for the management of a multi-family project, Bingham Terrace, and rural development projects Dunfee Court and Gable Estates, and any other non-federal activities conducted by the Authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounts of the Authority are organized based on funds, each of which is considered a separate accounting entity. The Authority has created a number of sub-funds within the enterprise fund. Each sub-fund is accounted for by a separate set of self- balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses.

The individual sub-funds account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. These sub-funds of the Authority are all considered Proprietary Fund Types. The sub-funds included in this category are as follows:

Public Housing Fund
This fund accounts for all activities and projects of the Public Housing Program (described previously), including Public Housing and Capital Fund Grants. The Authority either sets up separate funds within the Public Housing Fund for each program or assigns a particular set of general ledger accounts in order to account for income and expenses of each program separately. All sub-accounts or funds are combined to produce the financial statements of the Public Housing Fund.

Housing Choice Voucher Fund
This fund accounts for the rental assistance program more fully described under the "Housing Choice Voucher Program," in Note 1.

Operating/Business Activities Fund
This fund accounts for fees earned rendering contract administration services to agencies along with any non-federal miscellaneous activity.

Dunfee Court Fund
This fund accounts for all activities associated with the Rural Development Program (described previously) for this specific community. The Authority assigns a particular set of general ledger accounts in order to account for income and expenses of this community separately.

Gable Estates Fund
This fund accounts for all activities associated with the Rural Development Program (described previously) for this specific community. The Authority assigns a particular set of general ledger accounts in order to account for income and expenses of this community separately.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Basis of Accounting**

Primary Government

The accrual basis of accounting is used to account for those operations that are financed and operated in a manner similar to private business, or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses excluding depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Component Unit

The Company utilizes the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

C. **Investments**

Primary Government

Investments are restricted by the provisions of the HUD regulations (Note 4). Investments are valued at market value. Interest income earned in fiscal year 2020 totaled $5 for the primary government.

Component Unit

Investments are unrestricted and are valued at market value. Interest income earned in fiscal year 2020 totaled $74 for the component unit.

D. **Receivables – Net of Allowance**

Primary Government

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts was $170 at March 31, 2020.

Component Unit

The Authority has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Bad debts are treated as direct write-off in the period management determines that collection is not probable. There were no bad debts expensed for the year ended March 31, 2020.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Capital Assets**

Primary Government
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 Authority's capitalization policy is $1,500. The following are the useful lives used for depreciation purposes:

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	7 years

Component Unit
Fixed assets are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the Statement of Operations. The rental property is depreciated over estimated service levels as follows:

Buildings and Improvements	7- 40 years
Vehicles	5 years

F. **Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all liquid debt instruments with original maturities of three months or less.

G. **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 statement of net position 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.

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.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

G. **Compensated Absences** (Continued)

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

The following is a summary of changes in compensated absences for the year ended March 31, 2020:

	Balance 3/31/2019	Increases	Decreases	Balance 3/31/2020	Due Within One Year
Compensated Absences	$ 39,685	$ 17,653	$ (33,164)	$ 24,174	$ 13,470

H. **Unearned Revenue**

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

I. **Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual operating budgets for all of its HUD funded programs. The budgets for its programs are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. The Board adopts the budget through passage of an Authority budget resolution.

J. **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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

K. **Net Position**

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. **Operating Revenues and Expenses**

Primary Government
Operating revenues and expenses are those revenues that are generated directly from the primary activities of the Proprietary Fund and expenses incurred for the day-to-day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Component Unit
Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the company and its tenants are typically one year or less. Service income is recognized as fees become due for monthly fixed fees and recognized, as work is completed per-unit fees.

M. **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Ohio Public Employee Retirement System (OPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by OPERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

N. **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

NOTE 2**:** **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

O. **Pensions/Other Postemployment Benefits (OPEB)**

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

P. **Change in Accounting Principle**

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

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

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

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 Harrison MHA

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

NOTE 3**:** **DEPOSITS AND INVESTMENTS**

A. **Primary Government**

Deposits

Custodial credit risk is the risk that in the event of bank failure, the primary government will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the primary government's deposits was $485,375 (including $200 in petty cash) and its bank balances totaled $488,809. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2020, $292,981 of the primary government's bank balance was covered by Federal Depository Insurance (FDIC). The remainder was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the Federal Deposit Insurance Corporation.

The Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Authority's financial institution is enrolled in OPCS as of March 31, 2020.

Investments

The Authority has a formal investment policy, although, the Authority did not have investments at March 31, 2020.

B. **Component Unit**

Deposits

At fiscal year end, the carrying amount of the component unit's deposits was $97,108 and its bank balances totaled $98,865. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2020, all $97,108 of the component unit's bank balance was covered by Federal Depository Insurance (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

The Authority has a formal investment policy it relies on to manage the investments of the component unit; however, the component unit had no investments at March 31, 2020.

NOTE 4: RESTRICTED CASH

Primary Government

The restricted cash balance of $70,810 on the financial statements for the primary government represents the following:

Tenant Security Deposits	$	24,413
Housing Assistance Payments		7,892
Rural Development Program Reserves		38,505
Total Cash and Cash Equivalents	$	70,810

Component Unit

The restricted cash balance of $4,600 on the financial statements for the component unit represents the following:

Tenant Security Deposits	$	4,600
Total Cash and Cash Equivalents	$	4,600

NOTE 5: INSURANCE COVERAGE

Primary Government

The Authority is covered for property damage, general liability, auto damage and liability, and public officials' liability through the State Housing Authority Risk Pool, Inc. (SHARP).

Additionally, workers' compensation is maintained through the State of Ohio, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan for employee health care benefits. There was no significant reduction in coverages and no claims exceed insurance coverage during the past three years.

Component Unit

The Company is covered for property damage, general liability, auto damage and liability through Nationwide Insurance.

NOTE 6: CAPITAL ASSETS

The reporting entity's capital asset balances at March 31, 2020 are as follows:

	Primary Government	Component Unit
Capital Assets Not Depreciated		
Land	$ 137,179	$ 54,300
Total Capital Assets Not Depreciated	137,179	54,300
Capital Assets Being Depreciated		
Buildings and Building Improvements	4,964,878	255,673
Furniture and Equipment	333,168	0
Subtotal Capital Assets Being Depreciated	5,298,046	255,673
Less: Accumulated Depreciation	(4,442,983)	(68,946)
Total Capital Assets Being Depreciated	855,063	186,727
Total Capital Assets	$ 992,242	$ 241,027

NOTE 6: **CAPITAL ASSETS** (Continued)

The following is a summary of changes:

A. **Primary Government**

	Balance March 31, 2019	Additons/ Transfers	Deletions/ Transfers	Balance March 31, 2020
Capital Assets Not Being Depreciated				
Land	$ 137,179	$ 0	$ 0	$ 137,179
Total Capital Assets Not Being Depreciated	137,179	0	0	137,179
Capital Assets Being Depreciated				
Buildings and Building Improvements	4,953,659	11,219	0	4,964,878
Furniture and Equipment	333,168	0	0	333,168
Subtotal Capital Assets Being Depreciated	5,286,827	11,219	0	5,298,046
Less: Accumulated Depreciation	(4,309,484)	(133,499)	0	(4,442,983)
Total Capital Assets Being Depreciated	977,343	(122,280)	0	855,063
Total Capital Assets	$ 1,114,522	$ (122,280)	$ 0	$ 992,242
Accumulated Depreciation				
Buildings and Building Improvements	$ 4,107,464	$ 109,688	$ 0	$ 4,217,152
Furniture and Equipment	202,020	23,811	0	225,831
Total Accumulated Depreciation	$ 4,309,484	$ 133,499	$ 0	$ 4,442,983

The depreciation periods for the above asset classes are as follows:

Buildings	40 years
Building Improvements	15 years
Furniture and Equipment Dwellings	7 years
Furniture and Equipment Administration	3 to 7 years

B. **Component Unit**

	Balance March 31, 2019	Additons/ Transfers	Deletions/ Transfers	Balance March 31, 2020
Capital Assets Not Being Depreciated				
Land	$ 54,300	$ 0	$ 0	$ 54,300
Total Capital Assets Not Being Depreciated	54,300	0	0	54,300
Capital Assets Being Depreciated				
Buildings and Building Improvements	248,072	7,601	0	255,673
Subtotal Capital Assets Being Depreciated	248,072	7,601	0	255,673
Less: Accumulated Depreciation	(57,970)	(10,976)	0	(68,946)
Total Capital Assets Being Depreciated	190,102	(3,375)	0	186,727
Total Capital Assets	$ 244,402	$ (3,375)	$ 0	$ 241,027

The depreciation periods for the above asset classes are as follows:

Buildings and Improvements	7-40 years
Vehicles	5 years

NOTE 7: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

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

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

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.

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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.

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

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

	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 $36,859 for fiscal year ending March 31, 2020.

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

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

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.001542%	0.014476%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.001500%	0.014667%	
Change in Proportionate Share	-0.000042%	0.000191%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 296,485	$ (30,584)	$ 265,901
Pension Expense	$ 13,316	$ (3,422)	$ 9,894

At March 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Changes of assumptions	$ 15,835	$ 3,152	$ 18,987
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0	339	339
Authority contributions subsequent to the measurement date	6,614	2,346	8,960
Total Deferred Outflows of Resources	$ 22,449	$ 5,837	$ 28,286
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 59,141	$ 3,970	$ 63,111
Differences between expected and actual experience	3,749	7,177	10,926
Changes in proportion and differences between Authority contributions and proportionate share of contributions	24,499	1,381	25,880
Total Deferred Inflows of Resources	$ 87,389	$ 12,528	$ 99,917

$8,960 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 March 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending March 31:			
2021	$ (29,428)	$ (2,081)	$ (31,509)
2022	(21,092)	(2,006)	(23,098)
2023	2,451	(901)	1,550
2024	(23,485)	(2,352)	(25,837)
2025	0	(543)	(543)
Thereafter	0	(1,154)	(1,154)
Total	$ (71,554)	$ (9,037)	$ (80,591)

Actuarial Assumptions - OPERS

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

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

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

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

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	$ 489,000	$ 296,485	$ 123,420
Combined Plan	$ (18,480)	$ (30,584)	$ (39,308)

NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Changes Between Measurement Date and Report Date

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

NOTE 8: **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.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability*.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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 was $0 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	0.001862%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.001829%
Change in Proportionate Share	-0.000033%
Proportionate Share of the Net OPEB Liability	$ 252,632
OPEB Expense	$ 16,885

At March 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual expenses	$ 7
Changes of assumptions	39,989
Total Deferred Outflows of Resources	$ 39,996
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 12,863
Differences between expected and actual expeerience	23,104
Changes in proportion and differences between Authority contributions and proportionate share of contributions	13,199
Total Deferred Inflows of Resources	$ 49,166

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 March 31:	
2021	$ (5,282)
2022	1,598
2023	11
2024	(5,497)
Total	$ (9,170)

Actuarial Assumptions - OPERS

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

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

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

Actuarial Assumptions – OPERS (Continued)

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.

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.

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Authority's proportionate share of the net OPEB liability	$ 305,077	$ 252,632	$ 185,479

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	$ 229,210	$ 252,632	$ 249,110

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 9: LONG-TERM DEBT

A. Primary Government

The Authority has the following mortgages outstanding as of March 31, 2020:

Dunfee Court - A first and second mortgage with the United States Department of Agriculture (USDA) Rural Housing Service for a 12-unit project. Original loan amount $373,300, dated January 30, 1985. Term of the loan is 50 years with interest rate of 10.75 percent, discounted to 1 percent. Balance outstanding as of March 31, 2020 was $112,006. Second loan amount $23,580, dated April 25, 1985. Term of the loan is 50 years with interest rate of 11.875 percent, discounted to 1 percent. Balance outstanding as of March 31, 2020 was $7,842.

Gable Estate **–** USDA Rural Housing Service loan for a 16-unit project. The amount of the loan was $541,516, dated April 21, 1993. The term of the loan is 50 years with the interest rate of 7.75 percent, discounted to 1 percent. The outstanding balance as of March 31, 2020 was $460,616.

The following is a summary of change in long-term debt for the year ended March 31, 2020:

Description	Restated Balance 3/31/2019	Issued	Retired	Balance 3/31/2020	Due Within One Year
1st Mortgage Dunfee Court	$ 120,479	$ 0	$ 8,473	$ 112,006	$ 8,519
2nd Mortgage Dunfee Court	8,370	0	528	7,842	530
Gable Estate	467,535	0	6,919	460,616	7,104
Total Mortgage Notes	$ 596,384	$ 0	$ 15,920	$ 580,464	$ 16,153
Net OPEB Liability	$ 242,761	$ 9,871	$ 0	$ 252,632	$ 0
Net Pension Liability	422,323	0	125,838	296,485	0
Total Net Pension/OPEB Liability	$ 665,084	$ 9,871	$ 125,838	$ 549,117	$ 0

Debt maturities for future years are as follows:

	Principal	Interest	Total
2021	$ 16,153	$ 5,814	$ 21,967
2022	16,794	5,653	22,447
2023	17,478	5,485	22,963
2024	18,210	5,310	23,520
2025	18,992	5,128	24,120
2026-2030	108,741	22,616	131,357
2031-2035	112,772	16,833	129,605
2036-2040	127,048	11,264	138,312
2041-2045	144,276	3,847	148,123
	$ 580,464	$ 81,950	$ 662,414

NOTE 9: **LONG-TERM DEBT** (Continued)

B. **Component Unit**

The Authority's component unit had no outstanding debt obligations as of March 31, 2020.

NOTE 10: **CONTINGENCIES**

A. **Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at March 31, 2020.

B. **Litigation**

In the normal course of operations, the Authority may be subject to litigations and claims. At March 31, 2020, the Authority was not aware of any such matters.

NOTE 11: **FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended March 31, 2020, the Authority electronically submitted an unaudited version of the statement of net position, statement of revenues, expenses and changes in net position and other data to HUD REAC as required on the GAAP basis.

NOTE 12: **PLEDGED ESCROW RECEIVABLE**

On June 15, 2010, the Authority signed a guarantee agreement to Bingham Terrace Preservation, LP, an Ohio Limited Partnership, and Huntington Ohio ARRA Fund LLC, an Ohio Limited Liability Company. The Authority is an affiliate of the General Partner of the Partnership, owner of a low-income housing project constructed by the Partnership. The obligation of the Authority under the agreement was a pledge of $500,000, with a balance at March 31, 2020 of $250,000. In addition, the Authority earned a developer fee related to the construction of the Bingham Terrace property. The unpaid balance of the developer fee is $65,538 at March 31, 2020.

NOTE 13: **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 Harrison MHA. The investments of the pension and other postemployment benefit plan in which Harrison 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 Harrison MHA's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST SIX FISCAL YEARS (1)

Traditional Plan	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.001500%	0.001542%	0.001892%	0.001705%	0.001385%	0.001385%
Authority's Proportionate Share of the Net Pension Liability	$ 296,485	$ 422,323	$ 296,818	$ 387,177	$ 239,899	$ 167,047
Authority's Covered Payroll	$ 210,984	$ 208,207	$ 250,071	$ 220,394	$ 172,398	$ 182,340
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.52%	202.84%	118.69%	175.67%	139.15%	91.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

Combined Plan	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Asset	0.014667%	0.014476%	0.012857%	0.013382%	0.013910%	0.013910%
Authority's Proportionate Share of the Net Pension (Asset)	$ (30,584)	$ (16,187)	$ (17,503)	$ (7,448)	$ (6,768)	$ (5,356)
Authority's Covered Payroll	$ 65,290	$ 61,911	$ 52,655	$ 52,091	$ 50,630	$ 47,122
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	46.84%	26.15%	33.24%	14.30%	13.37%	11.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

(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.

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

See accompanying notes to the required supplementary information

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
LAST SEVEN FISCAL YEARS (1)

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions							
Traditional Plan	$ 27,718	$ 29,688	$ 31,245	$ 29,980	$ 21,801	$ 18,854	(2)
Combined Plan	9,141	8,714	7,365	6,623	6,099	5,793	(2)
Total Required Contributions	$ 36,859	$ 38,402	$ 38,610	$ 36,603	$ 27,900	$ 24,647	$ 27,905
Contributions in Relation to the Contractually Required Contribution	(36,859)	(38,402)	(38,610)	(36,603)	(27,900)	(24,647)	(27,905)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll							
Traditional Plan	$ 197,986	$ 212,056	$ 236,007	$ 243,959	$ 181,675	$ 157,117	(2)
Combined Plan	65,290	62,240	55,393	54,047	50,825	48,275	(2)
Total Covered Payroll	$ 263,276	$ 274,296	$ 291,400	$ 298,006	$ 232,500	$ 205,392	$ 232,543
Pension Contributions as a Percentage of Covered Payroll							
Traditional Plan	14.00%	14.00%	13.24%	12.29%	12.00%	12.00%	12.00%
Combined Plan	14.00%	14.00%	13.30%	12.25%	12.00%	12.00%	12.00%

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

(2) - Information broken down by plan (Traditional vs. Combined) was not available.

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.001829%	0.001862%	0.002140%	0.001970%
Authority's Proportionate Share of the Net OPEB Liability	$ 252,632	$ 242,761	$ 232,388	$ 198,977
Authority's Covered Payroll	$ 276,274	$ 270,118	$ 302,726	$ 272,485
Authority's Proportionate Share of the Net OPEB Liabiliaty as a Percentage of its Covered Payroll	91.44%	89.87%	76.77%	73.02%
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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS - OPEB
LAST SEVEN FISCAL YEARS (1)

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 0	$ 0	$ 2,186	$ 5,119	$ 4,650	$ 4,108	$ 4,651
Contributions in Relation to the Contractually Required Contributions	0	0	(2,186)	(5,119)	(4,650)	(4,108)	(4,651)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 263,276	$ 274,296	$ 291,400	$ 298,006	$ 232,504 0	$ 205,389	$ 232,543
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.75%	1.72%	2.00%	2.00%	2.00%

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

See accompanying notes to the required supplementary information

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%.

HARRISON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2020

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	2 State/Local	Subtotal	ELIM	Total
111 Cash - Unrestricted	106,907	-38	27,018	92,508	280,678	507,073		507,073
113 Cash - Other Restricted	-	38,505	7,892	-	-	46,397		46,397
114 Cash - Tenant Security Deposits	11,657	12,756	-	4,600	-	29,013		29,013
100 Total Cash	118,564	51,223	34,910	97,108	280,678	582,483	-	582,483
125 Accounts Receivable - Miscellaneous	1,980	251	-	-	-	2,231		2,231
126 Accounts Receivable - Tenants	1,703	729	-	1,183	-	3,615		3,615
126.1 Allowance for Doubtful Accounts -Tenants	-170	-	-	-	-	-170		-170
120 Total Receivables, Net of Allowances for Doubtful Accounts	3,513	980	-	1,183	-	5,676	-	5,676
142 Prepaid Expenses and Other Assets	9,289	4,927	8,061	2,162	-	24,439		24,439
144 Inter Program Due From	-	-	-	-	11,893	11,893	-11,893	-
150 Total Current Assets	131,366	57,130	42,971	100,453	292,571	624,491	-11,893	612,598
161 Land	75,202	61,977	-	54,300	-	191,479		191,479
162 Buildings	3,854,230	1,110,648	-	255,673	-	5,220,551		5,220,551
163 Furniture, Equipment & Machinery - Dwellings	52,975	130,772	-	-	-	183,747		183,747
164 Furniture, Equipment & Machinery - Administration	122,194	5,684	-	-	21,543	149,421		149,421
166 Accumulated Depreciation	-3,577,666	-860,096	-	-68,946	-5,221	-4,511,929		-4,511,929
160 Total Capital Assets, Net of Accumulated Depreciation	526,935	448,985	-	241,027	16,322	1,233,269	-	1,233,269
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	315,538	315,538		315,538
174 Other Assets	17,199	7,066	6,319	-	-	30,584		30,584
180 Total Non-Current Assets	544,134	456,051	6,319	241,027	331,860	1,579,391	-	1,579,391
200 Deferred Outflow of Resources	38,399	15,776	14,107	-	-	68,282		68,282
290 Total Assets and Deferred Outflow of Resources	713,899	528,957	63,397	341,480	624,431	2,272,164	-11,893	2,260,271
312 Accounts Payable <= 90 Days	8,598	3,686	2,482	591	426	15,783		15,783
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	17,115	17,115		17,115
322 Accrued Compensated Absences - Current Portion	8,281	3,578	631	-	980	13,470		13,470
341 Tenant Security Deposits	11,657	12,756	-	4,600	-	29,013		29,013
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	15,920	-	-	-	15,920		15,920
346 Accrued Liabilities - Other	8,733	-	-	3,113	-	11,846		11,846
347 Inter Program - Due To	-	11,893	-	-	-	11,893	-11,893	-
310 Total Current Liabilities	37,269	47,833	3,113	8,304	18,521	115,040	-11,893	103,147

HARRISON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2020

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	2 State/Local	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	564,544	-	-	-	564,544		564,544
354 Accrued Compensated Absences - Non Current	5,023	4,727	302	-	652	10,704		10,704
357 Accrued Pension and OPEB Liabilities	308,803	126,866	113,448	-	-	549,117		549,117
350 Total Non-Current Liabilities	313,826	696,137	113,750	-	652	1,124,365	-	1,124,365
300 Total Liabilities	351,095	743,970	116,863	8,304	19,173	1,239,405	-11,893	1,227,512
400 Deferred Inflow of Resources	83,838	34,444	30,801	-	-	149,083		149,083
508.4 Net Investment in Capital Assets	526,935	-131,479	-	241,027	16,322	652,805		652,805
511.4 Restricted Net Position	-	38,505	7,892	-	-	46,397		46,397
512.4 Unrestricted Net Position	-247,969	-156,483	-92,159	92,149	588,936	184,474		184,474
513 Total Equity - Net Assets / Position	278,966	-249,457	-84,267	333,176	605,258	883,676	-	883,676
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	713,899	528,957	63,397	341,480	624,431	2,272,164	-11,893	2,260,271

HARRISON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	2 State/Local	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	157,643	97,099	-	46,032	-	300,774		300,774
70400 Tenant Revenue - Other	5,676	4,998	-	-	-	10,674		10,674
70500 Total Tenant Revenue	163,319	102,097	-	46,032	-	311,448	-	311,448
70600 HUD PHA Operating Grants	185,630	-	723,474	-	-	909,104		909,104
70800 Other Government Grants	-	65,141	-	-	40,965	106,106		106,106
71100 Investment Income - Unrestricted	-	5	-	74	-	79		79
71500 Other Revenue	4,929	12	475	10,564	56,116	72,096	-16,024	56,072
70000 Total Revenue	353,878	167,255	723,949	56,670	97,081	1,398,833	-16,024	1,382,809
91100 Administrative Salaries	46,005	14,463	25,966	-	28,385	114,819		114,819
91200 Auditing Fees	1,684	1,369	6,681	2,014	-	11,748		11,748
91300 Management Fee	-	16,024	-	-	-	16,024	-16,024	-
91400 Advertising and Marketing	329	-	-	-	-	329		329
91500 Employee Benefit contributions - Administrative	32,633	28,445	-12,445	-	6,284	54,917		54,917
91600 Office Expenses	9,902	2,396	21,895	-	-	34,193		34,193
91700 Legal Expense	-	-	-	399	588	987		987
91800 Travel	561	7	-	-	-	568		568
91900 Other	1,912	1,853	11,799	5,883	37,068	58,515		58,515
91000 Total Operating - Administrative	93,026	64,557	53,896	8,296	72,325	292,100	-16,024	276,076
92400 Tenant Services - Other	193	74	-	-	20,736	21,003		21,003
92500 Total Tenant Services	193	74	-	-	20,736	21,003	-	21,003
93100 Water	16,166	31,929	647	-	-	48,742		48,742
93200 Electricity	59,183	4,387	1,325	162	-	65,057		65,057
93300 Gas	271	693	948	104	-	2,016		2,016
93000 Total Utilities	75,620	37,009	2,920	266	-	115,815	-	115,815
94100 Ordinary Maintenance and Operations - Labor	39,434	20,638	5,423	-	3,372	68,867		68,867
94200 Ordinary Maintenance and Operations - Materials and Other	20,246	10,334	528	4,067	833	36,008		36,008
94300 Ordinary Maintenance and Operations Contracts	30,064	11,389	2,075	5,865	158	49,551		49,551
94500 Employee Benefit Contributions - Ordinary Maintenance	25,932	19,245	-2,966	-	521	42,732		42,732
94000 Total Maintenance	115,676	61,606	5,060	9,932	4,884	197,158	-	197,158
96110 Property Insurance	10,881	5,562	3,321	4,991		24,755		24,755
96100 Total insurance Premiums	10,881	5,562	3,321	4,991	-	24,755	-	24,755
96200 Other General Expenses	-	2,379	-	-	-	2,379		2,379

HARRISON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	2 State/Local	Subtotal	ELIM	Total
96210 Compensated Absences	4,734	2,385	-	-	-	7,119		7,119
96300 Payments in Lieu of Taxes	8,733	-	-	4,318	-	13,051		13,051
96400 Bad debt - Tenant Rents	-	855	-	-	-	855		855
96000 Total Other General Expenses	13,467	5,619	-	4,318	-	23,404	-	23,404
96710 Interest of Mortgage (or Bonds) Payable	-	8,221	-	-	-	8,221		8,221
96700 Total Interest Expense and Amortization Cost	-	8,221	-	-	-	8,221	-	8,221
96900 Total Operating Expenses	308,863	182,648	65,197	27,803	97,945	682,456	-16,024	666,432
97000 Excess of Operating Revenue over Operating Expenses	45,015	-15,393	658,752	28,867	-864	716,377	-	716,377
97300 Housing Assistance Payments	-	-	657,634	-	-	657,634		657,634
97400 Depreciation Expense	82,977	47,444	-	10,976	3,078	144,475		144,475
90000 Total Expenses	391,840	230,092	722,831	38,779	101,023	1,484,565	-16,024	1,468,541
10010 Operating Transfer In	87,427	-	-	-	-	87,427		87,427
10020 Operating transfer Out	-87,427	-	-	-	-	-87,427		-87,427
10030 Operating Transfers from/to Primary Government	-	-	-	-	10,000	10,000		10,000
10040 Operating Transfers from/to Component Unit	-	-	-	-10,000	-	-10,000		-10,000
10100 Total Other financing Sources (Uses)	-	-	-	-10,000	10,000	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-37,962	-62,837	1,118	7,891	6,058	-85,732	-	-85,732
11020 Required Annual Debt Principal Payments	-	15,920	-	-	-	15,920		15,920
11030 Beginning Equity	316,928	-186,620	-85,385	325,285	599,200	969,408		969,408
11170 Administrative Fee Equity	-	-	-92,159	-	-	-92,159		-92,159
11180 Housing Assistance Payments Equity	-	-	7,892	-	-	7,892		7,892
11190 Unit Months Available	600	336	3,180	72	-	4,188		4,188
11210 Number of Unit Months Leased	589	328	1,988	71	-	2,976		2,976

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HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

FEDERAL GRANTOR/ Program/Title	**Federal CFDA Number**	**Federal Expenditures**	**Loan Balance**
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Public and Indian Housing	14.850	$ 98,203	$ 0
Public Housing Capital Fund	14.872	87,427	0
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871	723,474	0
Total Housing Voucher Cluster		723,474	0
Total Direct Programs		909,104	0
Pass-Through Programs:			
<u>Passed Through Harrison County</u>			
HOME Investment Partnerships Program	14.239	40,965	0
Total Passed through Harrison County		40,965	0
Total Pass Through Programs		40,965	0
Total U.S. Department of Housing and Urban Development		950,069	0
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Rural Rental Housing Loans	10.415	65,141	596,384
Total Direct Programs		65,141	596,384
Total U.S. Department of Agriculture		65,141	596,384
Total Expenditures of Federal Awards		$ 1,015,210	$ 596,384

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

NOTE 1: **PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Harrison Metropolitan Housing Authority under programs of the federal government for the year ended March 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Harrison Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Harrison Metropolitan Housing Authority.

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

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

NOTE 3: **INDIRECT COST RATE**

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

NOTE 4: **COMPONENT UNIT**

There were no federal expenditures for the component unit, Enterprise Housing Property Preservation, L.L.C.

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

To the Members of the Board
Harrison Metropolitan Housing Authority
Cadiz, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 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 September 16, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

September 16, 2020

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

To the Members of the Board
Harrison Metropolitan Housing Authority
Cadiz, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Harrison Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 2020. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Harrison Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2020.

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

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

September 16, 2020

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2020

1. SUMMARY OF AUDITOR'S RESULTS

2020(i)	Type of Financial Statement Opinion	Unmodified
2020(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2020(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2020(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2020(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2020(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2020(v)	Type of Major Programs' Compliance Opinion	Unmodified
2020(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2020(vii)	Major Programs (list): Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871	
2020(viii)	Dollar Threshold: Type A\B Programs	Type A: $750,000 Type B: All Others
2020(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

The audit report for the prior year ended March 31, 2019, contained no findings or citations.

OHIO AUDITOR OF STATE
KEITH FABER

HARRISON COUNTY METROPOLITAN HOUSING AUTHORITY

HARRISON 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 12/8/2020

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