Certified Public Accountants, A.C.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Commissioners
Vinton Metropolitan Housing Authority
310 West High Street
McArthur, Ohio 45651

We have reviewed the *Independent Auditor's Report* of Vinton Metropolitan Housing Authority, Vinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period October 1, 2019 through September 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

May 21, 2021

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VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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INDEPENDENT AUDITOR'S REPORT

April 30, 2021

Vinton Metropolitan Housing Authority
Vinton County
310 W. High St.
McArthur, Ohio 45651

To the Board of Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Vinton Metropolitan Housing Authority, Vinton County as of September 30, 2020, and the respective changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The supplemental financial data schedule presented on pages 35 and 36 are presented for additional analysis as required by the U.S. Department of Housing and Urban Development and are not required parts of the basic financial statements.

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

The schedules are management's responsibility and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules 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, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Emphasis of Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 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 & Associates CPA's A.C.

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

As management of the Vinton Metropolitan Housing Authority ("Authority"), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2020. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

Financial Highlights

1. The Authority has a net position of ($14,740). This net position results from the difference between total assets and deferred outflows of resources of $216,542 and total liabilities and deferred inflows of resources of $231,282.

2. Current and other assets of $158,681 consist of non-restricted Cash and Cash Equivalents of $95,722, Restricted Cash and Cash Equivalents of $58,588 and Prepaid Expenses and Other Assets of $4,371.

3. Current liabilities of $58,197 consist of Accrued Wages and Payroll Taxes Payable of $904, Unearned Revenue $23,451, and Undistributed Credits – Family Self Sufficiency of $33,842.

Basic Financial Statements and Presentation

The financial statements presented by the Authority are the Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position and Statement of Cash Flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority maintains several programs that are structured as a single enterprise fund with revenues recognized when earned and measureable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets are capitalized and depreciated except land, over their estimated useful lives.

The *Statement of Net Position* presents information on all the Authority's assets deferred outflows of resources and liabilities deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position increases when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net position, which indicate improved financial condition.

The *Statement of Revenues, Expenses, and Change in Net Position* present information showing how the Authority's net position changed during the year. This statement summarizes operating revenues and expenses along with nonoperating revenues and expenses. In addition, this statement lists capital grant revenues received from federal, state and local governments.

The Statement of Cash Flows allows financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is generally classified into four categories: 1) Cash flows from operating activities, 2) Cash flows from noncapital financing activities, 3) Cash flows from capital and related activities, and 4) Cash flows from investing activities.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of the Authority

Recall that the statement of net position provides the perspective of the Authority as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the Authority's net position for 2020 compared to 2019:

	2020	2019	Variance
Current and Other Assets	$ 158,681	$ 85,388	$ 73,293
Capital Assets	31,308	28,297	3,011
Total Assets	189,989	113,685	76,304
Deferred Outflows of Resources	26,553	45,271	(18,718)
Current and Other Liabilities	58,197	33,727	24,470
Long-Term Liabilities	143,295	176,563	(33,268)
Total Liabilities	201,492	210,290	(8,798)
Deferred Inflow of Resources	29,790	3,941	25,849
Net Position:			
Net Investment in Capital Assets	31,308	28,297	3,011
Restricted	35,137	46,344	(11,207)
Unrestricted	(81,185)	(129,916)	48,731
Total Net Position	$ (14,740)	$ (55,275)	$ 40,535

During 2020, current and other assets increased by $73,293, and current liabilities increased by $24,470. The change in current assets was mainly due to the change in cash balance. This change was due to the receipt of CARES Act Funds. The change in current liabilities is mainly due to the increase in Undistributed Credits – Family Self-Sufficiency, accrued wages/payroll taxes payable and unearned revenue related to cares act funds.

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Financial Analysis of the Authority (Continued)

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2020 and 2019.

Financial Operating Activities

Table 2

Condensed Summary of Revenues, Expenses and Change in Net Position

	2020	2019	Variance
Operating Revenues (Expenses):			
Operating Revenues	$ 882,038	$ 792,972	$ 89,066
Operating Expenses (Excluding Depreciation)	(839,833)	(806,218)	(33,615)
Depreciation Expense	(1,755)	(1,755)	-
Operating Income (Loss)	40,450	(15,001)	55,451
Nonoprating Revenue (Expenses):			
Interest Income	85	90	(5)
Interest Expense	-	(482)	482
	85	(392)	477
Net Increase/(Decrease)	40,535	(15,393)	55,928
Net Position, Beginning of Year (Restated)	(55,275)	(39,882)	(15,393)
Net Position, End of Year	$ (14,740)	$ (55,275)	$ 40,535

The most significant operating expenses for the Authority are Housing Assistance Payments, Administrative Salaries, Employee Benefits and Ordinary Maintenance and Operations Contracts. These expenses account for 95% of the total operating expenses. Housing Assistance Payments, which accounts for 81% of the total, represents cost associated with providing housing assistance for low-income tenants. Administrative Salaries and Employee Benefits, which accounts for 11% of the total, represents costs associated with salaried and hourly and fringe benefits for employees. Ordinary Maintenance and Operations Contracts, which accounts for 3% of the total, represents maintenance expenses for normal business operations.

Funding for the most significant operating expenses indicated above is from HUD Grants. HUD Grants revenue for 2020 was $875,576. Of this amount $21,710 was CARES Act monies. The Authority monitors its sources of revenues very closely for fluctuations.

Capital Assets and Debt Administration

The Authority's investment in capital assets as of September 30, 2020, amounts to $31,308 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, furniture and equipment.

Additional information concerning the Authority's capital assets can be found in Note 9 of the notes to the basic financial statements.

Additional information concerning the Authority's long-term obligations can be found in Note 10 of the notes to the basic financial statements.

Economic Factors

The economic outlook for the Authority is uncertain at this time. The slow economy has an impact on low-income households' ability to pay rent. Federal funding is at the discretion of the U.S. Department of Housing and Urban Development and is insufficient to cover operating costs and capital related needs for Public Housing Units. Section 8 administrative fees decreased retroactively to January 1, 2004 by three percent and additional cuts are possible. Locally, we are being impacted by negative employment factors such as stagnant job growth and a sluggish market. There is also the effects of the Corona Pandemic.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact J. Richard Griffith, Executive Director, 310 W. High St., P.O. Box 487, McArthur, OH 45651.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE - ENTERPRISE FUND
AS OF SEPTEMBER 30, 2020

	ENTERPRISE
Assets	
Current Assets:	
Cash and Cash Equivalents- Unrestricted	$ 95,722
Cash and Cash Equivalents- Restricted	58,588
Total Cash and Cash Equivalents	154,310
Prepaid Expenses and Other Assets	4,371
Total Current Assets	158,681
Noncurrent Assets:	
Capital Assets:	
Nondepreciable Capital Assets	5,000
Depreciable Capital Assets, Net of Accumulated Depreciation	26,308
Total Capital Assets	31,308
Total Noncurrent Assets	31,308
Total Assets	189,989
Deferred Outflows of Resources - OPEB	11,170
Deferred Outflows of Resources - Pension	15,383
Total Deferred Outflows of Resources	26,553
Total Assets and Deferred Outflows of Resources	$ 216,542
Liabilities	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	$ 904
Unearned Revenue	23,451
Undistributed Credits - Family Self-Sufficiency	33,842
Total Current Liabilities	58,197
Long-Term Liabilities:	
Net OPEB Liability	65,886
Net Pension Liability	64,831
Compensated Absences	12,578
Total Long-Term Liabilities	143,295
Total Liabilities	201,492
Deferred Inflows of Resources - OPEB	18,889
Deferred Inflows of Resources - Pension	10,901
Total Deferred Inflows of Resources	29,790
Total Liabilities and Deferred Inflows of Resources	231,282
Net Position	
Investment in Capital Assets	31,308
Restricted	35,137
Unrestricted	(81,185)
Total Net Position	(14,740)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 216,542

See accompanying notes to the basic financial statements.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	ENTERPRISE
Operating Revenues	
HUD PHA Operating Grants	$ 853,576
COVID Grants	21,710
Other Revenue	6,752
Total Operating Revenues	882,038
Operating Expenses	
Administrative	125,693
Ordinary Maintenance & Operation	27,109
General Expense	4,731
Housing Assistance Payments	682,300
Depreciation Expense	1,755
Total Operating Expenses	841,588
Operating Income (Loss)	40,450
Non-Operating Revenues	
Investment Income - Restricted	25
Investment Income - Unrestricted	60
Total Non-Operating Revenues/(Expenditures)	85
Change in Net Position	40,535
Net Position, Beginning of Year	(55,275)
Net Position, End of Year	$ (14,740)

See accompanying notes to the basic financial statements.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
AS OF SEPTEMBER 30, 2020

		ENTERPRISE
Cash Flows From Operating Activities:		
Receipts From Operating Grants	$	898,737
Other Operating Receipts		6,752
Housing Assistance Payments		(682,300)
Payments for Employees and Services		(145,657)
Net Cash Provided by Operating Activities		77,532
Cash Flows From Capital and Related Financing Activities:		
Purchase of Capital Assets		(4,766)
Net Cash Used by Capital and Related Financing Activities		(4,766)
Cash Flows From Investing Activities:		
Interest Received on Investments		85
Net Cash Provided by Investing Activities		85
Net Increase in Cash and Cash Equivalents		72,851
Cash and Cash Equivalents at Beginning of Year		81,459
Cash and Cash Equivalents at End of Year	$	154,310
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Operating Income	$	40,450
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation Expense		1,755
(Increase) Decrease In:		
Prepaid Expenses and Other Assets		(442)
Deferred Outflows of Resources		18,718
Increase (Decrease) In:		
Accrued Pension and OPEB Liabilities		(34,464)
Accrued Wages/Payroll Taxes Payable		(44)
Compensated Absences		1,196
Unearned Revenue		23,451
Undistributed Credits - Family Self-Sufficiency		1,063
Deferred Inflows of Resources		25,849
Net Cash Provided by Operating Activities	$	77,532

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF THE AUTHORITY, PROGRAM AND REPORTING ENTITY

Description of the Authority and Programs

Vinton Metropolitan Housing Authority was created under Section 3735.07 of the Ohio Revised Code. The Authority contracts with the U.S. Department of Housing and Urban Development (HUD) to provide low-income persons with safe and sanitary housing through rent subsidies provided by HUD (Section 8 Housing Assistance). The majority of the Authority's rental income is received from HUD.

A summary of the significant programs administered by the Authority is provided below:

Section 8 Rental Voucher Program – Under the Section 8 Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn, contracts with the private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Family Self Sufficiency (FSS) Program - This program is designed to help participants achieve economic independence and self-sufficiency.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Authority consists of all funds, departments, boards, and agencies that are not legally separate from the Authority. For all Authority, this includes general operations and the Section 8 program.

The Vinton Metropolitan Housing Authority was established for the purpose of engaging the development, acquisition, and administrative activities of the low-income housing program. An Annual Contributions Contract (ACC) was signed by the Vinton Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which were detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities. The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 is the "primary government". "A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of "America as applied to government unit. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Presentation – Fund Accounting

The Authority uses a fund to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. For financial statement presentation purposes, the funds of the Authority are grouped into the following fund type.

Proprietary Fund Type - The proprietary fund is used to account for the Authority's ongoing activities which are similar to those found in a private sector. The following is the Authority's proprietary fund:

Enterprise Fund – The enterprise fund is used to account for operations 1) that are financed and operated in a manner similar to private business enterprises where the intent of governing body is that the costs of providing goods or services to the general public on continuing basis be financed or recovered primarily through user charges; or 2 where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurements Focus

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of change in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Basis of Accounting

The proprietary fund type uses the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and measurable and expenses are recorded at the time liabilities are incurred, if measurable.

Deferred Outflows and Deferred Inflows 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 (expenditures/expenses) until then. The Authority reports a deferred outflow of resources for pensions as of September 30, 2020. The deferred outflows of resources related to pension and OPEB are reported on the Statement of Net Position and explained in Notes 4 and 5. Deferred inflows of resources related to pension and OPEB are reported on the Statement of Net Position and explained in Notes 4 and 5.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Budgetary Data

The Authority is not required to follow the budgetary requirements of the Ohio Revised Code. However, the Authority does maintain a budget for management purposes.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in checking accounts and are stated at cost, which approximates market value.

For purposes of the statement of cash flows and for presentation on the statement of net position, cash and cash equivalents include all highly liquid debt instruments with an original maturity of three months or less at the time they are purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2020, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Capital Assets

Land, buildings, equipment and vehicles are recorded at historical cost. Donated land, buildings, equipment and vehicles are recorded at their acquisition value on the date donated. The Authority capitalizes all assets with a cost of $3,000 or more. Depreciation is calculated on a straight-line method using half-year convention over the following useful lives.

Description	Estimated Lives
Building and Improvements	30
Equipment	7
Vehicles	5-7

Compensated Absences

The Authority reports compensated absences in accordance with the provisions of GASB No. 16, Accounting for Compensated Absences.

Sick leave benefits are accrued as a liability using the vesting method. Sick leave benefits are accrued as a liability for employees who are currently eligible to receive termination benefits and those identified as probable to receiving payment in the future. Vacation benefits are accrued as a liability as the benefits are earned by the employees if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the Authority will compensate the employees for the benefits through paid time off or some other means. The liability for sick leave and vacation benefits is based on accumulated unused balances and employees' wage rates at fiscal year-end. Compensated absences are expensed when earned by the employees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are operating grants from HUD and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are primarily administrative, benefits, maintenance and operations, depreciation, and housing assistance payments.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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

Net Position

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

Legal Requirements

State Statutes require the classification of cash into three categories.

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

Inactive cash is public deposits not required for use within the current five-year period of designation of depositories. Inactive funds may only be used to purchase investments which mature or are redeemable within five years from the date of purchase.

NOTE 3 – CASH AND INVESTMENTS – (Continued)

Interim cash is public deposits not needed for immediate use but which will be needed before the current depository agreement expires. Interim funds may only be invested or deposited in the following securities.

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligation described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool. (STAROhio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Public depositories must give security for all public funds on deposit. Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits by category of risk as defined in GASB Statement No. 3, Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements and GASB Statement No. 40, Deposit and Investment Risk Disclosures. The Authority held no investments at the end of the year.

NOTE 3 – CASH AND INVESTMENTS – (Continued)

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at 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.

At September 30, 2020, the carrying amount of all Authority deposits was $154,310. All of the Authority's bank balance was covered by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

NOTE 4 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB Statement No. 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 the 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 basis of accounting.

NOTE 4 – DEFINED BENEFIT RETIREMENT PLANS – (Continued)

Ohio Public Employees Retirement System (OPERS)

Plan Description – All authority employees participate in the Ohio Public Employee 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-employee defined benefit plan with defined contribution features. While members (Authority employees) may elect the Member-Direct Plan and the Combined Plan all Authority employee members are in OPERS' Traditional Plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional plans. 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/investments/cafr.shtml. writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

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

Group A	**Group B**	**Group C**
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 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 57 with 25 years of service credit or Age 62 with 5 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. The COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

NOTE 4 – DEFINED BENEFIT RETIREMENT PLANS – (Continued)

Funding Policy – The Ohio Revised Code (ORC) provided statutory authority for member and employee contributions as follows.

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for the period ended September 30, 2020, 2019, and 2018 were $10,088, $9,796 and $9,909, 100% has been contributed for 2020, 2019 and 2018. Of this amount $0 is reported as accrued wages/payroll taxes salaries payable.

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

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

	Traditional Pension Plan
Proportionate Share of the Net Pension Liability	$64,831
Proportion of the Net Pension Liability	0.000328%
Increase/(decrease) in % from prior proportion measured	(0.00000039)
Pension Expense	$7,146

NOTE 4 – DEFINED BENEFIT RETIREMENT PLANS – (Continued)

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

	Traditional Pension Plan
Deferred Outflows of Resources	
Changes in assumptions	$ 3,463
Changes in proportion and differences between contributions and proportionate share of contributions	270
District contributions subsequent to the measurement date	7,437
Total Deferred Outflows of Resources	$ 11,170
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 12,932
Differences between expected and actual experience	820
Changes in proportion and differences between contributions and proportionate share of contributions	5,137
Total Deferred Inflows of Resources	$ 18,889

$4,899 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal year Ending Sept 30:	Traditional Pension Plan
2021	$ 4,546
2022	6,012
2023	(534)
2024	5,132
Total	$ 15,156

NOTE 4 – DEFINED BENEFIT RETIREMENT PLANS – (Continued)

Actuarial Assumptions

OPERS' total pension asset and liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2019, are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	Traditional Pension Plan
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% to 10.75% (Includes wage inflation of 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 most recent experience study was completed for the five -year period ended December 31, 2015.

NOTE 4 – DEFINED BENEFIT RETIREMENT PLANS – (Continued)

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

During 2019 OPERS manage investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined 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 on the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2% 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 for 2019	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%, post experience study results, for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates 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 was applied to all periods of projected benefit payments to determine the total pension liability.

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

Emoloyer's Net Pension Liability/(Asset)	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
Traditional Pension Plan	$ 106,928	$ 64,831	$ 26,988

NOTE 5 – DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

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

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

Plan Description

Authority's employees participate in the Ohio Public Employees Retirement System of Ohio (OPERS), which is a cost-sharing, multiple-employer retirement plan. OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member- Directed Plan through September 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of September 30, 2016 and the net positions transferred to the 115Ttrust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans. The Plan is included in the report of OPERS which can be obtained by visiting www.opers.org or by calling (800) 222-7377.

Funding Policy – Ohio Revised Code Chapter 145 authorizes OPERS to offer the Plan and gives the OPERS Board of Trustees discretionary authority over how much, if any, of the health care costs will be absorbed by OPERS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the year ended December 31, 2019, the Traditional Plan allocated 0% of employer contributions to post-employment health care.

NOTE 5 – DEFINED BENEFIT OPEB PLAN – (Continued)

Net OPEB Liability

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. Authority's proportion of the net OPEB liability was based on Authority's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportionate Share of the Net OPEB Liability	$ 65,886
Proportion of the Net OPEB Liability	0.000477%
Increase/(decrease) in % from prior proportion measured	-0.000019%
OPEB Expense	$ 6,505

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

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$ 2
Changes in assumptions	10,429
Changes in proportion and differences between government contributions and proportionate share of contributions	4,952
Total Deferred Outflows of Resources	$ 15,383
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 3,355
Differences between expected and actual experience	6,026
Changes in proportion and differences between government contributions and proportionate share of contributions	1,520
Total Deferred Inflows of Resources	$ 10,901

NOTE 5 – DEFINED BENEFIT OPEB PLAN – (Continued)

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

Fiscal Year Ending June 30:	OPERS
2021	$ 5,562
2022	352
2023	3
2024	(1,435)
Total	$ 4,482

Actuarial Assumptions - OPERS

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Actuarial Information	
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
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% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030

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

NOTE 5 – DEFINED BENEFIT OPEB PLAN – (Continued)

Actuarial Assumptions – OPERS – (Continued)

A single discount rate of 3.16% as 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% and a municipal bond rate of 2.75%. 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.

The following table presents the OPEB liability calculated using the single discount rate of 3.16%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease 2.16%	Current Discount Rate 3.16%	1% Increase 4.16%
Authority's proportionate share of the net OPEB liability	$ 86,223	$ 65,886	$ 49,603

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% 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.

	1% Decrease	Current Discount	1% Increase
Authority's proportionate share of the net OPEB liability	$ 63,942	$ 65,886	$ 67,806

NOTE 5 – <u>DEFINED BENEFIT OPEB PLAN</u> – (Continued)

<u>Actuarial Assumptions – OPERS</u> – (Continued)

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

Asset Class	Target Allocation for 2019	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%	5.67%
International Equities	23.00%	7.66%
Other Investments	14.00%	4.90%
Total	100.00%	4.55%

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

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

NOTE 6 – <u>COMPENSATED ABSENCES</u>

Sick leave and vacation policies are established by the Board of Commissioners based on local and state laws.

Sick leave is earned at a rate of 4.60 hours per 80 hours of service. Unused sick leave may be accumulated without limit. At time of separation, employees shall be paid the value of up to 30 days of unused sick leave.

All permanent employees will earn vacation hours accumulated based on length of service. Unused vacation leave will be paid to the employees at the time of separation not to exceed 160 hours.

As of September 30, 2020, $12,578 was accrued for unused sick leave and vacation.

NOTE 7 – RISK MANAGEMENT

The Authority maintains comprehensive liability insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage from the prior year. There were no settlements that exceeded insurance coverage during the past three years.

NOTE 8 – ADMINISTRATIVE FEE

The Authority receives an "administrative fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Programs. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts.

NOTE 9 – CAPITAL ASSETS

A summary of changes in capital assets during fiscal year 2020 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated:				
Land	$ 5,000	$ -	$ -	$ 5,000
Total Capital Assets not Being Depreciated	5,000	-	-	5,000
Capital Assets Being Depreciated:				
Buildings	57,531	-	-	57,531
Furniture and Equipment - Admin	34,660	4,766	(15,624)	23,802
Total Capital Assets Being Depreciated:	92,191	4,766	(15,624)	81,333
Less: Accumulated Depreciation:				
Building	(34,234)	(1,755)	-	(35,989)
Equipment	(34,660)	-	15,624	(19,036)
Total Accumulated Depreciation	(68,894)	(1,755)	15,624	(55,025)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	23,297	3,011	-	26,308
Total Capital Assets Net	$ 28,297	$ 3,011	$ -	$ 31,308

NOTE 10 – LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the Authority during the 2020 fiscal year were as follows:

	Beginning Balance 9/30/2019	Additions	Reductions	Ending Balance 9/30/2020	Amounts Due in One Year
Compensated Absences	$ 11,382	$ 1,196	$ -	$ 12,578	$ 13
Net OPEB Liability	64,667	1,219	-	65,886	-
Net Pension Liability	100,514	-	(35,683)	64,831	-
Total Long Term Obligations	$ 176,563	$ 2,415	$ (35,683)	$ 143,295	$ 13

NOTE 11 – ECONOMIC DEPENDENCY

The Authority is economically dependent on receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

NOTE 12 – CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as no appropriate under the terms for the grants. Such audits could lead to reimbursement to the grantor agencies. Authority's management believes disallowance, if any will be immaterial.

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 2020, the Authority was involved in no matters management believes will have a material effect on the basic financial statements.

NOTE 13 – SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many counties, included the geographical area in which Authority operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergence assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to Authority.

VINTON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
September 30, 2020

Ohio Public Employees Retirement System
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset) (percentage) - Traditional Plan	0.000328%	0.000367%	0.000362%	0.000390%	0.000387%	0.000392%	0.000392%
Authority's proportionate share of the net pension liability (asset) - Traditional Plan	$ 64,831	$ 100,514	$ 56,791	$ 88,562	$ 67,033	$ 47,280	$ 46,212
Authority's covered payroll	$ 72,296	$ 71,968	$ 75,168	$ 73,821	$ 70,029	$ 69,529	$ 69,028
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	89.67%	139.66%	75.55%	119.97%	95.72%	68.00%	66.95%
Plan fiduciary net position as a percentage of the total pension liability (Traditional Plan)	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Information prior to fiscal year 2014 is not available

*The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

VINTON METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF CONTRIBUTIONS
September 30, 2020

Ohio Public Employees Retirement System
Last 10 Fiscal Years

Traditional Plan:

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 10,088	$ 9,796	$ 9,909	$ 9,574	$ 10,335	$ 9,804	$ 9,734	$ 9,664
Contributions in relation to contractually required contribution	(10,088)	(9,796)	(9,909)	(9,574)	(10,335)	(9,804)	(9,734)	(9,664)
Contribution deficit (surplus)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 72,056	$ 69,968	$ 71,968	$ 75,168	$ 73,821	$ 70,029	$ 69,529	$ 69,029
Contributions as a percentage of covered payroll	14.00%	14.00%	13.77%	12.74%	14.00%	14.00%	14.00%	14.00%

Calculated contribution rates above sometimes differ from published OPERS rates due to rate changes during the Authority's fiscal year (OPERS rates are effective based on a calendar year)

Information prior to fiscal year 2013 is not available

Schedule will be built prospectively

VINTON METROPOLTAN HOUSING AUTHORITY
VINTON COUNTY
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Three Fiscal Years (1)
For the Fiscal Year Ended September 30, 2020

	2019	2018	2017	2016
Authority's Proportion of the Net Pension Liability	0.000477%	0.000496%	0.000362%	0.000390%
Authority's Proportionate Share of the Net Pension Liability	$ 65,886	$ 64,667	$ 39,311	$ 39,391
Authority's Covered Payroll	$ 72,296	$ 71,968	$ 75,168	$ 73,821
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	91.13%	89.86%	52.30%	53.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.80%	46.33%	54.14%	N/A

(1) Information prior to 2016 is not available.

(2) Information is presented on a calendar year basis, consistent with measurement year used by OPERS.

VINTON METROPOLTAN HOUSING AUTHORITY
VINTON COUNTY
Required Supplementary Information
Schedule of the Authority's Contributions
Ohio Public Employees Retirement System - OPEB Plan
Last Three Fiscal Years (1)
For the Fiscal Year Ended September 30, 2020

	2020	2019	2018	2017
Contractually Required Contribution	$ -	$ -	$ 166	$ 553
Contributions in Relation to the Contractually Required Contribution	-	-	(166)	(553)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Authority Covered Payroll	$ 72,056	$ 69,968	$ 71,968	$ 75,168
Contributions as Percentage of Covered Payroll	0.00%	0.00%	0.23%	0.74%

See Accompanying Notes to the Basic Financial Statements.

(1) Information prior to 2017 is not available.
(2) Information is presented on a fiscal year basis, consistent with Authority's financial statements.

Notes to the Required Supplemental Information
For the Fiscal Year Ended September 30, 2020

Note 1 - Changes in Assumptions – OPERS Pension

Amounts reported for fiscal year 2017 (Measurement Period 2016) incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 (Measurement Period 2015) and prior are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability		
Actuarial Information		
Valuation Date	December 31, 2016	December 31, 2015
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	8.00%
Wage Inflation	3.25%	3.75%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	4.25% to 10.05% (Includes wage inflation of 3.75%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from RP-2000 mortality tables to the RP-2014 mortality tables.

There are no changes in actuarial valuation for measurement period 2017 versus measurement period 2016.

Changes for the period 2018 versus the measurement period 2017 included a reduction of the discount rate from 7.5% to 7.2%.

There were no signification changes for the measurement period 2019 versus the measurement period 2018.

Note 2 - Changes in Assumptions – OPERS OPEB

Amounts reported for fiscal year 2019 (Measurement Period 2018) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2018 (Measurement Period 2017) are presented below:

Changes in Assumptions – OPERS OPEB (Continued)

Key Methods and Assumptions Used in Valuation of Total OPEB Liability		
Actuarial Information		
Valuation Date	December 31, 2017	December 31, 2016
Rolled-forward measurement date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.96%	3.85%
Investment Rate of Return	6.00%	6.50%
Municipal Bond Rate	3.71%	3.31%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10% initial, 3.25% ultimate in 2029	7.5% initial, 3.25% ultimate in 2028

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a increase of the discount rate from 3.85% to 3.96%, a reduction in the investment rate of return 6.50% to 6.00%, and an increase in bond rate from 3.31% to 3.71%.

Amounts reported for fiscal year 2020 (Measurement Period 2019) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2019 (Measurement Period 2018) are presented below:

Actuarial Information		
Valuation Date	December 31, 2018	December 31, 2017
Rolled-forward measurement date	December 31, 2019	December 31, 2018
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.16%	3.96%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.75%	3.71%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030	10% initial, 3.25% ultimate in 2029

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a decrease of the discount rate from 3.96% to 3.16% and a decrease in bond rate from 3.71% to 3.25%. There is also a change Health Care Cost Trend Rates.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
SCHEDULE OF NET ASSETS BY PROGRAM
AS OF SEPTEMBER 30, 2020

	FSS+MMHA Housing Choice Vouchers
Assets	
Current Assets:	
Cash:	
Unrestricted	$ 95,722
Other Restricted	58,588
Total Cash	154,310
Prepaid Expenses and Other Assets	1,530
Deferred Charges - Other	2,841
Total Current Assets:	158,681
Noncurrent Assets:	
Capital Assets:	
Land	5,000
Buildings	62,297
Furniture, Equipment & Machinery - Administration	19,036
Accumulated Depreciation	(55,025)
Capital Assets, Net of Accumulated Depreciation	31,308
Total Noncurrent Assets:	31,308
Total Assets	189,989
Deferred Outflows of Resources - OPEB	11,170
Deferred Outflows of Resources - Pensions	15,383
Total Deferred Outflows of Resources	26,553
Total Assets and Deferred Outflows of Resources	216,542
Liabilities	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	904
Unearned Revenue	23,451
Undistributed Credits - Family Self-Sufficiency	33,842
Total Current Liabilities:	58,197
Long Term Liabilities:	
Compensated Absences	12,578
Net OPEB Liability	65,886
Net Pension Liability	64,831
Total Long Term Liabilities:	143,295
Total Liabilities	201,492
Deferred Inflows of Resources - OPEB	18,889
Deferred Inflows of Resources - Pensions	10,901
Total Deferred Inflows of Resources	29,790
Total Liabilities and Deferred Inflows of Resources	231,282
Net Assets:	
Invested In Capital Assets, Net of Related Debt	31,308
Restricted	35,137
Unrestricted	(81,185)
Total Net Assets	(14,740)
Total Liabilities, Deferred Inflows of Resources and Net Assets	$ 216,542

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2020

		FSS+MMHA Housing Choice Vouchers
Operating Revenues		
HUD PHA Operating Grants	$	853,576
COVID Grants		21,710
Other Revenue		6,752
Total Operating Revenues		882,038
Operating Expenses		
Administrative:		
Administrative Salaries		75,908
Auditing Fees		9,062
Employee Benefit Contributions - Administrative		21,672
Advertising and Marketing		-
Office Expenses		9,592
Legal Expense		-
Travel		522
Other Utilities Expense		1,573
Other Expense		7,364
Total Administrative		125,693
Ordinary Maintenance & Operation:		
Ordinary Maintenance and Operations Contracts		23,359
Liability Insurance		2,842
Workmen's Compensation		908
Total Ordinary Maintenance & Operation		27,109
General Expenses:		
Other		4,731
Total General Expenses		4,731
Housing Assistance Payments		682,300
Depreciation Expense		1,755
Total Operating Expenses		841,588
Operating Income/(Loss)		40,450
Other Non-Operating Revenues (Expenses):		
Investment Income - Unrestricted		60
Investment Income - Restricted		25
Total Other Non-Operating Revenues (Expenses)		85
Net Change in Fund Balance		40,535
Net Assets, Beginning of the Year		(55,275)
Net Assets, End of Year	$	(14,740)

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

FEDERAL GRANTOR/ PASS-THROUGH ENTITY/ PROGRAM TITLE	FEDERAL CFDA NUMBER	2020 FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
DIRECT AWARDS:		
Section 8 Housing Choice Vouchers	14.871	$ 853,576
Covid 19 - Section 8 Housing Choice Vouchers	14.871	21,710
Total U.S. Department of Housing and Urban Development		875,286
TOTAL FEDERAL AWARDS EXPENDITURES		$ 875,286

The accompanying notes to this schedule are an integral part of this schedule.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule has been prepared on the accrual basis of accounting as required by accounting principles generally accepted in the United States of America. 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). Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended September 30, 2020.

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

April 30, 2021

Vinton Metropolitan Housing Authority
Vinton County
310 W. High St.
McArthur, Ohio 45651

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Vinton Metropolitan Housing Authority,** Vinton County, (the Authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 30, 2021, wherein we noted the Authority followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and the financial impact of COVID-19 and the ensuing emergency measures.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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 communication is not suitable for any other purpose.

Perry & Associates CPA's A.C.

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Marietta, Ohio

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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

April 30, 2021

Vinton Metropolitan Housing Authority
Vinton County
310 W. High St.
McArthur, Ohio 45651

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited **Vinton Metropolitan Housing Authority's**, (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Authority's major federal program for the year ended September 30, 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 the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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 September 30, 2020.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness**,** described in the accompanying schedule of audit findings as item 2020-001.

The Authority's response to our internal control over compliance finding is described in the accompanying schedule of audit findings and corrective action plan. We did not audit the Authority's response and, accordingly, we express no opinion on it.

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 & Associates CPA's A.C.

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

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2019

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Section 8 Housing Choice Voucher CFDA # 14.871
(d)(1)(viii)	**Dollar Threshold: Type A/B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	No

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

None

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FOR THE YEAR ENDED SEPTEMBER 30, 2019

SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515

3. FINDINGS FOR FEDERAL AWARDS

Finding Number		2020-001	
CFDA Titles and Numbers		Section 8 Housing Choice Voucher CFDA # 14.871	
Federal Award Number/Year		2020	
Federal Agency		U.S. Department of Housing and Urban Development	
Pass- Through Agencies		N/A	
Repeat Finding from Prior Audit?	No	**Finding Number**	N/A

Material Weakness

Criteria: **Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards §200.508** includes, in part, the following auditee responsibility:

(A) Prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards in accordance with § 200.510.

Management is responsible for developing internal control procedures which provide reasonable assurance the Authority's Schedule of Federal Awards Expenditures (the Schedule) is complete and accurate. Sound internal controls require a review of the Schedule be performed and documented to verify the information reported is complete and accurate before finalizing the Schedule.

Condition: For fiscal year 2020, the Authority had the following errors on the Schedule:

- The Section 9 Housing Choice Voucher receipts were understated by $40,450.

Cause: The Authority lacked adequate procedures to ensure that all entries for Federal awards were recorded in the proper line item within its accounting system.

Effect: These adjustments, with which management agrees, are reflected on the Schedule of Federal Awards Expenditures.

Recommendation: We recommend the Authority develop policies and procedures to ensure the completeness and accuracy of the Schedule.

Official's Response*:* Refer to the Corrective Action Plan at the end of this report.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	Update policies and procedures. Correct errors in the Schedule moving forward.	September 30, 2021	J. Richard Griffith, Executive Director.

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OHIO AUDITOR OF STATE
KEITH FABER

VINTON METROPOLITAN HOUSING AUTHORITY

VINTON 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 6/3/2021

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