ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY
DECEMBER 31, 2019

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Zanesville Metropolitan Housing Authority
Muskingum County
407 Pershing Road
Zanesville, Ohio 43701

To the Board of Directors:

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 Zanesville Metropolitan Housing Authority, Muskingum County, Ohio (the Authority), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of Coopermill Manor, LP, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the report of other auditors, 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 Zanesville Metropolitan Housing Authority, Muskingum County, Ohio, as of December 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-employment Benefit Liabilities and Pension and Other Post-employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Financial Data Schedules present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

August 5, 2020

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The following discussion and analysis of the Zanesville Metropolitan Housing Authority (the Authority) is to provide an introduction to the basic financial statements for the period ended December 31, 2019, with selected comparative information for the period ended December 31, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflow of resources of the Authority exceeded its liabilities and deferred inflow of resources at December 31, 2019 by $11,218,689 (net position). Of this amount, $4,370,030 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.

- Net position increased by $321,529 and unrestricted net position increased $112,490.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets, except land, are depreciated over their useful lives. See notes to the financial statements for a summary of the Authority's significant accounting policies and practices.

AUTHORITY ACTIVITY HIGHLIGHTS

The following are the various programs that the Authority operates. These programs are included in the single enterprise fund:

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

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

Housing Choice Voucher Program (Section 8)
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 the Program, independent landlords rent units to eligible low-income families and the Authority provides a Housing Assistance Payment to the landlord to make the rental affordable.

HUD provides funding through an Annual Contributions Contract to enable the Authority to structure a lease that sets the participants' rents at about 30 percent of household income.

Resident Opportunity and Supportive Services, and PIH Family Self-Sufficiency Programs
A grant funded by the Department of Housing and Urban Development that is intended to enable public housing residents and Section 8 Program participants to move toward self-sufficiency and economic independence, and from welfare to work.

WIA Youth Activities
The Authority administers a contract with Muskingum County Department of Job and Family Services to provide a Youth Employment Service Program to Muskingum County youths.

Business Activity
The Business Activity Fund was set-up to separate the HUD funded program from non-HUD activities. This fund is mainly used to account for the rental income received from the daycare facility known as Carey Street Day Care Center and the expenses of the maintenance and utilities of the building, and repayment of the construction loan.

Component Unit
The Coopermill Manor Limited Partnership is an Ohio Limited Partnership created by the Authority under HUD's Rental Assistance Demonstration Program for the purpose of providing low income housing. The 324 units of what was formerly the Authority's Public Housing AMP 1 have been converted to Project Based Rental Assistance units (PBRA) under the oversight of HUD's Office of Multifamily Housing and transferred to Coopermill Manor LP. Coopermill Manor LP owns the units and the Zanesville Metropolitan Housing Authority manages the units.

FINANCIAL POSITION

The statement of net position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net position is the difference between total assets and deferred outflows of resources, and total liabilities and total inflows of resources, and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison at December 31, 2019 and 2018:

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

	2019	2018
Assets and Deferred Outflows of Resources		
Assets		
Current Assets	$ 8,320,133	$ 7,357,448
Capital Assets	7,061,323	6,947,816
Other Non-Current Assets	370,633	777,029
Deferred Outflows of Resources	975,101	512,297
Total Assets and Deferred Outflows of Resources	$ 16,727,190	$ 15,594,590
Liabilities, Deferred Inflows of Resources, and Net Posiiton		
Liabilities		
Current Liabilites	$ 340,129	$ 396,863
Long-Term Liabilities	4,955,841	3,607,946
Total Liabilities	5,295,970	4,004,809
Deferred Inflows of Resources	212,531	692,621
Net Position		
Net Investment in Capital Assets	6,700,656	6,569,334
Restricted Net Position	148,003	70,286
Unrestricted Net Position	4,370,030	4,257,540
Total Net Position	11,218,689	10,897,160
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 16,727,190	$ 15,594,590

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

Current assets increased impressively, by more than $960,000 (more than 13 percent). Collection on a note receivable and on another receivable balance made up about half of that increase in current assets, and so a corresponding decrease is notable in other non-current assets. Another contributing factor for the increase in current assets was a receipt of interest income, some of it attributable to a recalculation done by the bank of interest due to ZMHA for past periods. The remainder of the increase in current assets is a reflection of favorable operating results in the period.

Other notable changes were to deferred outflow of resources, deferred inflow of resources, and non-current liabilities, all primarily 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 ZMHA 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 ZMHA are required by state law to be members of OPERS and ZMHA is required to make retirement contributions to OPERS for all of its employees. The Net Pension and OPEB Liability are unlike other liabilities ZMHA has in that these liabilities do not represent invoices to be paid by ZMHA but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its pension and health care obligations. Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law. In Ohio there is no legal means to enforce the unfunded liability of the pension/OPEB plan against a public employer like ZMHA. Reporting of the balances has a tremendous effect on unrestricted net position. Unrestricted net position at December 31, 2019 was $4.4 million but is $3.4 million less than what it would be without balances reported in accordance with GASB 68 and GASB 75.

Statement of Revenues, Expenses, and Changes in Net Position

The following is a summary of the results of operations of the Authority for the fiscal years ended December 31, 2019 and 2018.

	2019	2018
Revenues		
Tenant	$ 929,632	$ 911,934
Subsidies	6,091,495	5,806,948
Capital Grants	569,205	74,220
Interest	249,504	23,122
Other	529,575	396,273
Total Revenues	8,369,411	7,212,497
Expenses		
Administrative	1,412,592	1,421,527
Tenant Services	278,716	295,020
Utilities	196,145	215,295
Maintenance	1,485,606	1,164,927
Insurance and General	391,794	263,737
HAP	3,651,240	3,624,667
Depreciation	631,789	622,534
Total Expenses	8,047,882	7,607,707
Change in Net Position	321,529	(395,210)
Beginning Net Position	10,897,160	11,292,370
Ending Net Position	$ 11,218,689	$ 10,897,160

For more detail information see Statement of Revenues, Expenses, and Changes in Net Position presented elsewhere in this report.

Overall revenues increased more than $1.1 million (or 16 percent). While tenant revenues were similar to the prior year, all other income lines reflected increases. Increases in funding from HUD for the Public Housing and Capital Fund programs are the primary reason for the increase in subsidies revenue and capital grant revenue. The increase in Public Housing funding is just a normal fluctuation in the result of the formula HUD uses to determine the level of funding to be provided each year. And the increase in Capital Fund Program funding is the result of a timing of when funds were spent. HUD provides funding on an annual basis via a formula but PHAs typically spend money received in any year over a 4-year period, depending on when work projects are planned and resources are in place to fund planned work projects. The funding is provided as the money is expended so this increase is a sign of more work projects moving forward in the period.

Another increase was realized from interest earnings. A part of this increase was related to a review by the financial institution in which ZMHA's funds have been on deposit over recent years. The financial institution reviews its own calculations of how much interest should have been paid and concluded ZMHA should have been paid more and subsequently corrected the mistake. And the increase in other income is primarily due to more fee for service revenue earned by ZMHA's Central Office Cost Center for service provided by discretely presented component unit Coopermill Manor.

Overall expenses increased a little more than $440,000 (about 6 percent). Almost $277,000 of the overall increase was due to the increase in pension expense from reporting of balances in accordance with GASB 68 and GASB 75. Otherwise maintenance expenses increased, in part, due to non-capital improvements funded by Capital Fund Program funds from HUD.

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal year ended December 31, 2019:

	2019
Owned by Authority	350
Units Under Vouchers	939
Units Under Shelter Plus Care	9
Total Housing Units Managed	1,298

Capital Assets

Capital assets are the largest asset reflected on the Authority's statement of net position. The following is a summary of capital assets owned by the Authority at December 31, 2019 and changes from December 31, 2018:

Table 3 - Capital Assets

	2019
Land and Land Rights	$ 1,160,622
Buildings and Improvements	27,319,218
Equipment	1,552,769
Accumulated Depreciation	(22,971,286)
Total	$ 7,061,323
Capital Assets Activity	
Capital Assets, Net at December 31, 2018	$ 6,947,816
Capital Additions in this Period	745,296
Depreciation Expense	(631,789)
Capital Assets, Net at December 31, 2019	$ 7,061,323

Debt Administration

The Authority obtained a loan in the amount of $843,000 on June 1, 2002. The proceeds were used for the Zanesville Carey Metro Childcare, Inc. building. During 2014, the Authority refinanced this loan, the refinanced amount was $460,000 on March 18, 2014 and the new monthly installment of $2,801.99, which began April 18, 2014. Changes in debt in the period is summarized as follows:

Outstanding Principal Balance as of December 31, 2018	$ 378,482
Less:	
Principal Payments made during the Year	(17,815)
Outstanding Principal Balance as of December 31, 2019	$ 360,667

Economic Factors

The economic outlook for the Zanesville Metropolitan Housing Authority continues to be uncertain. HUD continues the several year trend of paying admin fees for the Housing Choice Voucher program at prorations considerably lower than 100 percent, and paying operating subsidy for the Public Housing program at less than full eligibility. In addition, funding for the Capital Fund Program has also continued to be at levels well below fully funded. These cuts continuing over so many periods present obvious challenges to management to properly administer agency programs and adequately provide services to clients. Unfortunately, primarily due to the Federal budget situation, the forecast for significant improvement in the funding stream is not optimistic for the Public Housing industry. Locally the Authority is being impacted by negative employment factors of stagnant job growth and a sluggish economic market.

Request for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Julie Huntsman, Financial Coordinator, and Zanesville Metropolitan Housing Authority, 407 Pershing, Zanesville, Ohio 43701.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government	Component Unit
Assets and Deferred Outflows of Resources		
Assets		
Current Assets		
Cash and Cash Equivalents	$ 6,591,995	$ 180,825
Restricted Cash and Cash Equivalents	428,191	2,591,300
Investments	952,495	0
Receivables, Net of Allowance	30,627	33,150
Inventory, Net of Allowance	205,769	0
Prepaid Expenses and Other Assets	111,056	48,865
Total Current Assets	8,320,133	2,854,140
Capital Assets		
Non-Depreciable Capital Assets	1,160,622	0
Depreciable Capital Assets, Net	5,900,701	19,868,861
Total Capital Assets	7,061,323	19,868,861
Non-Current Assets		
Note Receivable	250,351	0
Other Assets	120,282	10,994,684
Total Non-Current Assets	370,633	10,994,684
Deferred Outflows of Resources		
Pension	864,571	0
OPEB	110,530	0
Total Deferred Outflows of Resources	975,101	0
Total Assets and Deferred Outflows of Resources	$ 16,727,190	$ 33,717,685
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts Payable	$ 7,996	$ 173,703
Accrued Interest Payable	0	37,329
Accrued Liabilities	174,319	0
Tenant Security Deposits	133,607	79,552
Unearned Revenue	5,006	4,076
Bonds, Notes, and Loans Payable	19,201	137,612
Total Current Liabilities	340,129	432,272
Non-Current Liabilities		
Accrued Compensated Absences - Non-Current	291,501	0
Non-Current Liabilities - Other	144,524	0
Net Pension Liability	2,786,452	0
OPEB Liability	1,391,898	0
Long-Term Debt - Notes Payable and Loans	341,466	22,878,245
Total Non-Current Liabilities	4,955,841	22,878,245
Total Liabilities	5,295,970	23,310,517
Deferred Inflows of Resources		
Pension	130,623	0
OPEB	81,908	0
Total Deferred Inflows of Resources	212,531	0
Net Position		
Net Investement in Capital Assets	6,700,656	7,847,688
Restricted Net Position	148,003	2,511,748
Unrestricted Net Position	4,370,030	47,732
Total Net Position	11,218,689	10,407,168
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 16,727,190	$ 33,717,685

See accompanying notes to the basic financial statements.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PRIMARY GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2019

Operating Revenues		
Government Grants	$	6,091,495
Tenant Revenue		929,632
Other Revenue		528,141
Total Operating Revenues		7,549,268
Operating Expenses		
Administrative		1,412,592
Tenant Services		278,716
Utilities		196,145
Maintenance		1,485,606
Insurance		138,239
General and Protective Services		236,667
Housing Assistance Payments		3,651,240
Depreciation		631,789
Total Operating Expenses		8,030,994
Operating Income (Loss)		(481,726)
Non-Operating Revenues (Expenses)		
Interest and Investment Revenue		249,504
Gain on Disposal of Assets		1,434
Interest Expense		(16,888)
Total Non-Operating Revenues (Expenses)		234,050
Income (Loss) Before Capital Grants		(247,676)
Capital Grants		569,205
Change in Net Position		321,529
Total Net Position, Beginning of Year		10,897,160
Total Net Position - End of Year	$	11,218,689

See accompanying notes to the basic financial statements.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2019

Operating Revenues	
Tenant Revenue	$ 2,516,613
Total Operating Revenues	2,516,613
Operating Expenses	
Administrative	348,618
Utilities	573,303
Maintenance	525,725
Insurance	64,521
General and Protective Services	223,813
Depreciation	750,660
Total Operating Expenses	2,486,640
Operating Income (Loss)	29,973
Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	2,353
Interest and Amortization Expense	(515,944)
Total Non-Operating Revenues (Expenses)	(513,591)
Income (Loss) Before Capital Grants	(483,618)
Capital Contributions	305,373
Change in Net Position	(178,245)
Total Net Position, Beginning of Year	10,585,413
Total Net Position - End of Year	$ 10,407,168

See accompanying notes to the basic financial statements.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF CASH FLOWS
PRIMARY GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows from Operating Activities		
Cash Received from HUD/Other Governments	$	6,153,479
Cash Received from Tenants		925,325
Cash Payments for Housing Assistance		(3,651,240)
Cash Payments for Administrative Expenses		(1,215,754)
Other Operating Expenses		(2,214,840)
Cash Received - Other		528,141
Net Cash Provided by Operating Activities		525,111
Cash Flows from Capital and Related Financing Activities		
Cash from Capital Asset Sale		1,434
Capital Grants Received		569,205
Acquisition of Capital Assets		(745,296)
Principal Payment on Debt		(17,815)
Interest Paid on Debt		(16,888)
Net Cash (Used for) Capital and Other Related Activities		(209,360)
Cash Flows from Investing Activities		
Interest and Investment Income Received		249,504
Investment Purchase		(16,911)
Note Receivable - Other Assets Receipts		396,278
Net Cash Provided from Investing Activities		628,871
Net Increase in Cash		944,622
Cash and Cash Equivalents - Beginning of Year		6,075,564
Cash and Cash Equivalents - End of Year	$	7,020,186
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Net Operating Income (Loss)	$	(481,726)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation		631,789
(Increase) Decrease in:		
Accounts Receivable		61,411
Inventory, Net of Allowance		(55,290)
Prepaid and Other Assets		2,845
Deferred Outflows of Resources		(462,804)
Increase (Decrease) in:		
Accounts Payable		(112,606)
Accrued Liabilities/Unearned Revenue		59,415
Accrued Compensated Absences and Other Non-Current		29,725
Tenant Security Deposits		(4,265)
Deferred Inflows of Resources		(480,090)
Accrued Pension and OPEB Liabilities		1,336,707
Net Cash Provided by Operating Activities	$	525,111

See accompanying notes to the basic financial statements.

NOTE 1: **REPORTING ENTITY**

Introduction

The Zanesville 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. Under the United States Housing Act of 1937, as amended, the United States Department of Housing and Urban Development (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 principles 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 that: elected officials of a primary government are financially accountable for the entity or the nature and significance of the relationship between the entity and 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, including the criteria set forth in GASB Statement No. 14 *The Financial Reporting Entity* (as amended by GASB Statement No. 61) this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the operating entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basic of 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

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

A. **Public Housing Program**

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

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

Description of Programs (Continued)

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.

D. **Special Needs Assessment and Program (SNAP)/Continuum of Care**

The program is designed to link rental assistance to supportive services for hard to serve homeless persons with disabilities.

The Authority administers contracts with independent landlords that own the property. The Authority subsidies the family's rent through a Housing Assistance Payment made to landlord. The program is administered under an Annual Contribution Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participant's rent at 30 percent of household income.

E. **Resident Opportunity and Supportive Services, and PIH Family Self-Sufficiency**

Grants funded by HUD that are intended to programs help residents work toward self-sufficiency and economic independence and move from welfare to work.

F. **Business Activity**

The Business Activity Fund was set-up to separate the HUD funded program from non-HUD activities. This fund is mainly used to account for the rental income received from the daycare facility known as Careytown Day Care Center and the expenses of the maintenance and utilities of the building, and repayment of the construction loan.

G. **Discretely Presented Component Unit**

Coopermill Manor is an Ohio Limited Partnership that was created for the purpose of providing low income housing. The 324 units have been converted to Project Based Rental Assistance units (PBRA) under the HUD's Office of Housing Multifamily. The Authority staff operates and manages the units.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the Authority follows GASB guidance as applicable to enterprise funds.

Fund Accounting

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

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

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

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments such as CDs, with initial maturities of 3 months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

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

Inventory
The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at cost and the Authority uses the first-in, first-out (FIFO) flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used.

Investments
The provisions of the HUD regulations restrict investments. Investments are valued at market value. Interest income earned in the period ending December 31, 2019 totaled $249,504.

Capital Assets
Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $5000 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Building and Improvements	10 – 40 years
Furniture, Fixtures, and Equipment	3-10 years
Vehicles	5 years

Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

Net Position
Net Position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

Income Taxes
No provision for income taxes is recorded as the Authority is a non-profit, tax exempt entity under the Internal Revenue Code.

Operating Revenues and Expenses
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.

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

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

Compensated Absences

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

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

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

Budgets and Budgetary Accounting

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

Deferred Outflows/Inflows of Resources

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

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

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

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.

Accounting and Reporting for Nonexchange Transactions
Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving or receiving equal value in return. GASB Statement No. 33 identifies four classes of nonexchange transactions as follows:

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

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

GASB Statement No. 33 establishes two distinct standards upon the kind of stipulation imposed by the provider.

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

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

Change in Accounting Principle

For fiscal year 2019, the Authority implemented the following Governmental Accounting Standards Board (GASB) Statements:

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

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporarily relief to governments and other stakeholders in light of the COVID-19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The Authority has postponed the implementation of GASB Statement No. 88.

NOTE 3: **DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the Authority into three categories:

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

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

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

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

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Authority by the financial institution or the Ohio Pooled Collateral System (OPCS).

Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure",* as of December 31, 2019, the Authority was not exposed to custodial risk as discussed below because all of the funds on deposit were covered by federal depository insurance or by collateral held by the Authority's agent. Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits.

At December 31, 2019, the carrying amount of the Authority's deposits totaled $7,972,681 and its bank balance was $7,943,646. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2019, $6,702,288 was exposed to custodial risk as discussed below, while $1,255,762 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held as specific collateral at the Federal Reserve Bank in the name of the Authority.

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value of return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk - The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority practice to limit its investments to less than 5 years.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

Credit Risk - HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority depository agreements specifically requires compliance with HUD requirement.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

A reconciliation of cash and investments as shown on the Statement of Net Position at December 31, 2019 to the deposits and investments included in this note is as follows:

Cash and Cash Equivalents	$ 6,591,995
Cash - Restricted	428,191
Investments - Unrestricted	952,495
Total	$ 7,972,681
Carrying Amount of Deposits	$ 7,972,681
Total	$ 7,972,681

Restricted Cash

The restricted cash balance of $428,191 on the financial statements represents the following:

Unspent cash advanced by HUD for HCV Housing Assistance Payments (HAP)	$ 148,003
Family Self-Sufficiency Escrows	144,524
Excess Interest Earned on HAP Funds due to HUD	2,057
Tenant Security Deposit Liability	133,607
Total Restricted Cash	$ 428,191

Discretely Presented Component Unit - Cash and cash equivalents include all cash balances with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash of $2,591,300 includes cash held with financial institutions for refunds of tenant security deposits, repairs or improvement to the buildings which extend their useful lives, funding of the working capital reserve, funds in connection with the Bonds and annual insurance payments and funds held in connection with the mortgage.

NOTE 4: **ACCOUNT RECEIVABLES**

As of December 31, 2019, due from tenants and clients was $53,292, with an allowance for doubtful accounts of $40,100. In addition, the Authority has a receivable from HUD of $10,169 and other receivables in the amount of $7,266.

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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

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

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2019 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 Authority's contractually required contributions was $218,744 for fiscal year ending December 31, 2019.

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

The net pension liability/(asset) was measured as of December 31, 2018, 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 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Pension Liabilities, Pension Assets, 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	0.010430%	0.034827%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.010174%	0.033350%	
Change in Proportionate Share	-0.000256%	-0.001477%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 2,786,452	$ (37,293)	$ 2,749,159
Pension Expense	$ 542,085	$ 11,469	$ 553,554

At December 31, 2019, 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			
Net difference between projected and actual earnings on pension plan investments	$ 378,196	$ 8,032	$ 386,228
Differences between expected and actual experience	130	0	130
Changes of assumptions	242,566	8,330	250,896
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0	8,573	8,573
Authority contributions subsequent to the measurement date	198,287	20,457	218,744
Total Deferred Outflows of Resources	$ 819,179	$ 45,392	$ 864,571
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 36,588	$ 15,231	$ 51,819
Changes in proportion and differences between Authority contributions and proportionate share of contributions	78,375	429	78,804
Total Deferred Inflows of Resources	$ 114,963	$ 15,660	$ 130,623

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

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

$218,744 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending December 31:			
2020	$ 186,930	$ 2,378	$ 189,308
2021	108,024	772	108,796
2022	35,086	943	36,029
2023	175,889	3,459	179,348
2024	0	156	156
Thereafter	0	1,567	1,567
Total	$ 505,929	$ 9,275	$ 515,204

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 was determined by an actuarial valuation as of December 31, 2018, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67:

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

Actuarial Assumptions – OPERS (Continued)

Actuarial Information	Traditional Pension Plan	Combined Plan
Measurement and Valuation Date	December 31, 2018	December 31, 2018
Experience Study	5-Year Period Ended December 31, 2015	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)	3.25% - 8.25% (includes wage inflation at 3.25%)
Cost-of-living Adjustments	Pre-1/7/2013 retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre-1/7/2013 retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

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 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 a loss of 2.94 percent for 2018.

NOTE 5: **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 2018 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	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

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	$ 4,116,400	$ 2,786,452	$ 1,681,254
Combined Plan	$ (12,340)	$ (37,293)	$ (55,361)

NOTE 6: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 remained at 0 percent for both plans. 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 2018 was 4.0 percent.

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority's contractually required contribution was $1,371 for fiscal year ending December 31, 2019.

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 were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, 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	0.011100%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.010676%
Change in Proportionate Share	-0.000424%
Proportionate Share of the Net OPEB Liability	$ 1,391,898
OPEB Expense	$ 70,492

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

		OPERS
Deferred Outflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	$	63,811
Differences between expected and actual experience		471
Changes of assumptions		44,877
Authority contributions subsequent to the measurement date		1,371
Total Deferred Outflows of Resources	$	110,530
Deferred Inflows of Resources		
Differences between expected and actual experience	$	3,777
Changes in proportion and differences between Authority contributions and proportionate share of contributions		78,131
Total Deferred Inflows of Resources	$	81,908

$1,371 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

		OPERS
Year Ending December 31:		
2020	$	(8,255)
2021		(6,673)
2022		10,035
2023		32,144
Total	$	27,251

Actuarial Assumptions - OPERS

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

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

Actuarial Assumptions – OPERS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

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

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

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

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

Actuarial Assumptions – OPERS (Continued)

During 2018, 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 a loss of 5.60 percent for 2018.

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 2018 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	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

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

Discount Rate 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 3.71 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

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 3.96 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 (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$ 1,780,757	$ 1,391,898	$ 1,082,653

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 2019 is 10.0 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 3.25 percent in the most recent valuation.

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 1,337,916	$ 1,391,898	$ 1,454,071

NOTE 7: **NON-CURRENT ASSETS**

Development Loan

On November 1, 2015, The Authority entered into a loan with Coopermill Manor LP (the Partnership) in the amount of $450,000 to fund the development of the Project (the "Development Loan"). The Development Loan bears an interest rate of 2 percent per annum. Principal and interest payments are due and payable no later than 120 days following the end of each fiscal year for any year in which there has been Cash Flow, as defined in the Partnership Agreement. Any outstanding principal and accrued but unpaid interest shall be due on its maturity date of December 31, 2055. The Development Loan is secured by the Loan Documents, as defined in the development note. As of December 31, 2019, the Development Loan had an outstanding balance of $192,716, and accrued interest receivable of $325. Due to uncertainty of future principal and interest payments on the Development loan, interest will be recognized when received.

Development and Fee Receivable

On November 1, 2015, The Authority and PIRHL Developers, LLC entered into the Development Agreement with the Coopermill Manor for services rendered in overseeing the Development of the project. The outstanding balance of the development fee to be paid to the Authority was $140,678 at December 31, 2018 and was received in the year ended December 31, 2019.

Discretely Presented Component Unit

Contingent Ground Lease

The partnership leases the land and building from the Authority under an operating lease. The lease was reflected on the accompanying balance sheet together with the note payable to the Authority in the amount of $10,700,000. Due to the uncertainty of future principal and interest payments on the note, the ground lease expense will be recorded consistent with cash payments on the Seller Loan.

Deferred Charges and Amortization

Deferred charges include tax credit fees of $294,684. Tax credit fees are amortized on a straight-line basis over the 15-year tax credit period (the "Compliance Period"). Amortization expense for the year ended December 31, 2019 was $24,483.

NOTE 8: CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Capital Assets Not Being Depreciated				
Land	$ 1,160,622	$ 0	$ 0	$ 1,160,622
Total Capital Assets Not Being Depreciated	1,160,622	0	0	1,160,622
Capital Assets Being Depreciated				
Buildings and Improvements	26,607,112	712,106	0	27,319,218
Equipment and Vehicles	1,533,399	33,190	(13,820)	1,552,769
Total Capital Assets Being Depreciated	28,140,511	745,296	(13,820)	28,871,987
Accumulated Depreciation				
Buildings and Improvements	(20,922,496)	(591,827)	0	(21,514,323)
Equipment and Vehicles	(1,430,821)	(39,962)	13,820	(1,456,963)
Total Accumulated Depreciation	(22,353,317)	(631,789)	13,820	(22,971,286)
Depreciable Assets, Net	5,787,194	113,507	0	5,900,701
Total Capital Assets, Net	$ 6,947,816	$ 113,507	$ 0	$ 7,061,323

Discretely Presented Component Unit

The following is a summary of changes in capital assets:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Capital Assets Being Depreciated				
Buildings	$ 18,733,194	$ 0	$ 0	$ 18,733,194
Furniture for Project/Tenant Use	1,893,922	0	0	1,893,922
Miscellaneous Fixed Asests	1,858,840	0	0	1,858,840
Subtotal Capital Assets Being Depreciated	22,485,956	0	0	22,485,956
Accumulated Depreciation	(1,866,435)	(750,660)	0	(2,617,095)
Total Depreciable Capital Assets, Net	$ 20,619,521	$ (750,660)	$ 0	$ 19,868,861

NOTE 9: LONG-TERM DEBT

Loan Payable - Century National Bank

The Authority has an outstanding note payable with Century National Bank of $360,667, as of December 31, 2019. The original note was for $843,000 dated June 1, 2002, to be used for construction of a daycare facility known as Careytown Day Care Center. The note was refinanced in year-end June 30, 2014, an interest rate of 4 percent fixed rate for five years with a variable rate thereafter. The loan is amortized over a 20-year period.

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

Year Ended December 31	Principal	Interest	Total
2020	$ 19,201	$ 14,423	$ 33,624
2021	20,036	13,588	33,624
2022	20,864	12,760	33,624
2023	21,726	11,898	33,624
2024	22,592	11,032	33,624
2025-2029	127,907	40,213	168,120
2030-2034	128,341	14,561	142,902
Totals	$ 360,667	$ 118,475	$ 479,142

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

	Primary Government				
	Balance at 12/31/2018	Issued	Retired	Balance at 12/31/2019	Due within One Year
Long-Term Liabilities					
Loan Payable	$ 378,482	$ 0	$ (17,815)	$ 360,667	$ 19,201
FSS Escrows	103,613	122,937	(82,026)	144,524	0
Accrued Compensated Absences	307,617	130,617	(146,733)	291,501	0
Net Pension Liability	1,636,265	1,150,187	0	2,786,452	0
OPEB Liability	1,205,378	186,520	0	1,391,898	0
	$ 3,631,355	$ 1,590,261	$ (246,574)	$ 4,975,042	$ 19,201

Discretely Presented Component Unit

Development

On November 1, 2015, the Partnership entered into a loan with Zanesville Metropolitan Housing Authority in the amount of $450,000 to fund the development of the Project (the “Development Loan”). The Development Loan bears an interest rate of 2 percent per annum. Principal and interest payments are due and payable no later than 120 days following the end of each fiscal year for any year in which there has been Cash Flow, as defined in the Partnership Agreement. Any outstanding principal and accrued but unpaid interest shall be due on its maturity date of December 31, 2055. The Development Loan is secured by the Loan Documents, as defined in the development note. As of December 31, 2019, the Development Loan had an outstanding balance of $192,716. As of December 31, 2019, accrued interest payable totaled $325. Because payments on this debt is subject to available cash flow, future payments cannot be projected.

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

Seller Loan

On November 1, 2015, the Partnership entered into a loan with Zanesville Metropolitan Housing Authority in the amount of $10,700,000 related to ZMHA's transfer of a leasehold interest in the Project (the "Seller Loan"). The Seller Loan bears an interest rate at of 5 percent per annum, compounding annually, and matures on December 31, 2055. Principal and interest payments shall be due and payable to the extent of available Cash Flow as defined in the Partnership Agreement. Upon maturity, all outstanding principal and accrued but unpaid interest shall be due and payable in full. Due to the uncertainty of future principal and interest payments on the Seller Loan, interest will be expensed when payments are made. At December 31, 2019, the principal balance is $10,700,000 and cumulative unrecorded and unpaid interest is $2,414,299. Because payments on this debt is subject to available cash flow, future payments cannot be projected.

Permanent Loan

On November 1, 2015, the Partnership entered into an FHA-insured mortgage loan with Red Mortgage in the amount of $12,030,100 to fund the construction or rehabilitation of the Project on the ground leased land (the "Permanent Loan"). The Permanent Loan bears an interest rate of 3.98 percent, per annum. Beginning December 1, 2015 through July 1, 2017, interest only payments were due and paid monthly. Beginning August 1, 2017, interest and principal payments are due and payable monthly on the 1st day of each month over the term of the Permanent Loan in the amount of $50,129. All unpaid accrued interest and principal are due payable on the maturity date of July 1, 2057. The Permanent Loan is secured by, among other things, a first mortgage, deed to secure debt or deed of trust. For the year ended December 31, 2019, interest incurred was $469,295. As of December 31, 2019, accrued interest on the Permanent Loan totaled $37,329.

HDAP Loan

On November 1, 2015, the Partnership entered into a loan with Zanesville MHA and Ohio Housing Finance Agency in the amount of $750,000 to fund the development of the Project (the "HDAP Loan"). The HDAP Loan bears an interest rate of 2 percent, per annum, compounding semi-annually, and matures on December 31, 2055. On December 6, 2018, an affiliate of the General Partner made a principal payment on the HDAP loan in the amount of $224,385. Principal and interest payments shall be due and payable to the extent of available Cash Flow as defined in the Partnership Agreement. Upon maturity, all outstanding principal and accrued but unpaid interest shall be due and payable in full. For the year ended December 31, 2019, interest incurred was $11,088. As of December 31, 2019, accrued interest on the HDAP Loan is $0.

Mortgages payable consists of the following as of December 31, 2019:

Permanent Loan	$ 11,719,264
HDAP Loan	477,175
Total Principal Balance	12,196,439
Less: Unamortized Debt Issuance Costs	(73,623)
Mortgages Payable, Net of Unamortized Debt Issuance Costs	$ 12,122,816

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

Debt issuance costs are being amortized to interest expense over the term of the mortgages. During 2019, interest expense for debt issuance costs was $1,969. Accumulated amortization as of December 31, 2019, was $613,466. For the year ended December 31, 2019, the effective interest rate of the Permanent Loan, which includes interest expense and amortization of debt issuance costs, was 4.00 percent.

Future minimum principal payment requirements on the Permanent Loan and HDAP Loan over the next five years and thereafter are as follows:

2020	$ 137,612
2021	143,190
2022	148,994
2023	155,034
2024	161,318
Thereafter	11,450,291
Total	$ 12,196,439

NOTE 10: **ECONOMIC DEPENDENCY**

Both the PHA Low Rent Public Housing Program and the Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

NOTE 11: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ending December 31, 2019, the Authority maintained comprehensive insurance coverage with private carriers for real estate property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The Authority operates a self-insurance program for health insurance, which is administered by MedBen.

The Authority is a member of HARGG, which is a risk retention group operated as a joint venture by its more than 1,000 public housing authority members. Through HARGG, the Authority carries general liability coverage, public officials' liability coverage, and commercial auto coverage.

The Authority is also a member of HAPI, which is a property insurance group operated as a joint venture by its more than 1,000 public housing authority members. Through HAPI, the Authority carries commercial property and fidelity coverage.

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

NOTE 12: GROUND LEASE AGREEMENT AND SELLER FINANCING

On November 2, 2015, the Authority entered into a loan with the Coopermill Manor Partnership in the amount of $10,700,000 related to the Authority's transfer of a leasehold interest in the Project (the "Seller Loan"). An operating lease was also reported between the parties so that the entire $10,700,000 represented a prepaid lease to the Authority. The Seller Loan bears an interest rate at of 5 percent per annum, compounding annually, and matures on December 31, 2055. Principal and interest payments shall be due and payable to the extent of available cash flow as defined in the Partnership Agreement. Upon maturity, all outstanding principal and accrued but unpaid interest shall be due and payable in full. As of December 31, 2019, the Seller Loan had an outstanding balance of $10,700,000, and the cumulative unrecorded and unpaid interest is $2,414,299. Due to the uncertainty of future principal and interest payments on the Seller Loan, the note receivable and corresponding prepaid lease are not reported on the financial statements of the Authority, and interest will be recognized when it is received. The component unit's Statement of Net Position contains the Seller Loan payable of $10,700,000, but this amount is offset by a prepaid ground lease other asset in the same amount.

NOTE 13: SUBSEQUENT EVENTS

The United States and the Sate of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will likely impact subsequent periods of Zanesville MHA. The investments of the pension and other postemployment benefit plan in which the Housing Authority participants 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, due to market volatility the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.

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

Traditional Plan	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.010174%	0.010430%	0.011355%	0.011620%	0.012276%	0.012276%
Authority's Proportionate Share of the Net Pension Liability	$ 2,786,452	$ 1,636,265	$ 2,578,527	$ 2,012,729	$ 1,480,623	$ 1,447,180
Authority's Covered Payroll	$ 1,374,129	$ 1,356,462	$ 1,335,950	$ 1,477,717	$ 1,526,892	$ 1,552,031
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.78%	120.63%	193.01%	136.21%	96.97%	93.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Combined Plan	2018	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.033350%	0.034827%	0.045827%	0.044480%	0.048646%	0.048646%
Authority's Proportionate Share of the Net Pension (Asset)	$ (37,293)	$ (47,411)	$ (25,506)	$ (21,644)	$ (18,730)	$ (5,104)
Authority's Covered Payroll	$ 142,636	$ 164,846	$ 149,525	$ 161,100	$ 167,975	$ 166,723
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	26.15%	28.76%	17.06%	13.44%	11.15%	3.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

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

See accompanying notes to the required supplementary information

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contributions										
Traditional Plan	$ 198,287	$ 192,378	$ 176,340	$ 160,314	$ 177,326	$ 183,227	$ 201,764	[2]	[2]	[2]
Combined Plan	20,457	19,969	21,430	17,943	19,332	20,157	21,674	[2]	[2]	[2]
Total Required Contributions	$ 218,744	$ 212,347	$ 197,770	$ 178,257	$ 196,658	$ 203,384	$ 223,438	$ 251,350	$ 258,747	$ 261,551
Contributions in Relation to the Contractually Required Contribution	$ (218,744)	$ (212,347)	$ (197,770)	$ (178,257)	$ (196,658)	$ (203,384)	$ (223,438)	$ (251,350)	$ (258,747)	$ (261,551)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll										
Traditional Plan	$ 1,416,336	$ 1,374,129	$ 1,356,462	$ 1,335,950	$ 1,477,717	$ 1,526,892	$ 1,552,031	[2]	[2]	[2]
Combined Plan	146,121	142,636	164,846	149,525	161,100	167,975	166,723	[2]	[2]	[2]
Total Covered Payroll	$ 1,562,457	$ 1,516,765	$ 1,521,308	$ 1,485,475	$ 1,638,817	$ 1,694,867	$ 1,718,754	$ 2,513,500	$ 2,587,470	$ 2,906,122
Pension Contributions as a Percentage of Covered Payroll										
Traditional Plan	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	9.00%
Combined Plan	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	7.95%	7.95%	9.77%

See accompanying notes to the required supplementary information

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

	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.010676%	0.011100%	0.012400%
Authority's Proportionate share of the Net OPEB Liabili	$ 1,391,898	$ 1,205,378	$ 1,252,442
Authority's Covered Payroll	$ 1,548,526	$ 1,572,929	$ 1,485,475
Authority's Proportionate share of the Net OPEB Liabili as a Percentage of its Covered Payroll	89.89%	76.63%	84.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution	$ 1,371	$ 1,270	$ 17,278	$ 29,710	$ 32,776	$ 25,423	$ 43,298	$ 98,745	$ 101,651	$ 102,764
Contributions in Relation to the Contractually Required Contribution	(1,371)	(1,270)	(17,278)	(29,710)	(32,776)	(25,423)	(43,298)	(98,745)	(101,651)	(102,764)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 1,596,739	$ 1,548,526	$ 1,572,929	$ 1,485,475 0	$ 1,638,817	$ 1,694,867	$ 1,718,754	$ 2,513,500	$ 2,587,470	$ 2,906,122
Contributions as a Percentage of Covered Payroll	0.09%	0.08%	1.10%	2.00%	2.00%	1.50%	2.50%	3.93%	3.93%	3.54%

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 2014-2019.

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%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018. 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%.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	17.259 WIA Youth Activities	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	1,580,519	-	19,388	-	151,615	180,825	3,626,804	1,213,669	6,772,820	-	6,772,820
113 Cash - Other Restricted	6,403	-	-	-	286,124	2,511,748	-	-	2,804,275	-	2,804,275
114 Cash - Tenant Security Deposits	133,607	-	-	-	-	79,552	-	-	213,159	-	213,159
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	2,057	-	-	-	2,057	-	2,057
100 Total Cash	1,720,529	-	19,388	-	439,796	2,772,125	3,626,804	1,213,669	9,792,311	-	9,792,311
122 Accounts Receivable - HUD Other Projects	-	9,012	-	647	-	-	-	510	10,169	-	10,169
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	-	6,794	472	7,266	-	7,266
126 Accounts Receivable - Tenants	13,991	-	-	-	-	33,150	-	-	47,141	-	47,141
126.1 Allowance for Doubtful Accounts -Tenants	-7,000	-	-	-	-	-	-	-	-7,000	-	-7,000
127 Notes, Loans, & Mortgages Receivable - Current	534	-	-	-	-	-	-	-	534	-	534
128 Fraud Recovery	-	-	-	-	38,767	-	-	-	38,767	-	38,767
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-33,100	-	-	-	-33,100	-	-33,100
120 Total Receivables, Net of Allowances for Doubtful Accounts	7,525	9,012	-	647	5,667	33,150	6,794	982	63,777	-	63,777
131 Investments - Unrestricted	514,733	-	-	-	-	-	437,762	-	952,495	-	952,495
142 Prepaid Expenses and Other Assets	85,882	-	-	-	8,645	48,865	1,891	14,638	159,921	-	159,921
143 Inventories	-	-	-	-	-	-	-	227,269	227,269	-	227,269
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-21,500	-21,500	-	-21,500
150 Total Current Assets	2,328,669	9,012	19,388	647	454,108	2,854,140	4,073,251	1,435,058	11,174,273	-	11,174,273
161 Land	1,024,522	-	-	-	-	-	116,100	20,000	1,160,622	-	1,160,622
162 Buildings	19,087,327	-	-	-	-	20,592,034	3,869,084	1,041,408	44,589,853	-	44,589,853
163 Furniture, Equipment & Machinery - Dwellings	226,200	-	-	-	-	1,893,922	-	211,222	2,331,344	-	2,331,344
164 Furniture, Equipment & Machinery - Administration	102,493	-	-	-	630	-	323,116	689,108	1,115,347	-	1,115,347
165 Leasehold Improvements	2,985,159	-	-	-	-	-	323,790	12,450	3,321,399	-	3,321,399
166 Accumulated Depreciation	-18,221,266	-	-	-	-630	-2,617,095	-3,264,420	-1,484,970	-25,588,381	-	-25,588,381
160 Total Capital Assets, Net of Accumulated Depreciation	5,204,435	-	-	-	-	19,868,861	1,367,670	489,218	26,930,184	-	26,930,184
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	250,351	-	250,351	-	250,351
174 Other Assets	5,221	-	-	-	5,221	10,994,684	5,221	104,619	11,114,966	-	11,114,966
180 Total Non-Current Assets	5,209,656	-	-	-	5,221	30,863,545	1,623,242	593,837	38,295,501	-	38,295,501
200 Deferred Outflow of Resources	136,514	-	-	-	136,514	-	136,514	565,559	975,101	-	975,101
290 Total Assets and Deferred Outflow of Resources	7,674,839	9,012	19,388	647	595,843	33,717,685	5,833,007	2,594,454	50,444,875	-	50,444,875
312 Accounts Payable <= 90 Days	1,465	-	-	37	2,697	173,703	192	1,548	179,642	-	179,642
321 Accrued Wage/Payroll Taxes Payable	13,947	9,012	1,829	610	7,220	-	-	91,942	124,560	-	124,560
325 Accrued Interest Payable	-	-	-	-	-	37,329	-	-	37,329	-	37,329
331 Accounts Payable - HUD PHA Programs	-	-	-	-	2,057	-	-	-	2,057	-	2,057
341 Tenant Security Deposits	133,607	-	-	-	-	79,552	-	-	213,159	-	213,159
342 Unearned Revenue	5,006	-	-	-	-	4,076	-	-	9,082	-	9,082
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	137,612	19,201	-	156,813	-	156,813
345 Other Current Liabilities	8,351	-	-	-	-	-	19,007	-	27,358	-	27,358
346 Accrued Liabilities - Other	15,726	-	-	-	-	-	6,675	-	22,401	-	22,401
310 Total Current Liabilities	178,102	9,012	1,829	647	11,974	432,272	45,075	93,490	772,401	-	772,401

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	17.259 WIA Youth Activities	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	COCC	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	22,878,245	341,466	-	23,219,711	-	23,219,711
353 Non-current Liabilities - Other	6,403	-	-	-	138,121	-	-	-	144,524	-	144,524
354 Accrued Compensated Absences - Non Current	33,526	-	-	-	49,840	-	83,807	124,328	291,501	-	291,501
357 Accrued Pension and OPEB Liabilities	584,969	-	-	-	584,969	-	584,969	2,423,443	4,178,350	-	4,178,350
350 Total Non-Current Liabilities	624,898	-	-	-	772,930	22,878,245	1,010,242	2,547,771	27,834,086	-	27,834,086
300 Total Liabilities	803,000	9,012	1,829	647	784,904	23,310,517	1,055,317	2,641,261	28,606,487	-	28,606,487
400 Deferred Inflow of Resources	29,754	-	-	-	29,754	-	29,754	123,269	212,531	-	212,531
508.4 Net Investment in Capital Assets	5,204,435	-	-	-	-	7,847,688	1,007,003	489,218	14,548,344	-	14,548,344
511.4 Restricted Net Position	-	-	-	-	148,003	2,511,748	-	-	2,659,751	-	2,659,751
512.4 Unrestricted Net Position	1,637,650	-	17,559	-	-366,818	47,732	3,740,933	-659,294	4,417,762	-	4,417,762
513 Total Equity - Net Assets / Position	6,842,085	-	17,559	-	-218,815	10,407,168	4,747,936	-170,076	21,625,857	-	21,625,857
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	7,674,839	9,012	19,388	647	595,843	33,717,685	5,833,007	2,594,454	50,444,875	-	50,444,875

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	17.259 WIA Youth Activities	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	906,887	-	-	-	-	2,508,584	-	-	3,415,471	-	3,415,471
70400 Tenant Revenue - Other	22,745	-	-	-	-	8,029	-	-	30,774	-	30,774
70500 Total Tenant Revenue	929,632	-	-	-	-	2,516,613	-	-	3,446,245	-	3,446,245
70600 HUD PHA Operating Grants	1,607,486	210,929	-	60,963	4,153,085	-	-	-	6,032,463	-	6,032,463
70610 Capital Grants	569,205	-	-	-	-	-	-	-	569,205	-	569,205
70710 Management Fee	-	-	-	-	-	-	-	414,145	414,145	-414,145	-
70720 Asset Management Fee	-	-	-	-	-	-	-	42,000	42,000	-42,000	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	107,183	107,183	-107,183	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	914,776	914,776	-914,776	-
70750 Other Fees	-	-	-	-	-	-	-	244,575	244,575	-	244,575
70700 Total Fee Revenue	-	-	-	-	-	-	-	1,722,679	1,722,679	-1,478,104	244,575
70800 Other Government Grants	-	-	59,032	-	-	-	-	-	59,032	-	59,032
71100 Investment Income - Unrestricted	36,245	-	-	-	6,607	2,353	206,652	-	251,857	-	251,857
71400 Fraud Recovery	-	-	-	-	17,032	-	-	-	17,032	-	17,032
71500 Other Revenue	36,736	-	-	-	45,979	305,373	154,648	29,171	571,907	-	571,907
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	1,434	-	-	-	1,434	-	1,434
70000 Total Revenue	3,179,304	210,929	59,032	60,963	4,224,137	2,824,339	361,300	1,751,850	12,671,854	-1,478,104	11,193,750
91100 Administrative Salaries	139,800	-	29,960	-	74,381	89,388	-	344,893	678,422	-	678,422
91200 Auditing Fees	3,803	-	-	-	3,024	35,412	-	4,165	46,404	-	46,404
91300 Management Fee	292,369	-	-	-	121,776	149,676	-	-	563,821	-414,145	149,676
91310 Book-keeping Fee	31,073	-	-	-	76,110	-	-	-	107,183	-107,183	-
91400 Advertising and Marketing	-	-	-	-	-	1,954	-	-	1,954	-	1,954
91500 Employee Benefit contributions - Administrative	158,120	-	16,083	-	115,161	37,156	-	278,912	605,432	-	605,432
91600 Office Expenses	64,881	-	-	-	42,112	24,318	-	18,079	149,390	-	149,390
91700 Legal Expense	3,792	-	-	-	-	10,640	300	1,701	16,433	-	16,433
91800 Travel	14,369	-	-	-	1,371	74	-	17,856	33,670	-	33,670
91900 Other	5,184	-	2,826	-	54,880	-	15,630	1,309	79,829	-	79,829
91000 Total Operating - Administrative	713,391	-	48,869	-	488,815	348,618	15,930	666,915	2,282,538	-521,328	1,761,210
92000 Asset Management Fee	42,000	-	-	-	-	-	-	-	42,000	-42,000	-
92100 Tenant Services - Salaries	-	146,597	-	37,408	-	-	-	-	184,005	-	184,005
92300 Employee Benefit Contributions - Tenant Services	-	64,332	-	16,892	-	-	-	-	81,224	-	81,224
92400 Tenant Services - Other	6,223	-	-	6,663	-	-	601	-	13,487	-	13,487
92500 Total Tenant Services	6,223	210,929	-	60,963	-	-	601	-	278,716	-	278,716
93100 Water	17,214	-	-	-	1,451	127,740	443	1,048	147,896	-	147,896
93200 Electricity	112,038	-	-	-	1,376	134,842	1,986	9,343	259,585	-	259,585
93300 Gas	8,243	-	-	-	263	129,043	1,355	11,989	150,893	-	150,893
93600 Sewer	24,539	-	-	-	1,675	181,678	624	2,558	211,074	-	211,074
93000 Total Utilities	162,034	-	-	-	4,765	573,303	4,408	24,938	769,448	-	769,448
94100 Ordinary Maintenance and Operations - Labor	-	-	-	-	-	273,421	-	517,498	790,919	-	790,919
94200 Ordinary Maintenance and Operations - Materials and Other	92,723	-	-	-	-	89,122	4,247	21,193	207,285	-	207,285
94300 Ordinary Maintenance and Operations Contracts	919,184	-	-	-	-	49,528	17,512	9,910	996,134	-914,776	81,358
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	113,654	-	418,496	532,150	-	532,150
94000 Total Maintenance	1,011,907	-	-	-	-	525,725	21,759	967,097	2,526,488	-914,776	1,611,712

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	17.259 WIA Youth Activities	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	COCC	Subtotal	ELIM	Total
95100 Protective Services - Labor	37,244	-	-	-	-	-	-	-	37,244	-	37,244
95200 Protective Services - Other Contract Costs	1,305	-	-	-	-	34,565	264	66	36,200	-	36,200
95500 Employee Benefit Contributions - Protective Services	27,308	-	-	-	-	-	-	-	27,308	-	27,308
95000 Total Protective Services	65,857	-	-	-	-	34,565	264	66	100,752	-	100,752
96110 Property Insurance	62,366	-	-	-	4,494	62,424	2,951	7,136	139,371	-	139,371
96120 Liability Insurance	29,134	-	-	-	7,608	-	-	221	36,963	-	36,963
96130 Workmen's Compensation	2,931	-	-	-	877	2,097	-	6,797	12,702	-	12,702
96140 All Other Insurance	7,543	-	-	-	-	-	-	6,181	13,724	-	13,724
96100 Total insurance Premiums	101,974	-	-	-	12,979	64,521	2,951	20,335	202,760	-	202,760
96200 Other General Expenses	12,033	-	-	-	769	162,447	124,955	3,599	303,803	-	303,803
96210 Compensated Absences	4,958	-	-	-	-	-	-	-	4,958	-	4,958
96400 Bad debt - Tenant Rents	24,166	-	-	-	-	26,801	-	-	50,967	-	50,967
96000 Total Other General Expenses	41,157	-	-	-	769	189,248	124,955	3,599	359,728	-	359,728
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	491,461	16,888	-	508,349	-	508,349
96730 Amortization of Bond Issue Costs	-	-	-	-	-	24,483	-	-	24,483	-	24,483
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	515,944	16,888	-	532,832	-	532,832
96900 Total Operating Expenses	2,144,543	210,929	48,869	60,963	507,328	2,251,924	187,756	1,682,950	7,095,262	-1,478,104	5,617,158
97000 Excess of Operating Revenue over Operating Expenses	1,034,761	-	10,163	-	3,716,809	572,415	173,544	68,900	5,576,592	-	5,576,592
97100 Extraordinary Maintenance	399,619	-	-	-	-	-	-	-	399,619	-	399,619
97300 Housing Assistance Payments	-	-	-	-	3,642,280	-	-	-	3,642,280	-	3,642,280
97350 HAP Portability-In	-	-	-	-	8,960	-	-	-	8,960	-	8,960
97400 Depreciation Expense	502,530	-	-	-	-	750,660	90,976	38,283	1,382,449	-	1,382,449
90000 Total Expenses	3,046,692	210,929	48,869	60,963	4,158,568	3,002,584	278,732	1,721,233	12,528,570	-1,478,104	11,050,466
10010 Operating Transfer In	207,955	-	-	-	-	-	-	-	207,955	-207,955	-
10020 Operating transfer Out	-207,955	-	-	-	-	-	-	-	-207,955	207,955	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	132,612	-	10,163	-	65,569	-178,245	82,568	30,617	143,284	-	143,284
11020 Required Annual Debt Principal Payments	-	-	-	-	-	130,308	18,479	-	148,787	-	148,787
11030 Beginning Equity	6,709,473	-	7,396	-	-284,384	10,585,413	4,665,368	-200,693	21,482,573	-	21,482,573
11170 Administrative Fee Equity	-	-	-	-	-366,818	-	-	-	-366,818	-	-366,818
11180 Housing Assistance Payments Equity	-	-	-	-	148,003	-	-	-	148,003	-	148,003
11190 Unit Months Available	4,200	-	-	-	11,268	3,888	-	-	19,356	-	19,356
11210 Number of Unit Months Leased	4,143	-	-	-	10,148	3,746	-	-	18,037	-	18,037
11270 Excess Cash	1,824,493	-	-	-	-	-	-	-	1,824,493	-	1,824,493
11620 Building Purchases	569,205	-	-	-	-	-	-	-	569,205	-	569,205

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/ *Pass-Through Grantor/* Program Title	**Federal CFDA Number**	**Expenditures**
U.S. Department of Housing and Urban Development		
Direct Programs		
Public and Indian Housing	14.850	$ 942,077
Resident Opportunity and Support Services - Service Coordinators	14.870	60,963
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	4,153,085
Total Housing Voucher Cluster		4,153,085
Public Housing Capital Fund	14.872	1,234,614
PIH Family Self-Sufficiency	14.896	210,929
Total U.S. Department of Housing and Urban Development		6,601,668
U.S. Department of Labor		
Direct Programs		
WIA Cluster:		
WIA Youth Activities	17.259	59,032
Total WIA Cluster		59,032
Total U.S. Department of Labor		59,032
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 6,660,700

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

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Zanesville Metropolitan Housing Authority under programs of the Federal government for the year ended December 31, 2019. 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 Zanesville Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Zanesville Metropolitan Housing Authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

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

OHIO AUDITOR OF STATE
KEITH FABER

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

Zanesville Metropolitan Housing Authority
Muskingum County
407 Pershing Road
Zanesville, Ohio 43701

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities and the discretely presented component unit of Zanesville Metropolitan Housing Authority, Muskingum County, Ohio, (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 5, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. Our report refers to other auditors who audited the financial statements of the discretely presented component unit as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

August 5, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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

Zanesville Metropolitan Housing Authority
Muskingum County
407 Pershing Road
Zanesville, Ohio 43701

To the Board of Directors:

Report on Compliance for each Major Federal Program

We have audited the Zanesville Metropolitan Housing Authority, Muskingum County, Ohio (the Authority), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Authority's major federal programs for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Authority's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on each Major Federal Program

In our opinion, the Zanesville Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

August 5, 2020

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):** • Public Housing Capital Fund, CFDA # 14.872 • Housing Voucher Cluster, CFDA #14.871	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE
KEITH FABER

ZANESVILLE METROPOLITAN HOUSING AUTHORITY

MUSKINGUM 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 8/18/2020

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