



**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED MARCH 31, 2020**

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Board of Commissioners
Tuscarawas Metropolitan Housing Authority
134 Second Street SW
New Philadelphia, Ohio 44663

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

April 26, 2021

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**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FOR THE YEAR ENDED MARCH 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

March 12, 2021

Tuscarawas Metropolitan Housing Authority
Tuscarawas County
134 Second Street SW
New Philadelphia, Ohio 44663

To the Director and Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Tuscarawas Affordable Housing One, LLC, which represent 63%, 65%, and 6% of the assets, net position, and revenues, respectively, of the proprietary funds. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amount included for the Tuscarawas Affordable Housing One, LLC, is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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Auditor's Responsibility (Continued)

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

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Tuscarawas Metropolitan Housing Authority, Tuscarawas County, Ohio, as of March 31, 2020, and the respective changes in its financial position and its cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Matters (Continued)

Supplementary and Other Information

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

The Financial Data Schedule presented on pages 48 through 50 is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2021, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management’s Discussion and Analysis
For the Fiscal Year Ended March 31, 2020
Unaudited

The Tuscarawas Metropolitan Housing Authority’s (the “Authority”) Management’s Discussion and Analysis is designed to **a)** assist the reader in focusing on significant financial issues, **b)** provide an overview of the Authority’s financial activity, **c)** identify changes in the Authority’s financial position (its ability to address the next and subsequent fiscal year challenges), and **d)** identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and current known facts, please read it in conjunction with the Authority’s financial statements, which begin on page 14.

Financial Highlights

The current year financial highlights were separated to identify changes in the Tuscarawas Metropolitan Housing Authority and its component units separately.

- During fiscal year 2020, the Authority’s net position increased by \$139,066 and the component units decreased by \$6,712.
- The Authority’s revenue increased by \$592,030 and its component unit’s revenue increased by \$18,061.
- Total expenses of the Authority increased by \$221,141 and the component unit’s expenses increased by \$4,170.

Using This Annual Report

This report includes four major sections, the Management’s Discussion and Analysis (MD&A), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information.

MD&A

Management’s Discussion and Analysis

Basic Financial Statements

Authority-Wide Financial Statements
Notes to the Basic Financial Statements

Required Supplementary Information

Net Pension and OPEB Schedules

Supplementary Information

Financial Data Schedule
Schedule of Expenditures of Federal Awards

The primary focus of the Authority’s financial statement is on the Authority as a whole (Authority-wide).

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2020
Unaudited

Authority-Wide Financial Statements

The Authority-wide financial statements on pages 14 through 16 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. The financial statements of the Authority include component units which are more fully discussed in the Notes to the Basic Financial Statements.

The 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 on 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 Investment in Capital Assets This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position This component of net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
- Unrestricted Net Position Consists of net position that do not meet the definition of "Net Investment in Capital Assets" or "Restricted Net position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position, which is similar to an Income Statement. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenues and expenses, such as grant revenue, investment income, and interest expense.

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

Finally, a Statement of Cash Flows on page 16 is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2020
Unaudited

Fund Financial Statements

The Authority is accounted for on a single enterprise fund. Enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Some of the programs operated by the Authority are required to be reported separately by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

Business-Type Program

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 Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of adjusted household income.

Other Programs

In addition to the program above, the Authority also operates the following programs:

- Business Activities - represents non-HUD resources primarily from housing management services.

Component Units

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low- moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2020
Unaudited

Authority-Wide Statements

The following is a condensed **Statement of Net Position** compared to prior year-end. Tuscarawas Metropolitan Housing Authority is engaged only in business-type activities.

	<u>Primary Government</u>	
	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current Assets	\$ 398,772	\$ 257,466
Capital Assets	178,062	194,963
Deferred Outflows of Resources	51,295	118,012
Total Assets and Deferred Outflows of Resources	<u>\$ 628,129</u>	<u>\$ 570,441</u>
<u>Liabilities</u>		
Current Liabilities	\$ 41,282	\$ 47,667
Long-Term Liabilities	701,053	863,598
Total Liabilities	<u>742,335</u>	<u>911,265</u>
Deferred Inflows of Resources	<u>103,463</u>	<u>15,911</u>
<u>Net Position</u>		
Investment in Capital Assets	(1,538)	5,463
Restricted	164,669	21,991
Unrestricted	<u>(380,800)</u>	<u>(384,189)</u>
Total Net Position	<u>(217,669)</u>	<u>(356,735)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 628,129</u>	<u>\$ 570,441</u>

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

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TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2020
Unaudited

	<u>Component Units</u>	
	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current Assets	\$ 152,860	\$ 117,157
Capital Assets	952,157	996,316
Total Assets	\$ 1,105,017	\$ 1,113,473
<u>Liabilities</u>		
Current Liabilities	\$ 190,992	\$ 169,302
Long-Term Liabilities	1,335,201	1,358,635
Total Liabilities	1,526,193	1,527,937
<u>Net Position</u>		
Net Investment in Capital Assets	(406,478)	(383,743)
Restricted	105,483	85,371
Unrestricted	(120,181)	(116,092)
Total Net Position	(421,176)	(414,464)
Total Liabilities and Net Position	\$ 1,105,017	\$ 1,113,473

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

Major Factors Affecting the Statement of Net Position

Total assets and deferred outflows of resources of the Authority increased by \$57,688 and total liabilities and deferred inflows of resources decreased by \$81,378. The increase in assets was mainly due to additional housing assistance money received from HUD that was not spent. The decrease in total liabilities and deferred inflows of resources is mainly due to change in GASB 68 and GASB 75.

The assets of the Authority's component units decreased by \$8,456 and the liabilities decreased by \$1,744. The decrease in assets was due to decrease in capital assets due to current year depreciation expense. The decrease in liabilities is due to reduction in debt for current year principal payment.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2020
Unaudited

Table 2 presents details on the change in Net Position.

	<u>Primary Government</u>		
	<u>Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>
Beginning Balance - March 31, 2019	\$ 5,463	\$ 21,991	\$ (384,189)
Results of Operation	0	142,678	(3,612)
Adjustments:			
Current year Depreciation Expense (1)	(16,901)	0	16,901
Current year Debt Activities, Net	9,900	0	(9,900)
Ending Balance - March 31, 2020	<u>\$ (1,538)</u>	<u>\$ 164,669</u>	<u>\$ (380,800)</u>

	<u>Component Units</u>		
	<u>Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>
Beginning Balance - March 31, 2019	\$ (383,743)	\$ 85,371	\$ (116,092)
Results of Operation	0	20,112	(26,824)
Adjustments:			
Current year Depreciation Expense (1)	(52,608)	0	52,608
Capital Expenditure	8,449	0	(8,449)
Current year Debt Activities, Net	21,424	0	(21,424)
Ending Balance - March 31, 2020	<u>\$ (406,478)</u>	<u>\$ 105,483</u>	<u>\$ (120,181)</u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on unrestricted net position.

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2020
Unaudited

The following schedule reflects the condensed Statement of Revenues, Expenses, and Changes in Net Position compared to prior year and compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in only business-type activities.

<u>Primary Government</u>		
	<u>2020</u>	<u>2019</u>
<u>Revenues</u>		
Operating Subsidies	\$ 2,917,426	\$ 2,311,499
Other Revenues	69,270	83,167
Total Revenues	<u>2,986,696</u>	<u>2,394,666</u>
<u>Expenses</u>		
Administrative	302,356	439,374
Tenant Services	49,988	50,000
Utilities	4,354	4,811
Maintenance	1,317	1,590
General and Interest Expenses	28,915	23,711
Housing Assistance Payments	2,441,019	2,057,377
HAP Portability -In	2,780	33,068
Depreciation	16,901	16,558
Total Expenses	<u>2,847,630</u>	<u>2,626,489</u>
Net Increases (Decreases)	<u>\$ 139,066</u>	<u>\$ (231,823)</u>
<u>Component Units</u>		
	<u>2020</u>	<u>2019</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 197,536	\$ 179,550
Investment Income	183	108
Total Revenues	<u>197,719</u>	<u>179,658</u>
<u>Expenses</u>		
Administrative	39,191	40,054
Utilities	33,546	33,527
Maintenance	46,969	47,197
General and Interest Expenses	32,117	33,297
Depreciation	52,608	46,186
Total Expenses	<u>204,431</u>	<u>200,261</u>
Net Increases (Decreases)	<u>\$ (6,712)</u>	<u>\$ (20,603)</u>

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2020
Unaudited

Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Position

The revenue of the Primary Government increased by \$592,030. The increase was due to additional grant funds received from HUD for housing assistance payments in the current year.

The component units' revenue increased by \$18,061 due to tenant revenues.

Total expenses for the Primary Government increased by \$221,141 for the fiscal year. The main reason for the increase in additional housing assistance payments made for the year.

The component unit expenses increase for the year by \$4,170. The increase is due to depreciation expenses.

Capital Assets

As of March 31, 2020, the Authority had \$178,062 invested in capital assets and the component units had \$952,157 as reflected in the following schedule, which represents a net decrease (additions, disposals, and depreciation) of \$16,901 for the Primary Government and \$44,159 for the component units in comparison with prior year.

		<u>Primary Government</u>	
		<u>2020</u>	<u>2019</u>
Land and Land Rights	\$	30,000	\$ 30,000
Buildings and Improvements		446,322	446,322
Equipment		70,087	70,087
Accumulated Depreciation		<u>(368,347)</u>	<u>(351,446)</u>
 Total	 \$	 <u>178,062</u>	 <u>\$ 194,963</u>
		<u>Component Units</u>	
		<u>2019</u>	<u>2018</u>
Land and Land Rights	\$	100,000	\$ 100,000
Buildings		1,500,048	1,500,048
Equipment		165,667	157,218
Accumulated Depreciation		<u>(813,558)</u>	<u>(760,950)</u>
 Total	 \$	 <u>952,157</u>	 <u>\$ 996,316</u>

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2020
Unaudited

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 24 of the notes.

	Primary Government	Component Units
Beginning Balance - March 31, 2019	\$ 194,963	\$ 996,316
Current year Additions	-	8,449
Current year Depreciation Expense	<u>(16,901)</u>	<u>(52,608)</u>
Ending Balance - March 31, 2020	<u>\$ 178,062</u>	<u>\$ 952,157</u>
Current year additions are summarized as follows:		
- Equipment	<u>\$ -</u>	<u>\$ 8,449</u>
Total 2020 Additions	<u>\$ -</u>	<u>\$ 8,449</u>

Debt

The Authority's debt was reduced by \$9,900 and the component unit debt decreased by \$21,424 during fiscal year 2020. Following is a comparison of the debt outstanding at year end 2020 and year end 2019.

	Primary Government	Restated Component Units
Beginning Balance - March 31, 2019	\$ 189,500	\$ 1,380,059
Current Year Principal Payments	<u>(9,900)</u>	<u>(21,424)</u>
Ending Balance - March 31, 2020	<u>\$ 179,600</u>	<u>\$ 1,358,635</u>

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recession, and employment trends, which can affect resident incomes and therefore the amount of housing assistance
- Inflationary pressure on utility rates, supplies, and other costs.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Fiscal Year Ended March 31, 2020
Unaudited

Financial Contact

The individual to be contacted regarding this report is Martin Howell, Executive Director for the Tuscarawas Metropolitan Housing Authority, at (330) 308-8099. Specific requests may be submitted to the Authority at 134 2nd Street SW, New Philadelphia, Ohio 44663.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Funds
March 31, 2020

	Primary Government	Component Units
ASSETS		
Current assets		
Cash and cash equivalents	\$3,394	\$24,707
Restricted cash and cash equivalents	251,579	121,566
Receivables, net	140,206	0
Prepaid expenses and other assets	3,593	6,587
Total current assets	<u>398,772</u>	<u>152,860</u>
Noncurrent assets		
Capital assets:		
Land	30,000	100,000
Building and equipment	516,409	1,665,715
Less accumulated depreciation	<u>(368,347)</u>	<u>(813,558)</u>
Capital assets, net	<u>178,062</u>	<u>952,157</u>
Total noncurrent assets	<u>178,062</u>	<u>952,157</u>
Deferred Outflows of Resources		
Pension	24,271	0
OPEB	<u>27,024</u>	<u>0</u>
Total deferred outflows of resources	<u>51,295</u>	<u>0</u>
Total Assets and Deferred Outflows of Resources	<u>\$628,129</u>	<u>\$1,105,017</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$1,725	\$8,378
Accrued liabilities	29,157	1,805
Intergovernmental payables	0	15,963
Tenant security deposits	0	16,083
Bonds, notes, and loans payable	10,400	23,434
Other current liabilities	<u>0</u>	<u>125,329</u>
Total current liabilities	<u>41,282</u>	<u>190,992</u>
Noncurrent liabilities		
Bonds, notes, and loans payable	169,200	1,335,201
Accrued compensated absences non-current	44,876	0
Net pension liability payable	242,327	0
Net OPEB liability payable	157,740	0
Noncurrent liabilities - other	<u>86,910</u>	<u>0</u>
Total noncurrent liabilities	<u>701,053</u>	<u>1,335,201</u>
Total liabilities	<u>742,335</u>	<u>1,526,193</u>
Deferred Inflows of Resources		
Pension	70,798	0
OPEB	<u>32,665</u>	<u>0</u>
Total deferred inflows of resources	<u>103,463</u>	<u>0</u>
NET POSITION		
Invested in capital assets	(1,538)	(406,478)
Restricted net position	164,669	105,483
Unrestricted net position	<u>(380,800)</u>	<u>(120,181)</u>
Total net position	<u>(217,669)</u>	<u>(421,176)</u>
Total liabilities, Deferred Inflows and net position	<u>\$628,129</u>	<u>\$1,105,017</u>

See accompanying notes to the basic financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended March 31, 2020

	Primary Government	Component Units
<i>OPERATING REVENUES</i>		
Tenant Revenue	\$0	\$ 197,536
Government operating grants	2,917,426	0
Other revenue	69,270	0
Total operating revenues	2,986,696	197,536
<i>OPERATING EXPENSES</i>		
Administrative	302,356	39,191
Tenant Services	49,988	0
Utilities	4,354	33,546
Maintenance	1,317	46,969
General	20,151	23,056
Housing assistance payment	2,441,019	0
HAP Portability-In	2,780	0
Depreciation	16,901	52,608
Total operating expenses	2,838,866	195,370
Operating income (loss)	147,830	2,166
<i>NONOPERATING REVENUES (EXPENSES)</i>		
Interest and investment revenue	0	183
Interest expense	(8,764)	(9,061)
Total nonoperating revenues (expenses)	(8,764)	(8,878)
Change in net position	139,066	(6,712)
Total net position, Beginning of Year	(356,735)	(414,464)
Net Position, End of Year	(\$217,669)	(\$421,176)

See accompanying notes to the basic financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended March 31, 2020

	<i>Primary Government</i>	<i>Component Units</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating grants received	\$2,905,606	\$0
Tenant revenue received	0	197,536
Other revenue received	69,270	0
General and administrative expenses paid	(387,675)	(123,175)
Housing assistance payments	(2,441,019)	0
Net cash provided (used) by operating activities	146,182	74,361
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Retirement of debt	(9,900)	(21,424)
Interest paid on Debt	(8,764)	(9,061)
Property and equipment purchased, net	0	(8,449)
Net cash provided (used) by capital and related financing activities	(18,664)	(38,934)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	0	183
Net cash provided (used) by investing activities	0	183
Net increase (decrease) in cash	127,518	35,610
Cash and cash equivalents - Beginning of year	127,455	110,663
Cash and cash equivalents - End of year	\$254,973	\$146,273
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	\$147,830	\$2,166
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation	16,901	52,608
- (Increases) Decreases in Accounts Receivable	(11,820)	0
- (Increases) Decreases in Prepaid Assets	(1,968)	(93)
- (Increases) Decreases in Deferred Outflows	66,717	0
- Increases (Decreases) in Accounts Payable	(8,501)	(3,059)
- Increases (Decreases) in Intergovernmental Payable	0	8,370
- Increases (Decreases) in Accrued Payable	1,616	(459)
- Increases (Decreases) in Other Current Liabilities	0	13,949
- Increases (Decreases) in FSS Escrow	(9,227)	0
- Increases (Decreases) in Tenant Security Deposits	0	879
- Increases (Decreases) in Compensated Absence	(197)	0
- Increases (Decreases) in Deferred Inflows	87,552	0
- Increases (Decreases) in Pension Liability	(133,710)	0
- Increases (Decreases) in OPEB Liability	(9,011)	0
Net cash provided by operating activities	\$146,182	\$74,361

See accompanying notes to the basic financial statements.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Tuscarawas 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 Tuscarawas 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 financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, 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.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

The accompanying financial statements present the Authority's primary government and the two component units, Tuscarawas Affordable Housing Service Corp. and Tuscarawas Affordable Housing One, LLC, over which the Authority exercises significant influence.

Component Units

The component units are reported in the Authority's financial statements as shown below:

<u>Discretely Presented Component Unit</u>	<u>Brief Description and Relationship</u>
Tuscarawas Affordable Housing Service Corp.	A not-for-profit (IRS section 501(c) (3)) corporation created for the purpose of providing low and moderate-income housing. Tuscarawas Metropolitan Housing Authority staff operates and manages the units. Four of the five Board Members are the same for both Agencies.

<u>Discretely Presented Component Unit</u>	<u>Brief Description and Relationship</u>
Tuscarawas Affordable Housing One, LLC	A limited liability corporation created for the purpose of ownership and management of Clay Village Apartments. Tuscarawas Affordable Housing One, LLC's fiscal year is a December 31 year end. The financial statements reflected in this report are for the fiscal year ending December 31, 2019.

Basis of Presentation

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

The Authority's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows. The statements are prepared on the accrual basis of accounting.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

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

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

Fund Accounting

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

Description of programs

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

A. 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.

B. Shelter Plus Care Program

The Shelter Plus Care Program provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program. The agency assists the ADAMHS Board administer this program.

C. Business Activities

Represents non-HUD resources primarily from housing management services.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

D. Component Units

- Tuscarawas Affordable Housing Services Corporation is a not-for-profit corporation that provides low and moderate income housing services.
- Tuscarawas Affordable Housing One, LLC - a limited liability corporation that owns and manages Clay Village Apartments.

E. Community Home Improvement Program

Under this program, Tuscarawas Metropolitan Housing Authority assists the City of New Philadelphia, the City of Dover, and Tuscarawas County with the administration of their tenant based rental assistance programs.

Investments

Investments are restricted by the provisions of the HUD Regulations. The Primary Government had no interest earned in the fiscal year. The interest income earned by Component Units for the period totaled \$183.

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. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	30 year
Buildings Improvements	10 years
Furniture, equipment and machinery	3-7 years

Net Position

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

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.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

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.

Restricted Cash

Restricted cash balance as of March 31, 2020 for the primary government and December 31, 2019 for the component unit represents cash on hand for the following:

	<u>Primary Government</u>	<u>Component Units</u>
FSS Escrow Funds held for Tenants	\$ 86,910	\$ 0
Reserve for Taxes and Insurance	0	7,579
Reserve for Replacements	0	97,904
Tenant Security Deposit	0	16,083
Cash on Hand Advances from HUD to be used for Tenants Housing Assistance Payments	164,669	0
	\$ 251,579	\$ 121,566
Total Restricted Cash	\$ 251,579	\$ 121,566

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 absence accrual amount.

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

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

Estimates

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

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

Deferred Outflow and Inflows of Resources

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

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

Pension / Other Post-Employment Benefits

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: DEPOSITS AND INVESTMENTS

Deposits

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 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.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

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 March 31, 2020, the carrying amount of the Authority's deposits totaled \$254,973 and its bank balance was \$252,538. Based on the criteria described in GASB Statement No. 40, "*Deposit and Investment Risk Disclosure*," as of March 31, 2020, \$2,114 was exposed to custodial risk as discussed below, 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. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits.

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Component Unit

The carrying amount of the Component Unit deposits was \$146,273 as of December 31, 2019. It includes savings accounts and all certificates of deposit with original maturities of three months or less.

NOTE 3: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending March 31, 2020 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

NOTE 4: CAPITAL ASSETS

The following is a summary of the Authority's changes in capital assets:

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

	<u>Primary Government</u>				
	Balance 03/31/19	Adjust	Additions	Deletion	Balance 03/31/20
Capital Assets Not Being Depreciated:					
Land	\$30,000	\$0	\$0	\$0	\$30,000
Total Capital Assets Not Being Depreciated	30,000	0	0	0	30,000
Capital Assets Being Depreciated:					
Buildings	437,765	0	0	0	437,765
Furniture, Machinery and Equip.	70,087	0	0	0	70,087
Leasehold Improvement	8,557	0	0	0	8,557
Total Capital Assets Depreciated	516,409	0	0	0	516,409
Accumulated Depreciation:					
Buildings	(275,889)	0	(16,215)	0	(292,104)
Furniture, Machinery and Equip.	(67,000)	0	(686)	0	(67,686)
Leasehold Improvement	(8,557)	0	0	0	(8,557)
Total Accum Depreciation	(351,446)	0	(16,901)	0	(368,347)
Total Capital Assets Being Depreciated, Net	164,963	0	(16,901)	0	148,062
Total Capital Assets, Net	\$194,963	\$0	(\$16,901)	\$0	\$178,062
	<u>Component Units</u>				
	Balance 01/01/19	Adjust	Additions	Deletion	Balance 12/31/19
Capital Assets Not Being Depreciated:					
Land	\$100,000	\$0	\$0	\$0	\$100,000
Total Capital Assets Not Being Depreciated	100,000	0	0	0	100,000
Capital Assets Being Depreciated:					
Buildings	1,500,048	0	0	0	1,500,048
Furniture, Machinery and Equip.	157,218	0	8,449	0	165,667
Total Capital Assets Being Depreciated	1,657,266	0	8,449	0	1,665,715
Accumulated Depreciation	(760,950)	0	(52,608)	0	(813,558)
Total Capital Assets Being Depreciated, Net	896,316	0	(44,159)	0	852,157
Total Capital Assets, Net	\$996,316	\$0	(\$44,159)	\$0	\$952,157

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

NOTE 5: DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 62 with 5 years of service credit or Age 57 with 25 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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 subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan employer contributions allocated to health care was 0.0 percent for 2019.

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

The Authority's contractually required contribution for pension was \$24,050 for fiscal year ending March 31, 2020. Of this amount \$3,060 is report with accrued wages and payroll taxes.

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
Percentate for Proportionate Share of Net Pension Liability Prior to Measurement Date	0.001373%
Percentate for Proportionate Share of Net Pension Liability Current Measurement Date	0.001226%
Change in Proportion from Prior Measurement Date	-0.000147%
 Proportionate Share of Net Pension Liability	 \$242,327
Pension Expense	\$2,542

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

On March 31, 2020, 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	
Change in Assumption	\$ 12,943
Change in proportionate share	\$ 4,355
Authority contributions subsequent to the measurement date	6,973
 Total Deferred Outflows of Resources	 \$ 24,271
 Deferred Inflows of Resources	
Net difference between projected and actual earning on pension plan investments	\$ 48,339
Difference between expected and actual experience	3,064
Change in proportionate share	19,395
 Total Deferred Inflows of Resources	 \$ 70,798

\$6,973 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending March 31:		
	2021	(\$13,769)
	2022	(22,539)
	2023	2,002
	2024	(19,194)
	Total	(\$53,500)

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.

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

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, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

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 Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age
Actuarial Assumptions	
Investment Rate of Return	7.20%
Wage Inflation	3.25%
Projected Salary Increases	3.25%-10.75% (includes wage inflation at 3.25%)
Cost-of-living Adjustments	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 1.40% Simple through 2020, then 2.15% Simple

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan 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 considered to

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be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 17.2 percent for 2019.

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

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

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

The following table presents the net pension liability or asset calculated using the discount rate of 7.2%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher 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	\$399,676	\$242,327	\$100,875

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NOTE 6: POSTEMPLOYMENT BENEFITS

Net OPEB Liability

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

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB. GASB 75 assumes the liability is solely the obligation of the employer, because (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 OPEB plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each OPEB plan's board must propose corrective action to the State legislature. Any resulting legislative 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 proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information. The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care. Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$0 for the year ending December 31, 2019.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

Proportionate Share of Net OPEB Liability	
- Prior to Measurement Date	0.001279%
Proportionate Share of Net OPEB Liability	
- Current Measurement Date	0.001142%
Change in Proportionate Share	<u>-0.000137%</u>
Proportionate Share of Net OPEB Liability	\$ 157,740
Pension Expense	\$ 14,090

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

Deferred Outflows of Resources	
Change in Assumption	\$ 24,570
Change in proportionate share	<u>2,454</u>
Total Deferred Outflows of Resources	<u>\$ 27,024</u>
Deferred Inflows of Resources	
Net difference between projected and actual earning on pension plan investments	\$ 7,945
Difference between expected and actual experience	14,415
Change in proportionate share	<u>10,305</u>
Total Deferred Inflows of Resources	<u>\$ 32,665</u>

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

Year Ending March 31:		
	2021	\$ (86)
	2022	(1,875)
	2023	(247)
	2024	<u>(3,433)</u>
	Total	<u>\$ (5,641)</u>

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 health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System 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 key 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
Experience Study	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age normal
Actuarial Assumptions	
Single Discount Rate	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.75%
Wage Inflation	3.25%
Projected Salary Increases	3.25%-10.75% (includes wage inflation at 3.25%)
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030

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

The 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 manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 19.7 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. 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. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00%	1.53%
Domestic Equities	21.00%	5.75%
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 or one percentage point higher 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	\$ 206,428	\$ 157,740	\$ 118,757

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
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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 Authority's proportionate share of the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. 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% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability	\$ 153,085	\$ 157,740	\$ 162,335

NOTE 7: LONG-TERM OBLIGATIONS

Tuscarawas Metropolitan Housing Authority (Primary Government)

In the fiscal year ending March 31, 2003, the Authority issued \$300,000 mortgage revenue bond, for a 30 year period, series 2002, for the purpose of paying part of the cost of a construction of an office addition to the administration building. In addition the bonds issued were also used to refinance the existing mortgage loan of \$89,974 for the purchase of the administration building. The outstanding principal amount shall bear interest at the rate of 4.625 percent, calculated on a basis of actual number of days and a 365 day year.

The project was fully completed in February 2004 and the loan commenced on November 1, 2003.

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

DESCRIPTION	Balance 03/31/19	Additions	Deletions	Balance 03/31/20	Due Within One Year
Mortgage Payable	\$189,500	\$0	\$9,900	\$179,600	\$10,400
Compensated Absences	59,282	21,749	21,246	59,785	14,909
Net Pension Liability	376,037	0	133,710	242,327	0
Net OPEB Liability	166,751	0	9,011	157,740	0
Non-Current Other - FSS Escrow	96,137	69,308	78,535	86,910	0
Total Primary Government	\$887,707	\$91,057	\$252,402	\$726,362	\$25,309

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020**

Debt maturities are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021	\$10,400	\$8,217	\$18,617
2022	10,900	7,717	18,617
2023	11,300	7,317	18,617
2024	11,900	6,717	18,617
2025	12,500	6,117	18,617
2026-2030	71,300	21,785	93,085
2031-2033	51,300	4,551	55,851
Total	<u>\$179,600</u>	<u>\$62,421</u>	<u>\$242,021</u>

Tuscarawas Affordable Housing One, LLC (Component Unit):

On December 9, 2002, Tuscarawas Affordable Housing One, LLC assumed an outstanding loan balance of \$1,163,986 from an original loan of \$1,197,000 from Clay Village, Ltd. Partnership for the purchase of Clay Village Apartment building.

The mortgage note is collateralized by the land, building and improvements, equipment and furnishings. The note bears interest at the rate of 9% per annum. Principal and interest are payable in monthly installments of \$9,132 reduced to \$2,554 (effective 1percent interest rate) by USDA - Rural Development interest subsidy program through 2037. The mortgage liability is limited to the underlying value of the collateral pledged.

Under the loan agreement with USDA - Rural Development, the project is required to make monthly reserve for replacement deposits, and is subject to operating and returns to owner restrictions.

As of December 31, 2019, the outstanding loan balance was \$967,940. \$967,940

On November 20, 2002, Tuscarawas Affordable Housing Services Inc. entered into a promissory note with Ohio Housing Finance Agency for \$400,000 to finance the purchase and capital improvement to the Clay Village Apartment Project. The note was amended to add Tuscarawas Affordable Housing One, LLC (the project owner) and its share of the note amount was \$254,625. Repayment on the note is only necessary in the event the property generates surplus cash. As of December 31, 2019, the outstanding loan balance was \$245,320.

245,320

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020**

Tuscarawas Affordable Housing Services Inc. (Component Unit):

On November 20, 2002, Tuscarawas Affordable Housing Services Inc. entered into a promissory note with Ohio Housing Finance Agency for \$400,000 to finance the purchase and capital improvement to the Clay Village Apartment Project. The note was amended to add Tuscarawas Affordable Housing One, LLC (the project owner). The note payable was then reported \$254,625 by Tuscarawas Affordable Housing One, LLC and \$145,375 by Tuscarawas Affordable Housing Service, Inc.

No Repayment is due on the amount reported. 145,375

Total Debt Payable **\$1,358,635**

The following is a summary of changes in long-term obligations for the period:

DESCRIPTION	Balance 03/31/19	Additions	Deletions	Balance 03/31/20	Due Within One Year
Tuscarawas Affordable Housing LLC:					
- USDA Rural Development	\$989,364	\$0	\$21,424	\$967,940	\$23,434
- Ohio Housing Finance Agency	245,320	0	0	245,320	0
Tuscarawas Affordable Housing Services Inc.:					
- Ohio Housing Finance Agency	145,375	0	0	145,375	0
Total	\$1,380,059	\$0	\$21,424	\$1,358,635	\$23,434

The following is a summary of debt maturity:

Year	Tuscarawas Affordable Housing LLC		Housing Services Inc.
	USDA Rural Development	OHFA	OHFA
2020	\$23,434	\$0	\$0
2021	25,631	0	0
2022	28,036	0	0
2023	30,666	0	0
2024	33,542	0	0
Thereafter	826,631	245,320	145,375
Total	\$967,940	\$245,320	\$145,375

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2020

NOTE 8: SUBSEQUENT EVENTS

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

Required Supplementary Information

**Tuscarawas Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
For the Fiscal Years Available**

Traditional Plan	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability/(Asset)	0.001226%	0.001373%	0.001292%	0.001490%	0.001458%	0.001474%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 242,327	\$ 376,037	\$ 202,690	\$ 338,354	\$ 252,544	\$ 175,851
Authority's covered payroll	172,563	185,486	174,321	134,032	181,044	181,090
Authority's Proportionate share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	140.43%	202.73%	116.27%	252.44%	139.49%	97.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.54%

Amount presented based on the measurement periods ended December 31st
Information prior to 2014 is not available.

**Tuscarawas Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Pension Contributions
For the Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution - Traditional Plan	\$ 24,050	\$ 27,436	\$ 22,662	\$ 16,084	\$ 21,725	\$ 21,731	\$ 23,085	\$ 19,629	\$ 19,566	\$ 19,095
Contributions in Relation to the Contractually Required Contribution	<u>(24,050)</u>	<u>(27,436)</u>	<u>(22,662)</u>	<u>(16,084)</u>	<u>(21,725)</u>	<u>(21,731)</u>	<u>(23,085)</u>	<u>(19,629)</u>	<u>(19,566)</u>	<u>(19,095)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 171,786	\$ 195,971	\$ 174,321	\$ 134,032	\$ 181,044	\$ 181,090	\$ 176,221	\$ 192,441	\$ 191,824	\$ 212,167
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.10%	10.20%	10.20%	9.00%

**Tuscarawas Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
For the Fiscal Years Available**

Traditional Plan	2019	2018	2017	2016
Authority's Proportion of the Net OPEB Liability/(Asset)	0.001142%	0.001279%	0.001200%	0.001233%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	\$ 157,740	\$ 166,751	\$ 130,311	\$ 124,583
Authority's Covered Payroll	172,563	185,486	174,321	134,032
Authority's Proportionate share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	91.41%	89.90%	74.75%	92.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	N/A

Amount presented based on the measurement periods ended December 31st
Information prior to 2016 is not available.

**Tuscarawas Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's OPEB Contributions
For the Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution - Traditional Plan	\$ -	\$ -	\$ 1,743	\$ 2,680	\$ 3,621	\$ 3,622	\$ 2,263	\$ 5,935	\$ 7,827	\$ 9,750
Contributions in Relation to the Contractually Required Contribution	-	-	(1,743)	(2,680)	(3,621)	(3,622)	(2,263)	(5,935)	(7,827)	(9,750)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 171,786	\$ 195,971	\$ 174,321	\$ 134,032	\$ 181,044	\$ 181,090	\$ 176,221	\$ 192,441	\$ 191,824	\$ 212,167
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.28%	3.08%	4.08%	4.60%

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED MARCH 31, 2020**

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%.

Net OPEB Liability

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

Changes in assumptions: 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%.

Supplementary Information

TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FINANCIAL DATA SCHEDULE
AS OF MARCH 31, 2020

	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Elimination	Total
111 Cash - Unrestricted	\$24,707	\$0	\$3,394	\$0	\$28,101	\$0	\$28,101
113 Cash - Other Restricted	\$105,483	\$0	\$0	\$251,579	\$357,062	\$0	\$357,062
114 Cash - Tenant Security Deposits	\$16,083	\$0	\$0	\$0	\$16,083	\$0	\$16,083
100 Total Cash	\$146,273	\$0	\$3,394	\$251,579	\$401,246	\$0	\$401,246
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$140,206	\$0	\$140,206	\$0	\$140,206
128 Fraud Recovery	\$0	\$0	\$0	\$40,092	\$40,092	\$0	\$40,092
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	(\$40,092)	(\$40,092)	\$0	(\$40,092)
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$140,206	\$0	\$140,206	\$0	\$140,206
142 Prepaid Expenses and Other Assets	\$6,587	\$0	\$0	\$3,593	\$10,180	\$0	\$10,180
144 Inter Program Due From	\$0	\$0	\$68,160	\$0	\$68,160	(\$68,160)	\$0
150 Total Current Assets	\$152,860	\$0	\$211,760	\$255,172	\$619,792	(\$68,160)	\$551,632
161 Land	\$100,000	\$0	\$30,000	\$0	\$130,000	\$0	\$130,000
162 Buildings	\$1,500,048	\$0	\$437,765	\$0	\$1,937,813	\$0	\$1,937,813
164 Furniture, Equipment & Machinery - Administration	\$165,667	\$0	\$70,087	\$0	\$235,754	\$0	\$235,754
165 Leasehold Improvements	\$0	\$0	\$8,557	\$0	\$8,557	\$0	\$8,557
166 Accumulated Depreciation	(\$813,558)	\$0	(\$368,347)	\$0	(\$1,181,905)	\$0	(\$1,181,905)
160 Total Capital Assets, Net of Accumulated Depreciation	\$952,157	\$0	\$178,062	\$0	\$1,130,219	\$0	\$1,130,219
180 Total Non-Current Assets	\$952,157	\$0	\$178,062	\$0	\$1,130,219	\$0	\$1,130,219
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$51,295	\$51,295	\$0	\$51,295
290 Total Assets and Deferred Outflow of Resources	\$1,105,017	\$0	\$389,822	\$306,467	\$1,801,306	(\$68,160)	\$1,733,146
312 Accounts Payable <= 90 Days	\$8,378	\$0	\$0	\$1,725	\$10,103	\$0	\$10,103
321 Accrued Wage/Payroll Taxes Payable	\$1,125	\$0	\$0	\$14,248	\$15,373	\$0	\$15,373
322 Accrued Compensated Absences - Current Portion	\$0	\$0	\$0	\$14,909	\$14,909	\$0	\$14,909
325 Accrued Interest Payable	\$680	\$0	\$0	\$0	\$680	\$0	\$680
333 Accounts Payable - Other Government	\$15,963	\$0	\$0	\$0	\$15,963	\$0	\$15,963
341 Tenant Security Deposits	\$16,083	\$0	\$0	\$0	\$16,083	\$0	\$16,083
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$23,434	\$0	\$10,400	\$0	\$33,834	\$0	\$33,834
345 Other Current Liabilities	\$125,329	\$0	\$0	\$0	\$125,329	\$0	\$125,329
347 Inter Program - Due To	\$0	\$0	\$0	\$68,160	\$68,160	(\$68,160)	\$0
310 Total Current Liabilities	\$190,992	\$0	\$10,400	\$99,042	\$300,434	(\$68,160)	\$232,274
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,335,201	\$0	\$169,200	\$0	\$1,504,401	\$0	\$1,504,401
353 Non-current Liabilities - Other	\$0	\$0	\$0	\$86,910	\$86,910	\$0	\$86,910
354 Accrued Compensated Absences - Non Current	\$0	\$0	\$0	\$44,876	\$44,876	\$0	\$44,876
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$400,067	\$400,067	\$0	\$400,067
350 Total Non-Current Liabilities	\$1,335,201	\$0	\$169,200	\$531,853	\$2,036,254	\$0	\$2,036,254
300 Total Liabilities	\$1,526,193	\$0	\$179,600	\$630,895	\$2,336,688	(\$68,160)	\$2,268,528
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$103,463	\$103,463	\$0	\$103,463
508.4 Net Investment in Capital Assets	(\$406,478)	\$0	(\$1,538)	\$0	(\$408,016)	\$0	(\$408,016)
511.4 Restricted Net Position	\$105,483	\$0	\$0	\$164,669	\$270,152	\$0	\$270,152
512.4 Unrestricted Net Position	(\$120,181)	\$0	\$211,760	(\$592,560)	(\$500,981)	\$0	(\$500,981)
513 Total Equity - Net Assets / Position	(\$421,176)	\$0	\$210,222	(\$427,891)	(\$638,845)	\$0	(\$638,845)
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,105,017	\$0	\$389,822	\$306,467	\$1,801,306	(\$68,160)	\$1,733,146

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FINANCIAL DATA SCHEDULE
AS OF MARCH 31, 2020**

	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Elimination	Total
70300 Net Tenant Rental Revenue	\$192,224	\$0	\$0	\$0	\$192,224	\$0	\$192,224
70400 Tenant Revenue - Other	\$5,312	\$0	\$0	\$0	\$5,312	\$0	\$5,312
70500 Total Tenant Revenue	\$197,536	\$0	\$0	\$0	\$197,536	\$0	\$197,536
70600 HUD PHA Operating Grants	\$0	\$49,988	\$0	\$2,867,438	\$2,917,426	\$0	\$2,917,426
71100 Investment Income - Unrestricted	\$183	\$0	\$0	\$0	\$183	\$0	\$183
71400 Fraud Recovery	\$0	\$0	\$0	\$5,940	\$5,940	\$0	\$5,940
71500 Other Revenue	\$0	\$0	\$70,643	\$28,292	\$98,935	(\$35,605)	\$63,330
70000 Total Revenue	\$197,719	\$49,988	\$70,643	\$2,901,670	\$3,220,020	(\$35,605)	\$3,184,415
91100 Administrative Salaries	\$14,400	\$0	\$4,458	\$134,413	\$153,271	\$0	\$153,271
91200 Auditing Fees	\$3,350	\$0	\$0	\$8,734	\$12,084	\$0	\$12,084
91400 Advertising and Marketing	\$0	\$0	\$0	\$54	\$54	\$0	\$54
91500 Employee Benefit contributions - Administrative	\$0	\$0	\$0	\$100,038	\$100,038	\$0	\$100,038
91600 Office Expenses	\$0	\$0	\$0	\$42,078	\$42,078	\$0	\$42,078
91700 Legal Expense	\$366	\$0	\$0	\$0	\$366	\$0	\$366
91800 Travel	\$0	\$0	\$0	\$3,991	\$3,991	\$0	\$3,991
91900 Other	\$21,075	\$0	\$153	\$44,042	\$65,270	(\$35,605)	\$29,665
91000 Total Operating - Administrative	\$39,191	\$0	\$4,611	\$333,350	\$377,152	(\$35,605)	\$341,547
92100 Tenant Services - Salaries	\$0	\$34,372	\$0	\$0	\$34,372	\$0	\$34,372
92300 Employee Benefit Contributions - Tenant Services	\$0	\$15,616	\$0	\$0	\$15,616	\$0	\$15,616
92500 Total Tenant Services	\$0	\$49,988	\$0	\$0	\$49,988	\$0	\$49,988
93100 Water	\$25,801	\$0	\$0	\$670	\$26,471	\$0	\$26,471
93200 Electricity	\$7,745	\$0	\$0	\$2,700	\$10,445	\$0	\$10,445
93300 Gas	\$0	\$0	\$0	\$984	\$984	\$0	\$984
93000 Total Utilities	\$33,546	\$0	\$0	\$4,354	\$37,900	\$0	\$37,900
94100 Ordinary Maintenance and Operations - Labor	\$15,530	\$0	\$0	\$0	\$15,530	\$0	\$15,530
94200 Ordinary Maintenance and Operations - Materials and Other	\$22,813	\$0	\$0	\$0	\$22,813	\$0	\$22,813
94300 Ordinary Maintenance and Operations Contracts	\$8,626	\$0	\$0	\$1,317	\$9,943	\$0	\$9,943
94000 Total Maintenance	\$46,969	\$0	\$0	\$1,317	\$48,286	\$0	\$48,286
96110 Property Insurance	\$7,093	\$0	\$0	\$0	\$7,093	\$0	\$7,093
96120 Liability Insurance	\$0	\$0	\$0	\$2,449	\$2,449	\$0	\$2,449
96130 Workmen's Compensation	\$0	\$0	\$0	\$268	\$268	\$0	\$268
96100 Total insurance Premiums	\$7,093	\$0	\$0	\$2,717	\$9,810	\$0	\$9,810
96210 Compensated Absences	\$0	\$0	\$0	\$503	\$503	\$0	\$503
96300 Payments in Lieu of Taxes	\$15,963	\$0	\$0	\$0	\$15,963	\$0	\$15,963
96600 Bad debt - Other	\$0	\$0	\$0	\$16,931	\$16,931	\$0	\$16,931
96000 Total Other General Expenses	\$15,963	\$0	\$0	\$17,434	\$33,397	\$0	\$33,397
96710 Interest of Mortgage (or Bonds) Payable	\$9,061	\$0	\$8,764	\$0	\$17,825	\$0	\$17,825
96700 Total Interest Expense and Amortization Cost	\$9,061	\$0	\$8,764	\$0	\$17,825	\$0	\$17,825
96900 Total Operating Expenses	\$151,823	\$49,988	\$13,375	\$359,172	\$574,358	(\$35,605)	\$538,753

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
FINANCIAL DATA SCHEDULE
AS OF MARCH 31, 2020**

	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	Elimination	Total
97000 Excess of Operating Revenue over Operating Expenses	\$45,896	\$0	\$57,268	\$2,542,498	\$2,645,662	\$0	\$2,645,662
97300 Housing Assistance Payments	\$0	\$0	\$0	\$2,441,019	\$2,441,019	\$0	\$2,441,019
97350 HAP Portability-In	\$0	\$0	\$0	\$2,780	\$2,780	\$0	\$2,780
97400 Depreciation Expense	\$52,608	\$0	\$16,901	\$0	\$69,509	\$0	\$69,509
90000 Total Expenses	\$204,431	\$49,988	\$30,276	\$2,802,971	\$3,087,666	(\$35,605)	\$3,052,061
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$6,712)	\$0	\$40,367	\$98,699	\$132,354	\$0	\$132,354
11020 Required Annual Debt Principal Payments	\$23,434	\$0	\$10,400	\$0	\$33,834	\$0	\$33,834
11030 Beginning Equity	(\$414,464)	\$0	\$169,855	(\$526,590)	(\$771,199)	\$0	(\$771,199)
11170 Administrative Fee Equity	\$0	\$0	\$0	(\$597,383)	(\$597,383)	\$0	(\$597,383)
11180 Housing Assistance Payments Equity	\$0	\$0	\$0	\$164,669	\$164,669	\$0	\$164,669
11190 Unit Months Available	480	0	0	7,356	7,836	0	7,836
11210 Number of Unit Months Leased	468	0	0	7,086	7,554	0	7,554

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2020**

FEDERAL GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	TOTAL FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development		
Direct Program		
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	\$ 2,867,438
Total Housing Voucher Cluster		<u>2,867,438</u>
Family Self-Sufficiency Program	14.896	<u>49,988</u>
Total U.S. Department of Housing and Urban Development		<u>2,917,426</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,917,426</u>

See accompanying notes to this schedule.

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE B – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ending March 31, 2020.

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 March 31, 2020.

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

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

March 12, 2021

Tuscarawas Metropolitan Housing Authority
Tuscarawas County
134 Second Street SW
New Philadelphia, Ohio 44663

To the Director and Board of Commissioners:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities and the aggregate discretely presented component units of the **Tuscarawas Metropolitan Housing Authority**, Tuscarawas County, (the Authority) as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 12, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. Our report refers to other auditors who audited the financial statements of the Tuscarawas Affordable Housing One, LLC, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

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

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

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Compliance and Other Matters

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

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

March 12, 2021

Tuscarawas Metropolitan Housing Authority
Tuscarawas County
134 Second Street SW
New Philadelphia, Ohio 44663

To the Director and Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the **Tuscarawas Metropolitan Housing Authority's**, Tuscarawas County, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended March 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the Authority's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended March 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**TUSCARAWAS METROPOLITAN HOUSING AUTHORITY
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED MARCH 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR§200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Section 8 Housing Choice Vouchers, CFDA # 14.871
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	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.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



TUSCARAWAS COUNTY METROPOLITAN HOUSING AUTHORITY

TUSCARAWAS 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 5/6/2021

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

This report is a matter of public record and is available online at
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