ATHENS METROPOLITAN HOUSING AUTHORITY
ATHENS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Directors
Athens Metropolitan Housing Authority
10 Hope Drive
Athens, OH 45701

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 25, 2021

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ATHENS METROPOLITAN HOUSING AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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# INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Athens Metropolitan Housing Authority

I have audited the accompanying financial statements of the Athens Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to support my audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Athens Metropolitan Housing Authority, Athens County as of December 31, 2019, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As disclosed in Note 11 to the financial statements, during fiscal year 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. I did not modify my opinion regarding this matter.

## Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedule of net pension and other post-employment benefits liabilities and pension and other post-employment benefit contributions listed in the table of contents, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The financial data schedule (FDS) is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditure of Federal Awards and the financial data schedule ("FDS") are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated December 28, 2020, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Salvatore Consiglio

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

Unaudited

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

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

## FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by $283,317 or 10.18% during 2019, resulting from changes in operations. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position.
- Revenues decreased by $199,589 or 3.34% during 2019.
- The total expenses of all Authority's programs decreased by $125,697 or 2.03%.

**Authority Financial statements**

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

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

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

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

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

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Position Invested in Capital Assets", or "Restricted Net Position".

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

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

**Fund Financial Statements**

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

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

## The Authority's Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contribution Contract with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income. The Authority earns administrative fees to cover the cost of administering the program.

Shelter Plus Care - AMHA has an ongoing collaboration effort with the Athens Country Continuum of Care working group which in 1999 the PHA was successful in receiving grant funding for the Athens County Dual Diagnosis Housing Initiative Shelter Plus Care project which is now completed and up and running. The grant provided 10 years of subsidized rent for 5 units of housing for dually diagnosed persons with mental illness and substance abuse.

State/Local – State/Local represents Authority owned housing properties that are not subsidized by HUD. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

## AUTHORITY STATEMENTS

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

| | 2019 | 2018 |
|---|---|---|
| Current and Other Assets | $ 412,684 | $ 294,096 |
| Noncurrent Assets | 7,337,073 | 7,424,646 |
| Deferred Outflows of Resources | 198,386 | 167,030 |
| Total Assets and Deferred Outflows of Resources | $ 7,948,143 | $ 7,885,772 |
| | | |
| Current Liabilities | $ 462,290 | $ 711,908 |
| Non-current Liabilities | 4,914,177 | 4,217,656 |
| Total Liabilities | 5,376,467 | 4,929,564 |
| | | |
| Deferred Inflows of Resources | 73,182 | 174,396 |
| | | |
| Net Position | | |
| Investment in Capital Assets | 3,389,319 | 3,651,423 |
| Restricted Net Position | 91,859 | 121,759 |
| Unrestricted Net Position | (982,684) | (991,370) |
| Total Net Position | 2,498,495 | 2,781,812 |
| Total Liabilities, Deferred Inflows and Net Position | $ 7,948,143 | $ 7,885,772 |

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

During 2019, current and other assets increased by $118,588, and current liabilities decreased by $249,618. The change in current assets was mainly due to increase in cash. The increase in current liability id due to increase in current portion of long-term debt.

Long Term Liabilities increased by $446,903 in 2019. This change is new debt incurred during the year.

Capital assets also changed, decreasing from $7,424,646 to $7,337,073. The $87,573 decrease is contributed primarily to a combination of total acquisitions of $349,340 less current year depreciation of $436,914.

The following table presents details on the change in Unrestricted Net Position.

| | **Unrestricted** | **Restricted** | **Investment in Capital Assets** |
|---|---|---|---|
| Beginning Balance - December 31, 2018 | ($991,370) | $121,759 | $3,651,423 |
| Results of Operation | (253,419) | (29,899) | 0 |
| Adjustments: | | | |
| Current Year Depreciation Expense (1) | 436,914 | 0 | (436,914) |
| Capital Expenditure (2) | (349,340) | 0 | 349,340 |
| Loan Proceeds | 913,269 | 0 | (913,269) |
| Retirement of Debt | (738,738) | 0 | 738,738 |
| Rounding Adjustment | 0 | (1) | 1 |
| Ending Balance - December 31, 2019 | ($982,684) | $91,859 | $3,389,319 |

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

(2) Capital expenditures represent an outflow of unrestricted net position but are not treated as an expense against Results of Operations, and therefore must be deducted.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer presentation of financial position.

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

Unaudited

| | 2019 | 2018 |
|---|---|---|
| **Revenues** | | |
| Total Tenant Revenues | $ 670,294 | $ 663,738 |
| Operating Subsidies | 4,904,644 | 4,996,415 |
| Capital Grants | 0 | 40,841 |
| Investment Income | 1,741 | 859 |
| Other Revenues | 206,154 | 280,569 |
| **Total Revenues** | **5,782,833** | **5,982,422** |
| **Expenses** | | |
| Administrative | 727,037 | 758,730 |
| Tenant Services | 41,494 | 41,494 |
| Utilities | 227,732 | 277,423 |
| Maintenance | 407,987 | 510,949 |
| General, Insurance and Interest Expenses | 203,607 | 188,900 |
| Housing Assistance Payments | 4,021,380 | 3,880,578 |
| Depreciation | 436,914 | 399,067 |
| Extraordinary Expenditure | 0 | 134,706 |
| **Total Expenses** | **6,066,151** | **6,191,847** |
| Net Increases (Decreases) | (283,318) | (209,425) |
| Beginning Net Position | 2,781,812 | 2,991,237 |
| **Total Net Position - Ending** | **$ 2,498,494** | **$ 2,781,812** |

## MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITIONS

Total revenue decreased by $199,589. This decrease was mainly due to grant funds received from HUD and revenue recognized for the forgiveness of debt.

Total expenses decreased by $125,696 during the year. The decreases in expense were due to change in GASB 68 and 75 liability and extraordinary expenses incurred in prior year.

## CAPITAL ASSETS

### Capital Assets

As of year-end, the Authority had $7,337,073 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $87,573 from the end of last year.

| | 2019 | 2018 |
|---|---|---|
| Land and Land Rights | $ 1,318,043 | $ 1,292,978 |
| Buildings | 12,078,275 | 11,408,695 |
| Equipment | 589,223 | 589,223 |
| Land Improvement | 86,685 | 86,685 |
| Construction in Progress | - | 345,305 |
| Accumulated Depreciation | (6,735,153) | (6,298,240) |
| Total | $ 7,337,073 | $ 7,424,646 |

The following reconciliation identifies the change in Capital Assets.

| | |
|---|---|
| Beginning Balance - December 31, 2018 | $ 7,424,646 |
| Current year Additions | 349,340 |
| Current year Depreciation Expense | (436,914) |
| Rounding Adjustment | 1 |
| Ending Balance - December 31, 2019 | $ 7,337,073 |

| | |
|---|---|
| Current year Additions are summarized as follows: | |
| - Land | $ 25,064 |
| - Building | 154,827 |
| - Site Improvements | 169,449 |
| Total Additions | $ 349,340 |

### Debt Outstanding

As of year-end, the Authority has $3,947,754 in debt (mortgages) outstanding compared to $3,773,223 from last year.

Unaudited

| | | |
|---|---|---|
| Beginning Balance - December 31, 2018 | $ | 3,773,223 |
| Current Year New Debt Issued | | 913,269 |
| Current Year Debt Retired | | (738,738) |
| Ending Balance - December 31, 2019 | $ | 3,947,754 |

## ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Unknown financial and operational impacts as well as impacts to federal programs because of the COVID-19 pandemic

## FINANCIAL CONTACT

The individual to be contacted regarding this report is Jodi Rickard, Finance Director of the Athens Metropolitan Housing Authority, at (740) 592-4481 ext. 17, or email at jkr@athensmha.org. Specific requests may be submitted to Athens Metropolitan Housing Authority, 10 Hope Drive, Athens, OH 45701.

ATHENS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2019

| | |
|---|---|
| ***ASSETS*** | |
| **Current assets** | |
| Cash and cash equivalents | $104,530 |
| Restricted cash and cash equivalent | 174,048 |
| Receivables, net | 81,849 |
| Prepaid expenses and other assets | 52,257 |
| **Total current assets** | **412,684** |
| **Noncurrent assets** | |
| Capital assets: | |
| Land | 1,318,043 |
| Building and equipment | 12,754,183 |
| Less accumulated depreciation | (6,735,153) |
| ***Total capital assets*** | 7,337,073 |
| ***Total noncurrent assets*** | ***7,337,073*** |
| **Deferred Outflows of Resources** | |
| Pension | 123,730 |
| OPEB | 74,656 |
| **Total Deferred Outflows of Resources** | **198,386** |
| **Total Assets and Deferred Outflows of Resources** | **$7,948,143** |
| ***LIABILITIES*** | |
| **Current liabilities** | |
| Accounts payable | $42,765 |
| Accrued liabilities | 61,432 |
| Tenant security deposits | 46,855 |
| Unearned Revenue | 960 |
| Notes and loans payable | 310,278 |
| ***Total current liabilities*** | ***$462,290*** |

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

# ATHENS METROPOLITAN HOUSING AUTHORITY
## STATEMENT OF NET POSITION
## (Continued)
## DECEMBER 31, 2019

| | |
|---|---|
| **Noncurrent liabilities** | |
| Notes and loans payable | $3,637,476 |
| Accrued compensated absences non-current | 45,196 |
| Net pension liability payable | 724,610 |
| Net OPEB liability payable | 471,562 |
| Noncurrent liabilities - other | 35,333 |
| ***Total noncurrent liabilities*** | ***4,914,177*** |
| **Total Liabilities** | **$5,376,467** |
| | |
| **Deferred Inflows of Resources** | |
| Pension | $4,155 |
| OPEB | 69,027 |
| ***Total Deferred Inflows of Resources*** | **$73,182** |
| | |
| ***NET POSITION*** | |
| Net investment in capital assets | $3,389,319 |
| Restricted net position | 91,859 |
| Unrestricted net position | (982,684) |
| **Total Net Position** | **$2,498,494** |

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

# ATHENS METROPOLITAN HOUSING AUTHORITY
# STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
# FOR THE YEAR ENDED DECEMBER 31,2019

| | |
|---|---|
| ***OPERATING REVENUES*** | |
| Tenant revenue | $670,294 |
| Government operating grants | 4,904,644 |
| Other revenue | 59,037 |
| **Total operating revenues** | **5,633,975** |
| | |
| ***OPERATING EXPENSES*** | |
| Administrative | 727,037 |
| Tenant services | 41,494 |
| Utilities | 227,732 |
| Maintenance | 407,987 |
| General | 149,000 |
| Housing assistance payment | 4,021,380 |
| Depreciation | 436,914 |
| ***Total operating expenses*** | ***6,011,544*** |
| **Operating income (loss)** | **(377,569)** |
| | |
| ***NONOPERATING REVENUES (EXPENSES)*** | |
| Capital debt forgiveness | 147,117 |
| Interest and investment revenue | 1,741 |
| Interest expense | (54,607) |
| ***Total nonoperating revenues (expenses)*** | ***94,251*** |
| Change in net position | (283,318) |
| Total net position - beginning | 2,781,812 |
| | |
| **Total net position - ending** | **$2,498,494** |

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

# ATHENS METROPOLITAN HOUSING AUTHORITY
## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED DECEMBER 31,2019

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Operating grants received | $4,904,644 |
| Tenant revenue received | 671,763 |
| Other revenue received | 59,037 |
| General and administrative expenses paid | (1,487,523) |
| Housing assistance payments | (4,021,380) |
| **Net cash provided (used) by operating activities** | **126,541** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest earned | 1,741 |
| **Net cash provided (used) by investing activities** | **1,741** |
| **CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES** | |
| New Debt Issued | 913,269 |
| Debt principal payment | (591,614) |
| Interest expense paid on debt | (54,607) |
| Property and equipment purchased | (349,340) |
| **Net cash provided (used) by capital and related activities** | **(82,292)** |
| Net increase (decrease) in cash | 45,990 |
| Cash and cash equivalents - Beginning of year | 232,588 |
| **Cash and cash equivalents - End of year** | **$278,578** |

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

ATHENS METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31,2019

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

| | |
|---|---|
| Net Operating Income (Loss) | ($377,569) |
| Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| - Depreciation | 436,914 |
| - (Increases) Decreases in Accounts Receivable | (69,285) |
| - (Increases) Decreases in Prepaid Assets | (3,313) |
| - (Increases) Decreases in Deferred Outflows | (31,356) |
| - Increases (Decreases) in Accounts Payable | (9,173) |
| - Increases (Decreases) in Accrued Liabilities | (998) |
| - Increases (Decreases) in Accounts Payable - Intergovermental | 0 |
| - Increases (Decreases) in Tenant Security Deposits | 4,161 |
| - Increases (Decreases) in Unearned Revenue | 150 |
| - Increases (Decreases) in Pension Liability | 145,879 |
| - Increases (Decreases) in OPEB Liability | 98,003 |
| - Increases (Decreases) in Accrued Compensated Absences | 7,086 |
| - Increases (Decreases) in Deferred Inflows | (101,214) |
| - Increases (Decreases) in Noncurrent Liabilities - Other | 27,256 |
| **Net cash provided (used) by operating activities** | **$126,541** |

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

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Summary of Significant Accounting Policies

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

### Reporting Entity

The Athens Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, *Determining Whether Organizations are Component Units,* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

Management believes the financial statements included in this report represent all of the funds over which the Authority is financially accountable.

**Basis of Presentation**

The Authority's financial statements consist of a statement of net position, a statement of revenue, expenses and changes net position, and a statement of cash flows.

**Fund Accounting**

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD 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**

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. 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.

**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 Athens 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.

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. **Shelter Plus Care**
AMHA has an ongoing collaboration effort with the Athens County Continuum of Care working group which in 1999 the PHA was successful in receiving grant funding for the Athens County Dual Diagnosis Housing Initiative Shelter Plus Care project which is now completed and up and running. The grant provided 10 years of subsidized rent for 5 units of housing for dually diagnosed persons with mental illness and substance abuse.

E. **State / Local**
State / local represents Authority owned housing properties that are not subsidized by HUD. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

**Investments**

Investments are restricted by the provisions of the HUD Regulations. Investments are valued at market value. Interest income earned in fiscal year 2019 totaled $1,741.

**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 $1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives:

| | |
|---|---|
| Building | 40 years |
| Building Improvements | 15 years |
| Furniture and Equipment | 3-7 years |
| Vehicles | 5 years |

**Net Position**

Net position represents the difference between assets and liabilities. Net invested 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.

The Housing Authority's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

**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 contribution contract.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

**Compensated Absences**

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

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.

**Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual operating budgets for all its HUD funded programs. The budget for its programs is 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 a budget resolution.

**Accounting and Reporting for Non-exchange Transactions**

The Authority accounts for non-exchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Non-exchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return.

In conformity with the requirements of GASB 33, the Authority has recognized grant funds expended for capital assets acquired after September 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying Combined Statement of Revenue and Expenses.

**Estimates**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 6 and 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

**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.

**NOTE 2: <u>DEPOSITS AND INVESTMENTS</u>**

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

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

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

C. 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 end of the current period of designation of depositories. Interim deposits must be evidenced by time certificate of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

At fiscal year-end December 31, 2019, the carrying amount of the Authority's deposits totaled $277,292, and its bank balance was $294,763. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of December 31, 2019, $44,763 was exposed to custodial risk, while $250,000 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. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

## NOTE 3: RESTRICTED CASH

The restricted cash balance of $174,048 on the financial statements represents the following:

| | |
|---|---|
| Tenant security deposits – Public Housing | $18,695 |
| Tenant security deposits – Business Activities | 28,160 |
| FSS Escrow funds held for the tenants – HCV | 35,333 |
| Housing Assistance funds received in advance - HCV | 91,860 |
| Total Restricted Cash | $174,048 |

## NOTE 4: INSURANCE AND 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. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred.

The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## NOTE 5: CAPITAL ASSETS

The following is a summary of changes:

| | Balance 12/31/18 | Adjust. | Additions | Balance 12/31/19 |
|---|---|---|---|---|
| **Capital Assets Not Being Depreciated** | | | | |
| Land | $ 1,292,978 | $ 1 | $ 25,064 | $ 1,318,043 |
| Construction in Progress | 345,305 | (345,305) | - | - |
| **Total Capital Assets Not Being Depreciated** | 1,638,283 | (345,304) | 25,064 | 1,318,043 |
| **Capital Assets Being Depreciated** | | | | |
| Buildings | 11,408,695 | 345,304 | 324,276 | 12,078,275 |
| Furnt, Mach. And Equip. | 589,223 | - | - | 589,223 |
| Land Improvement | 86,685 | - | - | 86,685 |
| **Total Capital Assets Being Depreciated** | 12,084,603 | 345,304 | 324,276 | 12,754,183 |
| **Accumulated Depreciation:** | | | | |
| Buildings | (5,698,093) | 1 | (419,857) | (6,117,949) |
| Furnt, Mach. And Equip. | (562,583) | - | (11,278) | (573,861) |
| Land Improvement | (37,564) | - | (5,779) | (43,343) |
| **Total Accumulated Depreciation:** | (6,298,240) | 1 | (436,914) | (6,735,153) |
| **Total Capital Assets Being Depreciated, Net** | 5,786,363 | 345,305 | (112,638) | 6,019,030 |
| **Total Capital Assets, Net** | $ 7,424,646 | $ 1 | $ (87,574) | $ 7,337,073 |

## NOTE 6: DEFINED BENEFIT PENSION PLANS

***Net Pension Liability***

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

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms, or the way 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 *accrued liabilities* on the accrual basis of accounting.

Plan Description - 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 combined plan, substantially all employees are in the OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual costs-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 OPERS, 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 | Group B | Group C |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after after January 7, 2013 | 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 and Service Requirements:** | **Age and Service Requirements:** |
| Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| **Formula:** | **Formula:** | **Formula:** |
| 2.2% of FAS multiplied by years of service form the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service form the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service form the first 30 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 members' 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.

When a 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 after 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.

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

| | and Local |
|---|---|
| **2019 Statutory Maximum Contribution Rates** | |
| Employer | 14.0 % |
| Employee | 10.0 % |
| | |
| **2019 Actual Contribution Rates:** | |
| Pension | 14% |
| Pos-Employment Health Care Benefits | 0% |

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

The Authority's contractually required contribution for pension was $72,210 for fiscal year ending December 31, 2019; of this amount $5,613 was reported as accounts payable at the end of the year.

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

| | **Traditional Plan** |
|---|---|
| Proportionate Share of Net Pension Liability | $724,610 |
| Proportionate Share of Net Pension Liability: | |
| - Prior Meassurement Date | 0.003689% |
| - Current Meassurement Date | 0.003666% |
| Change in Proportion from Prior Measurement Date | 0.000023% |
| Pension Expense | $19,276 |

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

| | Traditional Plan |
|---|---|
| **Deferred Outflows of Resources** | |
| Net difference between projected and actual earning on pension plan investments | $85,028 |
| Change in Assumption | 38,702 |
| Total Deferred Outflows of Resources | $123,730 |
| **Deferred Inflows of Resources** | |
| Difference Between Expected and Actual Experience | $3,754 |
| Change in prportionate share | 401 |
| Total Deferred Inflows of Resources | $4,155 |

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

| | Traditional Plan |
|---|---|
| Fiscal Year Ending December 31: | |
| 2020 | $43,555 |
| 2021 | 12,643 |
| 2022 | 63,377 |
| Total | $119,575 |

***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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

| Actuarial Information | Traditional Plan |
|---|---|
| Measurement and Valuation Date | December 31,2019 |
| Experience Study | 5-year ended 12/31/2015 |
| Actuarial Cost Method | Individual entry age |
| Actual Assumption: | |
| Investment Rate of Return | 7.2% |
| Wage Inflation | 3.25% |
| Future Salary Increases, including inflation | 3.25 - 10.75 % |
| Cost-of-Living Adjustment | Pre 01/07/13 Retirees: 3% Simple<br>Post 01/07/13 Retirees: 3% Simple<br>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. Postretirement 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. Postretirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all the above described tables.

The 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.

During 2019, OPERS managed investments in three investment portfolios: The Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and 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 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 invested, for the Defined Benefit portfolio was 17.2% for 2019.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 long-term expected 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate |
|---|---|---|
| Fixed Income | 25.00% | 1.83% |
| Domestic Equities | 19.00% | 5.75% |
| Real Estate | 10.00% | 5.20% |
| Private Equity | 12.00% | 10.70% |
| International Equities | 21.00% | 7.66% |
| Other Investments | 13.00% | 4.98% |
| TOTAL | 100.00% | 5.61% |

***Discount Rate:*** The discount rate used to measure the total pension liability was 7.2 percent. 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 statutorily required rates. 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:

| | **1% Decrease (6.2%)** | **Current Discount Rate (7.2%)** | **1% Increase (8.2%)** |
|---|---|---|---|
| Authority's proportionate share of the net pension liability | | | |
| - Traditional Pension Plan | $1,195,116 | $724,610 | $301,638 |

## NOTE 7: DEFINED BENEFIT OPEB PLANS

***Net OPEB Liability***

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

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the way 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 *accrued liabilities* on both the accrual and modified accrual bases of accounting.

**Plan Description – OPERS**

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

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 2019-2020, 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 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Authority's contractually required contribution was $5,853 for the fiscal year 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, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

| | **Health Care Plan** |
|---|---|
| Proportionate Share of Net OPEB Liability | $471,562 |
| Proportion of the Net OPEB Liability | |
| - Prior Measurement Date | 0.003440% |
| - Current Meassurement Date | 0.003414% |
| Change in Proportion from Prior | -0.000026% |
| OPEB Expense | $92,036 |

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

| | Health Care Plan |
|---|---|
| **Deferred Outflows of Resources** | |
| Assumption Changes | $74,643 |
| Difference between expected and actual experience | 13 |
| Total Deferred Outflows of Resources | $74,656 |
| | |
| **Deferred Inflows of Resources** | |
| Net Difference between projected and actual earning on pension plan investments | $24,014 |
| Difference between expected and actual experience | 43,125 |
| Change in proportionate share and difference between Employer contribution and proportionate share of contribution | 1,888 |
| | $69,027 |

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

| | Health Care Plan |
|---|---|
| Fiscal Year Ending December 31: | |
| 2020 | $10,975 |
| 2021 | 4,898 |
| 2022 | 18 |
| 2023 | (10,262) |
| Total | $5,629 |

***Actuarial Assumptions - OPERS***

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

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

| **Actuarial Information** | |
|---|---|
| Actuarial Valuation Date | December 31, 2018 |
| Rolled-Forward Measurement Date | December 31, 2019 |
| Experianse Study | 5-Year Period Ended December 31, 2015 |
| Actuarial Cost Method | Individual entry age |
| Actuarial Assumptions | |
| Single Discount Rate | 3.16% |
| Investment Rate of Return | 6.00% |
| Municipal Bond Rate | 2.75% |
| Wage Inflation | 3.25% |
| 3.25% | 3.25 - 10.75% |
| Health Care Cost Trend Rate | 10.5% initial, 3.5% ultimate in 2030 |

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 calendar year are determined by applying the MP-2015 mortality improvement scale to all the above described tables.

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.

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 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 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 |
|---|---|---|
| Fixed Income | 36.00% | 1.53% |
| Domestic Equities | 21.00% | 5.75% |
| REITs | 6.00% | 5.69% |
| International Equities | 23.00% | 7.66% |
| Other Investments | 14.00% | 4.90% |
| TOTAL | 100.00% | 4.55% |

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

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

| | **1% Decrease (2.16%)** | **Single Discount Rate (3.16%)** | **1% Increase (4.16%)** |
|---|---|---|---|
| Authority's proportionate share of the net OPEB liability | $617,115 | $471,562 | $355,022 |

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.5 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

| | **1% Decrease** | **Current Health Care Cost Trend Rate Assumption** | **1% Increase** |
|---|---|---|---|
| Authority's proportionate share of the net OPEB liability | $457,647 | $471,562 | $485,300 |

## NOTE 8: LONG-TERM DEBT

Long-term debt for the Athens Metropolitan Housing Authority's state/local activities consists of the following:

| | |
|---|---|
| Loan payable to Ohio Department of Mental Health to purchase 430 Union Street Property. Total borrowing was $200,000 with a term of 20 years at 0% interest rate. | $121,671 |
| Note payable to JP Morgan Chase Bank to purchase and rehab 5 MRDD Properties. Total borrowing was $200,000 with a term of 15 years at 5.5% interest rate. | 58,704 |
| Note payable to JP Morgan Chase Bank to purchase and rehab 6 MRDD Properties in 2008. Total borrowing was $601,176 with a term of 15 years at 4.9% interest rate. From February 23, 2008 through February 23, 2009, AMHA was only required to pay interest on this loan. AMHA borrowed another $98,824 in 2009. Monthly installments of principal and interest will commenced on February 23, 2009. | 250,414 |
| The PHA entered into a contractual agreement with Ohio Housing Finance Agency where the Authority is to rehab 18 units in Athens County, Ohio. Total borrowing was $700,000 with a term of 30 years at 2% interest rate. The interest is to accrue each year with a balloon payment at the end of the 30 years. | 700,000 |
| Loan payable to Athens County Board of Developmental Disabilities to purchase and rehab property located 36 Eden Plan. Total borrowing on December 15, 2014 was $80,000 with a term of 15 years at 0% interest rate. | 63,556 |
| Loan payable to Athens County Board of Developmental Disabilities to purchase and rehab property located 9 Avon Place. Total borrowing on April 15, 2014 was $80,000 with a term of 15 years at 0% interest rate. | 60,001 |
| Loan payable to the City of Nelsonville to purchase property located 629 Chestnut. Total borrowing on November 17, 2015 was $34,250 with a term of 15 years at 0% interest rate. | 27,400 |
| Loan payable to the City of Athens to rehab property located 36 Eden Plan. Total borrowing on April 16, 2015 was $33,350 with a term of 5 years at 0% interest rate. | 7,600 |
| Loan payable to the City of Athens to rehab property located 9 Avon Place. Total borrowing on March 24, 2015 was $37,900 with a term of 5 years at 0% interest rate. | 7,600 |
| Note payable to Hocking Valley Bank to purchase 20 Garfield, Athens Oh. Total borrowed was $155,000 with a term of 15 years at 4.25% interest rate. | 133,937 |

| | |
|---|---|
| Loan payable to Ohio Department of Development Disabilities to purchase and rehab five homes for displacement of Echoing Meadows Tenants. Total borrowed on March 11, 2016 was $740,712 with a term of 15 years at 0% interest rate. | 648,216 |
| Loan payable to Ohio Department of Development Disabilities to purchase and rehab 20 Garfield for Autism tenants. Total borrowed on June 21, 2016 was $148,392 with a term of 15 years at 0% interest rate. | 128,606 |
| Loan payable to the City of Athens for rehab of property located at 20 Garfield. Total borrowed was $36,450 with term of 10 years at 0% interest rate. Repayment is only if property rehab is sold within 10 years. | 25,515 |
| Note payable to Ohio Department of Mental Health and Ohio Housing Finance to purchase and rehab property identified as Blueline. | 1,171,626 |
| Note payable to Athens County board of Developmental Disabilities executed on May 2, 2017 for purchase two properties located at 22 Ball Drive, Athens and 42 S Plains Drive, Plains. The mortgage amounts were $53,885 for each property. There is no payment due as long as the Authority remains in compliance with the term of the agreement for 180 consecutive months. | 93,399 |

On March 3, 2017, the authority entered into 3 loans with Hocking Valley Bank for the purchase or rehab of various properties. The property and term of the loans are as follows:

| PROPERTY | LOAN AMOUNT | DATE | MATURITY | INTEREST RATE |
|---|---|---|---|---|
| 22 Ball Drive | $415,421 | 03/03/17 | 03/03/19 | 4.57% |
| 16-22 N Plains | $114,976 | 03/03/17 | 03/03/47 | 4.70% |
| 64-66 N Plains | $ 90,938 | 03/03/17 | 03/03/47 | 4.70% |

| | |
|---|---|
| The total combined outstanding balances as of the end of the year is $201,618 | 201,618 |
| On August 12, 2019 the Authority entered into a contract with the City of Athens to receive a donated property located in 7065 North Blackburn Road, Athens, Ohio. The property was appraised at a value of $124,000. There is no payment due as long as the Authority remains in compliance with the term of the agreement for 360 consecutive months. | 122,450 |
| Note payable to Hocking Valley Bank to renovate the property located 7065 North Blackburn Road, Athens Ohio. Total borrowed was $127,799 with a term of 15 years at 4.75% interest rate. | 125,441 |
| Total Debt | $3,947,754 |

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

| Description | Balance 12/31/18 | Issued | Retired | Balance 12/31/19 | Due Within One Year |
|---|---|---|---|---|---|
| Loan Payable | $ 3,773,223 | $ 913,269 | $ 738,738 | $ 3,947,754 | $ 310,278 |
| Compensated Absences | 83,193 | 79,658 | 75,956 | 86,895 | 41,699 |
| Other - FSS Escrow | 8,077 | 27,256 | - | 35,333 | - |
| Net Pension Liability | 578,731 | 145,879 | - | 724,610 | - |
| Net OPEB Liability | 373,559 | 98,003 | - | 471,562 | - |
| Total | $ 4,816,783 | $ 1,264,065 | $ 814,694 | $ 5,266,154 | $ 351,977 |

Loan maturity is as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2020 | 310,278 | 13,522 | 323,800 |
| 2021 | 309,295 | 3,295 | 312,590 |
| 2022 | 109,524 | 619 | 110,143 |
| 2023 | 104,566 | 0 | 104,566 |
| 2024 | 109,597 | 0 | 109,597 |
| 2025-2029 | 462,882 | 0 | 462,882 |
| 2030-2034 | 321,799 | 0 | 321,799 |
| 2035-2039 | 217,937 | 0 | 217,937 |
| 2040-2044 | 205,860 | 0 | 205,860 |
| 2045-2052 | 1,796,022 | 0 | 1,796,022 |
| Total | $3,947,760 | $17,436 | $3,965,196 |

**NOTE 9: NON-CURRENT LIABILITIES**

The balance of non-current liabilities - other at December 31, 2019 consists of the following:

- FSS escrow funds relating to the Housing Choice Voucher program $35,333.

**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: SUBSEQUENT EVENTS**

The United Stated and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuring emergency measures will impact subsequent periods of the Authority. The investments of pension and other employee benefits plan in which the Authority participates have incurred a significant decline in fair value consistent with the general decline in financial markets. However, because the value of individual investments fluctuates with market conditions, and due to market volatility, the amount of losses that will be recognized in the 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.

ATHENS METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THEYEAR 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: | | |
| Low Rent Public Housing Program | 14.850 | $362,967 |
| Housing Choice Voucher Program | 14.871 | 4,199,571 |
| Capital Fund Program | 14.872 | 27,225 |
| PIH Family Self-Sufficiency Program | 14.896 | 41,494 |
| Shelter plus Care Program | 14.238 | 273,387 |
| Total U.S. Department of Housing and Urban Development | | 4,904,644 |
| Total Federal Awards | | $4,904,644 |

# ATHENS METROPOLITAN HOUSING AUTHORITY
# NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# FOR THE YEAR ENDED DECEMBER 30, 2019

## NOTE A – BASIS OF PRESENTATION

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

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2020.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2020.

# ATHENS METROPOLITAN HOUSING AUTHORITY
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF PROPORTIONATE SHARE OF NET POSITION LIABILITY
## OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
## FISCAL YEARS AVAILABLE

| Traditional Plan | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Authority's Proportion of the Net Pension Liability | 0.003666% | 0.003689% | 0.003773% | 0.003821% | 0.003717% | 0.003717% |
| Authority's Proportionate Share of the Net Pension Liability | $724,610 | $578,731 | $856,784 | $661,845 | $448,312 | $438,186 |
| Authority's Covered Payroll | $515,786 | $493,919 | $487,507 | $487,726 | $476,417 | $438,186 |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 140.49% | 117.17% | 175.75% | 135.70% | 94.10% | 100.00% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 82.17% | 84.66% | 77.25% | 81.08% | 86.45% | 86.36% |

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

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

ATHENS METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF 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 | $72,210 | $69,149 | $63,376 | $58,376 | $57,170 | $54,987 | $60,131 | $39,438 | $47,741 | $42,788 |
| Total Required Contributions | 72,210 | 69,149 | 63,376 | 58,376 | 57,170 | 54,987 | 60,131 | 39,438 | 47,741 | 42,788 |
| Contributions in Relation to the Contractually Required Contribution | (72,210) | (69,149) | (63,376) | (58,376) | (57,170) | (54,987) | (60,131) | (39,438) | (47,741) | (42,788) |
| Contribution Deficiency / (Excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Authority's Covered Payroll | | | | | | | | | | |
| Traditional Plan | $515,786 | $493,919 | $487,507 | $487,726 | $476,417 | $450,713 | $459,015 | $386,647 | $477,412 | $475,421 |
| 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% |

ATHENS METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
FISCAL YEARS AVAILABLE

| | **2019** | **2018** | **2017** |
|---|---|---|---|
| Authority's Proportion of the Net OPEB Liability | 0.003414% | 0.003440% | 0.003440% |
| Authority's Proportionate Share of the Net OPEB Liability | $471,562 | $373,559 | $347,452 |
| Authority's Covered Payroll | $515,786 | $493,919 | $487,507 |
| Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 91.43% | 75.63% | 71.27% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 47.80% | 54.14% | 68.52% |

(1) The amounts presented is as of the Authority plan measurement date, which is the prior calendar year.
(2) Information prior to 2017 is not available.

# ATHENS METROPOLITAN HOUSING AUTHORITY
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CONTRIBUTION - OPEB
## OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
## FISCAL YEARS AVAILABLE

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Contractually Required Contribution | | | | | | |
| OPEB | $0 | $0 | $4,872 | $9,751 | $9,561 | $9,164 |
| Contributions in Relation to the | | | | | | |
| Contractually Required Contribution | $0 | $0 | ($4,872) | ($9,751) | ($9,561) | ($9,164) |
| Contritbution Deficiency/(Excess) | $0 | $0 | $0 | $0 | $0 | $0 |
| Authority's Covered Payroll | $515,786 | $493,919 | $487,507 | $487,726 | $476,417 | $450,713 |
| Contributions as a Percentage of | | | | | | |
| Covered Payroll | | | | | | |
| OPEB | 0.00% | 0.00% | 1.00% | 2.00% | 2.00% | 2.00% |

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

***Ohio Public Employees' Retirement System***

**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%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.4% simple through 2020, then 2.15% simple.

**Net OPEB Liability**

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

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

# ATHENS METROPOLITAN HOUSING AUTHORITY
# REACH FINANCIAL DATA SCHEDULE
# FISCAL YEAR ENDING DECEMBER 31, 2019

| | Project Total | 14.871 Housing Choice Vouchers | 14.238 Shelter Plus Care | 1 Business Activities | 14.896 PIH Family Self-Sufficiency Program | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 111 Cash - Unrestricted | $100,901 | $0 | $0 | $3,629 | $0 | $104,530 | $0 | $104,530 |
| 112 Cash - Restricted - Modernization and Development | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 113 Cash - Other Restricted | $0 | $127,193 | $0 | $0 | $0 | $127,193 | $0 | $127,193 |
| 114 Cash - Tenant Security Deposits | $18,695 | $0 | $0 | $28,160 | $0 | $46,855 | $0 | $46,855 |
| 115 Cash - Restricted for Payment of Current Liabilities | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 100 Total Cash | $119,596 | $127,193 | $0 | $31,789 | $0 | $278,578 | $0 | $278,578 |
| | | | | | | | | |
| 125 Accounts Receivable - Miscellaneous | $0 | $0 | $0 | $70,753 | $0 | $70,753 | $0 | $70,753 |
| 126 Accounts Receivable - Tenants | $8,058 | $0 | $0 | $3,038 | $0 | $11,096 | $0 | $11,096 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | $8,058 | $0 | $0 | $73,791 | $0 | $81,849 | $0 | $81,849 |
| | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | $21,509 | $6,144 | $0 | $24,604 | $0 | $52,257 | $0 | $52,257 |
| 150 Total Current Assets | $149,163 | $133,337 | $0 | $130,184 | $0 | $412,684 | $0 | $412,684 |
| | | | | | | | | |
| 161 Land | $696,850 | $0 | $0 | $621,193 | $0 | $1,318,043 | $0 | $1,318,043 |
| 162 Buildings | $6,311,787 | $0 | $0 | $5,766,488 | $0 | $12,078,275 | $0 | $12,078,275 |
| 163 Furniture, Equipment & Machinery - Dwellings | $334,431 | $0 | $0 | $70,818 | $0 | $405,249 | $0 | $405,249 |
| 164 Furniture, Equipment & Machinery - Administration | $55,323 | $128,651 | $0 | $0 | $0 | $183,974 | $0 | $183,974 |
| 165 Leasehold Improvements | $0 | $0 | $0 | $86,685 | $0 | $86,685 | $0 | $86,685 |
| 166 Accumulated Depreciation | -$5,005,501 | -$123,233 | $0 | -$1,606,419 | $0 | -$6,735,153 | $0 | -$6,735,153 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | $2,392,890 | $5,418 | $0 | $4,938,765 | $0 | $7,337,073 | $0 | $7,337,073 |
| | | | | | | | | |

| | Project Total | 14.871 Housing Choice Vouchers | 14.238 Shelter Plus Care | 1 Business Activities | 14.896 PIH Family Self-Sufficiency Program | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 180 Total Non-Current Assets | $2,392,890 | $5,418 | $0 | $4,938,765 | $0 | $7,337,073 | $0 | $7,337,073 |
| | | | | | | | | |
| 200 Deferred Outflow of Resources | $36,963 | $109,796 | $0 | $51,627 | $0 | $198,386 | $0 | $198,386 |
| | | | | | | | | |
| 290 Total Assets and Deferred Outflow of Resources | $2,579,016 | $248,551 | $0 | $5,120,576 | $0 | $7,948,143 | $0 | $7,948,143 |
| | | | | | | | | |
| 312 Accounts Payable <= 90 Days | $25,119 | $11,422 | $0 | $6,224 | $0 | $42,765 | $0 | $42,765 |
| 313 Accounts Payable >90 Days Past Due | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 321 Accrued Wage/Payroll Taxes Payable | $3,758 | $11,449 | $0 | $4,526 | $0 | $19,733 | $0 | $19,733 |
| 322 Accrued Compensated Absences - Current Portion | $5,884 | $22,700 | $0 | $13,115 | $0 | $41,699 | $0 | $41,699 |
| 341 Tenant Security Deposits | $18,695 | $0 | $0 | $28,160 | $0 | $46,855 | $0 | $46,855 |
| 342 Unearned Revenue | $289 | $0 | $0 | $671 | $0 | $960 | $0 | $960 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | $0 | $0 | $0 | $310,278 | $0 | $310,278 | $0 | $310,278 |
| 310 Total Current Liabilities | $53,745 | $45,571 | $0 | $362,974 | $0 | $462,290 | $0 | $462,290 |
| | | | | | | | | |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | $0 | $0 | $0 | $3,637,476 | $0 | $3,637,476 | $0 | $3,637,476 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| 353 Non-current Liabilities - Other | $0 | $35,333 | $0 | $0 | $0 | $35,333 | $0 | $35,333 |
| 354 Accrued Compensated Absences - Non Current | $7,829 | $25,048 | $0 | $12,319 | $0 | $45,196 | $0 | $45,196 |
| 357 Accrued Pension and OPEB Liabilities | $222,866 | $662,017 | $0 | $311,289 | $0 | $1,196,172 | $0 | $1,196,172 |
| 350 Total Non-Current Liabilities | $230,695 | $722,398 | $0 | $3,961,084 | $0 | $4,914,177 | $0 | $4,914,177 |
| | | | | | | | | |
| 300 Total Liabilities | $284,440 | $767,969 | $0 | $4,324,058 | $0 | $5,376,467 | $0 | $5,376,467 |
| | | | | | | | | |
| 400 Deferred Inflow of Resources | $13,635 | $40,503 | $0 | $19,044 | $0 | $73,182 | $0 | $73,182 |
| | | | | | | | | |
| 508.4 Net Investment in Capital Assets | $2,392,890 | $5,418 | $0 | $991,011 | $0 | $3,389,319 | $0 | $3,389,319 |
| 511.4 Restricted Net Position | $0 | $91,860 | $0 | $0 | $0 | $91,860 | $0 | $91,860 |

| | Project Total | 14.871 Housing Choice Vouchers | 14.238 Shelter Plus Care | 1 Business Activities | 14.896 PIH Family Self-Sufficiency Program | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 512.4 Unrestricted Net Position | -$111,949 | -$657,199 | $0 | -$213,537 | $0 | -$982,685 | $0 | -$982,685 |
| 513 Total Equity - Net Assets / Position | $2,280,942 | -$559,921 | $0 | $777,474 | $0 | $2,498,495 | $0 | $2,498,495 |
| | | | | | | | | |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | $2,579,016 | $248,551 | $0 | $5,120,576 | $0 | $7,948,143 | $0 | $7,948,143 |
| | | | | | | | | |
| 70300 Net Tenant Rental Revenue | $144,751 | $0 | $0 | $496,020 | $0 | $640,771 | $0 | $640,771 |
| 70400 Tenant Revenue - Other | $17,249 | $0 | $0 | $12,274 | $0 | $29,523 | $0 | $29,523 |
| 70500 Total Tenant Revenue | $162,000 | $0 | $0 | $508,294 | $0 | $670,294 | $0 | $670,294 |
| | | | | | | | | |
| 70600 HUD PHA Operating Grants | $390,192 | $4,199,571 | $273,387 | $0 | $41,494 | $4,904,644 | $0 | $4,904,644 |
| 70610 Capital Grants | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | | | | | | | | |
| 71100 Investment Income - Unrestricted | $119 | $826 | $0 | $796 | $0 | $1,741 | $0 | $1,741 |
| 71400 Fraud Recovery | $0 | $17,192 | $0 | $0 | $0 | $17,192 | $0 | $17,192 |
| 71500 Other Revenue | $10,315 | $0 | $0 | $178,647 | $0 | $188,962 | $0 | $188,962 |
| 70000 Total Revenue | $562,626 | $4,217,589 | $273,387 | $687,737 | $41,494 | $5,782,833 | $0 | $5,782,833 |
| | | | | | | | | |
| 91100 Administrative Salaries | $25,758 | $233,069 | $25,752 | $61,419 | $0 | $345,998 | $0 | $345,998 |
| 91200 Auditing Fees | $693 | $8,407 | $0 | $791 | $0 | $9,891 | $0 | $9,891 |
| 91400 Advertising and Marketing | $242 | $99 | $0 | $127 | $0 | $468 | $0 | $468 |
| 91500 Employee Benefit contributions - Administrative | $56,399 | $202,606 | $0 | $0 | $0 | $259,005 | $0 | $259,005 |
| 91600 Office Expenses | $2,766 | $29,711 | $0 | $3,000 | $0 | $35,477 | $0 | $35,477 |
| 91700 Legal Expense | $6,887 | $1,705 | $0 | $2,985 | $0 | $11,577 | $0 | $11,577 |
| 91800 Travel | $16 | $498 | $0 | $18 | $0 | $532 | $0 | $532 |
| 91900 Other | $7,624 | $50,861 | $0 | $5,604 | $0 | $64,089 | $0 | $64,089 |
| 91000 Total Operating - Administrative | $100,385 | $526,956 | $25,752 | $73,944 | $0 | $727,037 | $0 | $727,037 |
| | | | | | | | | |
| 92100 Tenant Services - Salaries | $0 | $0 | $0 | $0 | $41,494 | $41,494 | $0 | $41,494 |

| | Project Total | 14.871 Housing Choice Vouchers | 14.238 Shelter Plus Care | 1 Business Activities | 14.896 PIH Family Self-Sufficiency Program | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| 92500 Total Tenant Services | $0 | $0 | $0 | $0 | $41,494 | $41,494 | $0 | $41,494 |
| | | | | | | | | |
| 93100 Water | $12,917 | $1,458 | $0 | $10,557 | $0 | $24,932 | $0 | $24,932 |
| 93200 Electricity | $79,644 | $16,325 | $0 | $46,246 | $0 | $142,215 | $0 | $142,215 |
| 93300 Gas | $24,205 | $568 | $0 | $5,207 | $0 | $29,980 | $0 | $29,980 |
| 93600 Sewer | $14,617 | $1,064 | $0 | $14,924 | $0 | $30,605 | $0 | $30,605 |
| 93000 Total Utilities | $131,383 | $19,415 | $0 | $76,934 | $0 | $227,732 | $0 | $227,732 |
| | | | | | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | $69,602 | $1,678 | $0 | $49,431 | $0 | $120,711 | $0 | $120,711 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | $59,569 | $4,072 | $0 | $23,663 | $0 | $87,304 | $0 | $87,304 |
| 94300 Ordinary Maintenance and Operations Contracts | $73,760 | $2,284 | $0 | $77,185 | $0 | $153,229 | $0 | $153,229 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | $40,760 | $0 | $0 | $5,983 | $0 | $46,743 | $0 | $46,743 |
| 94000 Total Maintenance | $243,691 | $8,034 | $0 | $156,262 | $0 | $407,987 | $0 | $407,987 |
| | | | | | | | | |
| 96110 Property Insurance | $22,111 | $0 | $0 | $39,773 | $0 | $61,884 | $0 | $61,884 |
| 96120 Liability Insurance | $0 | $7,457 | $0 | $23,164 | $0 | $30,621 | $0 | $30,621 |
| 96100 Total insurance Premiums | $22,111 | $7,457 | $0 | $62,937 | $0 | $92,505 | $0 | $92,505 |
| | | | | | | | | |
| 96210 Compensated Absences | $12,131 | $44,364 | $0 | $0 | $0 | $56,495 | $0 | $56,495 |
| 96000 Total Other General Expenses | $12,131 | $44,364 | $0 | $0 | $0 | $56,495 | $0 | $56,495 |
| | | | | | | | | |
| 96710 Interest of Mortgage (or Bonds) Payable | $0 | $0 | $0 | $54,607 | $0 | $54,607 | $0 | $54,607 |
| 96700 Total Interest Expense and Amortization Cost | $0 | $0 | $0 | $54,607 | $0 | $54,607 | $0 | $54,607 |
| | | | | | | | | |
| 96900 Total Operating Expenses | $509,700 | $606,226 | $25,752 | $424,684 | $41,494 | $1,607,856 | $0 | $1,607,856 |
| | | | | | | | | |
| 97000 Excess of Operating Revenue over Operating Expenses | $52,926 | $3,611,363 | $247,635 | $263,053 | $0 | $4,174,977 | $0 | $4,174,977 |

| | Project Total | 14.871 Housing Choice Vouchers | 14.238 Shelter Plus Care | 1 Business Activities | 14.896 PIH Family Self-Sufficiency Program | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 97300 Housing Assistance Payments | $0 | $3,773,745 | $247,635 | $0 | $0 | $4,021,380 | $0 | $4,021,380 |
| 97400 Depreciation Expense | $183,204 | $3,612 | $0 | $250,098 | $0 | $436,914 | $0 | $436,914 |
| 90000 Total Expenses | $692,904 | $4,383,583 | $273,387 | $674,782 | $41,494 | $6,066,150 | $0 | $6,066,150 |
| | | | | | | | | |
| 10010 Operating Transfer In | $18,855 | $0 | $0 | $0 | $0 | $18,855 | -$18,855 | $0 |
| 10020 Operating transfer Out | -$18,855 | $0 | $0 | $0 | $0 | -$18,855 | $18,855 | $0 |
| 10100 Total Other financing Sources (Uses) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | | | | | | | | |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -$130,278 | -$165,994 | $0 | $12,955 | $0 | -$283,317 | $0 | -$283,317 |
| | | | | | | | | |
| 11020 Required Annual Debt Principal Payments | $0 | $0 | $0 | $310,278 | $0 | $310,278 | $0 | $310,278 |
| 11030 Beginning Equity | $2,411,220 | -$393,927 | $0 | $764,519 | $0 | $2,781,812 | $0 | $2,781,812 |
| 11170 Administrative Fee Equity | $0 | -$651,781 | $0 | $0 | $0 | -$651,781 | $0 | -$651,781 |
| 11180 Housing Assistance Payments Equity | $0 | $91,860 | $0 | $0 | $0 | $91,860 | $0 | $91,860 |
| 11190 Unit Months Available | 852 | 9,996 | 504 | 950 | 0 | 12,302 | 0 | 12,302 |
| 11210 Number of Unit Months Leased | 834 | 9,974 | 504 | 946 | 0 | 12,258 | 0 | 12,258 |

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

Board of Commissioners
Athens Metropolitan Housing Authority

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Athens Metropolitan Housing Authority, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Athens Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated December 28, 2020, wherein I have noted that Authority considered the financial impact of Covid-19 as disclosed in Note 11.

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

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

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

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

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

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.

North Royalton, Ohio
December 28, 2020

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

Board of Commissioners
Athens Metropolitan Housing Authority

**Report on Compliance for Each Major Federal Program**
I have audited Athens Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Athens Metropolitan Housing Authority's major federal program for the year ended December 31, 2019. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

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

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

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

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

Salvatore Consiglio

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

# ATHENS METROPOLITAN HOUSING AUTHORITY
## SCHEDULE OF FINDINGS AND QUESTION COSTS
## 2 CFR § 200.515
## DECEMBER 31, 2019

| 1. SUMMARY OF AUDITOR'S RESULTS | |
|---|---|
| Type of Financial Statement Opinion | Unmodified |
| Were there any material weakness reported at the financial statement level (GAGAS)? | No |
| Were there any other significant control deficiencies reported at the financial statement level (GAGAS)? | No |
| Was there any reported non-compliance at the financial statement level (GAGAS)? | No |
| Were there any material internal control weakness reported for any major federal programs? | No |
| Were there any other significant internal control deficiency reported for the major federal programs? | No |
| Type of Major Programs' Compliance Opinion | Unmodified |
| Are there any reportable findings under 2 CFR § 200.516(a)? | No |
| Major Programs (list): | CFDA # 14.871 Housing Choice Voucher Program |
| Dollar Threshold: Type A/B Programs | Type A: > $750,000<br>Type B: All Others |
| Low Risk Auditee under 2 CFR § 200.520? | No |

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

None noted.

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

None noted.

ATHENS METROPOLITAN HOUSING AUTHORITY
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2019

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|---|---|---|---|
| 2018-001 | The Authority should have in place a system of controls to review the financial statements prior to issuance, to ascertain that the financial statements are complete, fairly presented and filed timely. | Yes | Corrected. The Authority worked with its accounting software provider to address the system errors noted in prior year audit. The software error was corrected; however, it required that accounting transactions needed to be re-entered. This required a significant amount of time that resulted in the Authority not to be able to meet certain due date. Management filed the unaudited financial statement with the Auditor of State Hinkle System so that it would met the filing deadline. However, corrected financial statements were provided and reported in the audit report. |
| 2018-002 | The Uniform Financial Reporting Standards require PHAs to submit timely and accurate GAAP-based unaudited and audited financial information to HUD. Audit procedures over the unaudited financial information filed required audited adjustments. | Yes | Corrected. The Authority worked with its accounting software provider to address the system errors noted in prior year audit. The software error was corrected; however, it required that accounting transactions needed to be re-entered. This required a significant amount of time that resulted in the Authority not to be able to meet certain due date. Management filed the unaudited submission knowing that adjustments were needed to be reflected in the audited submission. |

OHIO AUDITOR OF STATE
KEITH FABER

**ATHENS METROPOLITAN HOUSING AUTHORITY**

**ATHENS 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 2/4/2021**

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