ALLEN METROPOLITAN HOUSING AUTHORITY

ALLEN COUNTY

SINGLE AUDIT

JULY 1, 2018 – JUNE 30, 2019

WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Commissioners
Allen Metropolitan Housing Authority
600 South Main Street
Lima, Ohio 45804

We have reviewed the *Independent Auditor's Report* of the Allen Metropolitan Housing Authority, Allen County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

November 22, 2019

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ALLEN METROPOLITAN HOUSING AUTHORITY
ALLEN COUNTY

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WILSON, SHANNON & SNOW INC.
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the Allen Metropolitan Housing Authority, Allen County, Ohio (the Authority), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Allen Metropolitan Housing Authority, Allen County as of June 30, 2019, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

10 West Locust Street | Newark, Ohio 43055 | Phone: 740-345-6611 | Fax: 740-345-5635 | wssinc.net

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The Financial Data Schedules as required by the Department of Housing and Urban Development present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have[i] also issued our report dated October 25, 2019, 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.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
October 25, 2019

The following discussion and analysis of the Allen Metropolitan Housing Authority (the "Authority") is to provide an introduction to the basic financial statements for the fiscal year ended June 30, 2019 with selected comparative information for the fiscal year ended June 30, 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements, and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflow of resources of the Authority exceeded its liabilities and deferred inflow of resources at the close of fiscal year 2019 by $4,423,921 (net position). Of this amount, $80,568 (unrestricted Net Position) may be used to meet the Authority's ongoing obligations to citizens and creditors.

- Capital assets decreased by $361,638.

- Net Position decreased by $485,132 in the fiscal year ended June 30, 2019.

- Revenues increased by $774,288 primarily due to an increase in tenant revenue and Housing Choice Voucher program revenue. This is in direct relation to lease up.

- Expenses increased by $409,515 primarily due to an increase in Housing Assistance Payments (HAP) expense in the Housing Choice Voucher Program and spending to meet increased revenue.

- The capital grants increased $126,374 reflecting the increase in capital fund monies spent on capital projects from 2018.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

MD&A ~ Management's Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (Pension and OPEB Schedules) ~
Other Supplementary Information ~ Financial Data Schedules ~ ~ Schedule of Expenditures of Federal Awards ~

The focus is on both the Authority as a whole (authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Authority-Wide Financial Statements

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

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

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

Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have any outstanding debt.

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

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Investment in Capital Assets", or "Restricted Net Position". This account resembles the old operating reserves account.

The Authority financial statements include a Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, operating grants, and other revenues; Operating Expenses, such as administrative, utilities, maintenance, general, insurance, housing assistance payments, and depreciation; and Non-Operating Revenues, such as capital grant revenue and investment/interest income.

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

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

Fund financial Statements

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

Accounting balances for many of the programs maintained by the Authority are segregated as required by HUD. Others are segregated to enhance accountability and control.

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

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

Housing Choice Voucher Program (HCVP) – Under the Housing Choice Voucher Program, the Authority administers contract with independent landlords that own the property. The Authority subsidizes the family's rent through the Housing Assistance Payment made to the landlord. The program is administered under the Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Special Needs Assistance Program (SNAP) – The Continuum of Care program funding received from the Department of Housing and Urban Development for this program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities and their families if they are also homeless.

Section 8 Moderate Rehab – Single Room Only (SRO) – The Authority administers Section 8 rental assistance programs where the Department of Housing and Urban Development (HUD) enters into annual contribution contract with a private owner. The owner rents housing to eligible low-income individuals who typically pay rent of 30% of adjusted gross income. The remaining portion of the rent for the unit is paid to the owner by HUD through the HAP contract. The Authority earns an administration fee for these services rendered. The program operates from Section 8 – New Construction and Substantial Rehab funding.

FSS – Service Coordinators – The purpose of the FSS Service Coordinator program is to provide funding to hire and maintain Service Coordinators who will assess the needs of residents of conventional Public Housing and coordinate available resources in the community to meet those needs. In the past, the ROSS grant has included programs such as ROSS-Family & Homeownership. These programs have been combined into one FSS Service Coordinators program.

Business Activities - Represent other non-HUD activities

Authority Activity Highlights

Revenues and Expenses

The following is a summary of the results of operations of the Authority for the fiscal years ended June 30, 2019 and 2018:

Revenue	**2019**	**2018**
Tenant Revenues – Rents & Other	$ 586,765	$ 541,910
Operating Subsidies	7,273,980	6,680,144
Capital Grants	175,284	48,910
Investment Income	3,772	3,499
Other Revenues	25,134	16,184
Total Revenues	8,064,935	7,290,647
Expenses		
Administrative	1,237,309	1,138,963
Tenant Services	65,254	71,429
Utilities	307,070	298,581
Maintenance	800,405	832,707
General Expenses and Insurance	165,632	159,244
Housing Assistance Payments	5,437,475	5,018,847
Depreciation	536,922	620,781
Total Expenses	8,550,067	8,140,552
Change in Net Position	(485,132)	(849,905)
Total Net Position – beginning	4,909,053	5,758,958
Total Net Position – ending	$ 4,423,921	$ 4,909,053

Housing Units Managed

The following table shows housing units managed by the Authority for fiscal years ended June 30, 2019 and 2018:

	2019	2018
Owned by Authority	246	246
Units Under Vouchers	1,041	1,041
Units Under NC SR	63	63
Total Housing Units Managed	1,350	1,350

Changes in Capital Assets

Total capital assets decreased from the previous fiscal year by $361,638. The decrease is a result of depreciation on assets exceeding capital additions. The following table summarizes changes in capital asset balances for fiscal years ending June 30, 2019 and 2018:

	2019	2018
Land	$ 925,759	$ 925,759
Buildings	20,887,246	20,711,963
Equipment	709,781	709,781
Accumulated Depreciation	(18,252,456)	(17,715,535)
Total	$ 4,270,330	$ 4,631,968

Capital Assets are presented in detail on page 19 of the notes.

Beginning Balance - June 30, 2018	$4,631,968
Current Year Additions	175,284
Current Year Depreciation Expense	(536,922)
Ending Balance - June 30, 2019	$4,270,330

Current Year Additions are summarized as follows:	
1320 Hazel Renovations	$ 8,558
FW Apartments Boiler/Chiller Project	138,960
226 Calumet Renovations	7,696
720 S Broadway Renovations	11,520
734 Elizabeth Renovations	8,550
Total 2019 Additions	$ 175,284

Debt

The Authority did not report outstanding debt at June 30, 2019.

Financial Position

The statement of Net Position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. Net Position is the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison of the Authority's assets, liabilities, deferred outflows and inflows of resources, and net position at June 30, 2019 and 2018:

	2019	2018
Assets and Deferred Outflows of Resources:		
Current Assets	$2,366,204	$2,143,161
Capital Assets	4,270,330	4,631,968
Notes Receivable	24,000	24,000
Deferred Outflows of Resources	524,806	223,216
Total Assets and Deferred Outflows of Resources	**$7,185,340**	**$7,022,345**
Liabilities:		
Current Liabilities	$ 188,237	$ 177,088
Non-Current Liabilities	2,376,383	1,668,522
Total Liabilities	**2,564,620**	**1,845,610**
Deferred Inflows of Resources	**196,799**	**267,682**
Net Position:		
Investment in Capital Assets	4,270,330	4,631,968
Restricted	73,023	52,399
Unrestricted	80,568	224,686
Total Net Position	**4,423,921**	**4,909,053**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$7,185,340**	**$7,022,345**

MAJOR FLUCTUATIONS COMMENTS:

Current assets increased. FSS escrow increases affected restricted cash and current liabilities which also increased. The drop in capital assets reflects that depreciation on existing assets outpaced capital additions. Deferred outflow of resources increased, while deferred inflows of resources decreased, and non-current liabilities all increased due to reporting of pension and other post-employment benefit (OPEB) activity required by GASB 68 and GASB 75. GASB 68 and GASB 75 are the relatively new accounting standards that essentially require the Authority to report what is determined to be its share of the unfunded pension and health insurance (OPEB) liability of the pension system, the Ohio Public Employees Retirement System (OPERS). Employees of the Authority are required by state law to be members of OPERS, and the Authority is required to make retirement contributions to OPERS for all of its employees. The Net Pension and Net OPEB Liabilities are unlike other liabilities the Authority has in that it does not represent a bill to be paid by the Authority, but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its pension and OPEB obligations.

Operating subsidies and tenant revenues increased. Healthy lease up had a positive effect on all program subsidies.

HAP expenses had a big increase. The increase in HAP expenses corresponds to the lease up and in the HCV program revenues. The Authority works hard to stay within budget for operational expenses. Administrative expenses that do show an increases are due mostly to the increase cost of goods. As a small agency most capital grant monies are used on capital improvements that fall under the capitalization threshold but that are outside of the operational budget.

Economic Factors

According to the Ohio County Profiles prepared by the Offices of Research, the median annual household income for families in Allen County (where Allen MHA is based) is $43,648, which is significantly lower than that same statistic statewide and nationally. In the City of Lima, according to West Ohio Community Action Partnership's 2012 Community Assessment, this figure is even more dismal, at less than $30,000 a year. The proportion of renters paying more than 30 percent of their income in housing costs is over 50 percent! Nearly 45 percent of Lima households and 30 percent of Allen County households earn less than $25,000 annually.

The Housing Choice Voucher Program had a successful year of lease up after struggling for many months. We implemented a "Fast Track" program to get vouchers into the hands of Tenants faster and have been keeping the waiting lists fresh by opening more often and keeping them purged. The agency does continue to have staff turnover issues which does put a strain on the Section 8 Department. The HCV/Section 8 program is currently a Standard Performer under SEMAP.

The Public Housing Program is currently at a 99% percent lease up. Waiting list turnover time for most bedroom sizes has dropped, and the programs lease up and financial condition has done a turn around since last year. Allen MHA's housing stock is really showing its age, and the Capital Fund monies received are only enough to handle so many capital projects a year. More major and complete renovations are having to be done to units, and are a significant strain on our budget. Maintenance Department staffing has been a struggle and we have had to increase use of contracted repairs. We are constantly reevaluating how to make the most of our Public Housing assets. Currently, the Public Housing program is a High Performer under the PHAS system.

Of course, demand for housing assistance continues to increase. But, applicants' ability to meet our standards for services steadily decreases. Allen Metropolitan Housing Authority has managed to maneuver these difficult times by continuing to make sound financial decisions and streamline processes. Expenses are cut where possible, and even when we can't cut our costs, we are frugal with our funds and diligent about monitoring those resources.

Requests for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Anna Schnippel, Executive Director, Allen Metropolitan Housing Authority, 600 S Main, Lima, OH 45804.

ALLEN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 1,923,187
Restricted Cash	313,213
Receivables, net	23,043
Inventories, net	56,869
Prepaid Items	49,892
Total Current Assets	2,366,204
Non-Current Assets:	
Capital Assets:	
Nondepreciable Capital Assets	925,759
Depreciable Capital Assets	21,597,027
Accumulated Depreciation	(18,252,456)
Total Capital Assets	4,270,330
Loans Receivable	24,000
Total Non-Current Assets	4,294,330
Total Assets	6,660,534
Deferred Outflows of Resources	
Deferred Outflows of Resources - Pension	425,768
Deferred Outflows of Resources - OPEB	99,038
Total Deferred Outflows of Resources	524,806
Liabilities	
Current Liabilities:	
Accounts Payable	6,800
Accrued Wages and Payroll Taxes	50,637
Intergovernmental Payables	47,097
Accrued Liabilities - Other	14,246
Tenant Security Deposits	69,457
Total Current Liabilities	188,237
Non-Current Liabilities:	
Accrued Compensated Absences	52,964
Family Self-Sufficiency Escrow Liability Payable	170,733
Net Pension Liability	1,448,002
Net OPEB Liability	704,684
Total Non-Current Liabilities	2,376,383
Total Liabilities	2,564,620
Deferred Inflows of Resources	
Deferred Inflows of Resources - Pension	131,959
Deferred Inflows of Resources - OPEB	64,840
Total Deferred Inflows of Resources	196,799
Net Position	
Investment in Capital Assets	4,270,330
Restricted	73,023
Unrestricted	80,568
Total Net Position	$ 4,423,921

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

ALLEN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Operating Revenues		
Tenant Revenue		$ 586,765
Government Operating Grants		7,273,980
Other Revenues		25,134
Total Operating Revenues		7,885,879
Operating Expenses		
Administrative	1,237,309	
Tenant Services	65,254	
Utilities	307,070	
Maintenance	580,697	
Insurance	101,104	
General	64,528	
Extraordinary Maintenance	219,708	
Housing Assistance Payments	5,437,475	
Depreciation	536,922	
Total Operating Expenses		8,550,067
Operating Loss		(664,188)
Nonoperating Revenues		
Capital Grants		175,284
Interest		3,772
Total Nonoperating Revenues		179,056
Change in Net Position		(485,132)
Net Position at July 1, 2018		4,909,053
Net Position at June 30, 2019		$ 4,423,921

The notes to the basic financial statements are an integral part of this statement.

ALLEN METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Cash flows from operating activities:		
Cash received from operating grants	$	7,262,143
Cash received from tenants		585,193
Cash received from other sources		25,134
Cash payments to employees for services		(1,246,895)
Cash payments for good or services - HUD		(5,361,565)
Cash payments for goods or services		(1,035,360)
Net cash provided by operating activities		228,650
Cash flows from investing activities:		
Interest		3,772
Net cash provided by investing activities		3,772
Cash flows from capital and related activities:		
Capital grant funds received		175,284
Acquisition of capital assets		(175,284)
Net cash provided by capital and related activities		-
Net change in cash and cash equivalents		232,422
Cash and cash equivalents at July 1, 2018		2,003,978
Cash and cash equivalents at June 30, 2019	$	2,236,400
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$	(664,188)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		536,922
Changes in assets and liabilities:		
Accounts receivable		(14,811)
Prepaid items		(1,797)
Inventory		25,987
Accounts payable		(7,128)
Accrued wages and payroll taxes		13,293
Intergovernmental payable		4,032
Net pension liability		536,526
Net OPEB liability		86,792
Other liabilities		85,495
Change in deferred outflow of resources		(301,590)
Change in deferred inflow of resources		(70,883)
Net cash provided by operating activities	$	228,650

The notes to the basic financial statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources: (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

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

Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Fund Accounting

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

Proprietary Fund Types

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

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

Measurement Focus/Basis of Accounting

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at fair market value.

Receivables – net of allowance

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for uncollectable tenant receivables was $5,000, and the allowance for doubtful fraud receipts was $12,567 at June 30, 2019.

Inventories

Inventories are stated at cost, (first-in, first-out method). Inventory consists of supplies and maintenance parts. The allowance for obsolete inventory was $13,674 at June 30, 2019.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets
Capital assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold is $7,500. The following are the useful lives used for depreciation purposes:

Buildings – residential	27.5
Buildings – non- residential	40
Building improvements	15
Furniture – dwelling	7
Furniture – non-dwelling	7
Equipment – dwelling	5
Equipment – non dwelling	7
Autos and trucks	5
Computer hardware	3
Computer software	3
Leasehold improvements	15
Land improvements	15

Inter-program payables/receivables
On the basic financial statements, intercompany receivables and payables reported on the FDS are eliminated.

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

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. The Authority considers the entire liability to be non-current based on historical trends and employees using leave earned during the current fiscal year.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Budgetary Accounting

The authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. Budgets are submitted to the Department of Housing and Urban Development when applicable. Budgets are adopted by the Board of the Housing Authority.

Estimates

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

Accounting and Reporting for Non-exchange Transactions

The Authority previously adopted GASB 33. Non-exchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transactions as follows:

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).

- Imposed non-exchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).

- Government-mandated non-exchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).

- Voluntary non-exchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary non-exchange transaction.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of non-exchange transactions.

- Purpose restrictions specify the purpose for which resources are required to be used (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a non-exchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting net position, equity, or fund balance as restricted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as unearned revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary non-exchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

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

Prepaid Items
Payments made to vendor for services that will benefit beyond fiscal year-end are recorded as prepaid items via the consumption method. A current asset for prepaid amounts is recorded at the time of purchase and the expense is reported in the fiscal year the services are consumed.

Pensions – Deferred inflow/outflow of Resources
For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension/OPEB plans and additions to/"deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. 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 systems report investments at fair value.

Net Position
Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority reported restricted net position for modernization and development of public housing projects of $49,859 and HAP reserves of $23,164 at June 30, 2019.

2. DEPOSITS AND INVESTMENTS

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

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

2. DEPOSITS AND INVESTMENTS - CONTINUED

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

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

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

At fiscal year end June 30, 2019, the carrying amount of the Authority's deposits totaled $2,236,400, (including petty cash of $200 and change fund of $100, and its bank balance was $2,274,660. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2019, $250,000 was protected by FDIC and $2,024,660 was secured by the specific pledge collateral method through the FHLB (Federal Home Loan Bank of Cincinnati). $0 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it hold or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments

HUD, State Statute and Board Resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository fund, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. 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 specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The Authority had no classified investments at June 30, 2019.

3. RISK MANAGMENT

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

The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The authority pays insurance premiums directly to SHARP.

4. RESTRICTED CASH

Restricted cash balance as of June 30, 2019 consists of cash on hand for the following:

Housing Assistance Payment Equity	$ 23,164
FSS Escrow Funds Held for Tenants	170,733
Tenant Security Deposits	69,457
Development Funds on Hand	49,859
Total Restricted Cash	$ 313,213

5. CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Balance at July 1, 2018	Additions	Adjustment	Balance at June 30, 2019
Capital Assets Not Depreciated				
Land	$ 925,759	$ -	$ -	$ 925,759
Total Capital Assets Not Depreciated	925,759	-	-	925,759
Capital Assets Depreciated				
Building and Improvements	20,711,963	175,284	(1)	20,887,246
Furniture and Equipment	709,781	-	-	709,781
Total Capital Assets Depreciated	21,421,744	175,284	(1)	21,597,027
Accumulated Depreciation				
Building and Improvements	(17,125,388)	(520,810)	1	(17,646,197)
Furniture and Equipment	(590,147)	(16,112)	-	(606,259)
Total Accumulated Depreciation	(17,715,535)	(536,922)	1	(18,252,456)
Total Capital Assets Depreciated, Net	3,706,209	(361,638)	-	3,344,571
Total Capital Assets, Net	$ 4,631,968	$(361,638)	$ -	$ 4,270,330

6. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities:

Description	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Compensated Absences	$ 44,331	$ 83,026	($74,393)	$ 52,964	$ -
FSS Escrow Liability	94,823	98,872	(22,962)	170,733	-
Net Pension Liability	911,476	536,526	-	1,448,002	-
Net OPEB Liability	617,892	86,792	-	704,684	-
TOTAL	$1,668,522	$805,216	($97,355)	$2,376,383	$ -

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension/OPEB. The deferred outflows of resources related to pension are explained in Note 8, and deferred outflow of resources related to OPEB are explained in Note 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension/OPEB. The deferred inflows of resources related to pension are explained in Note 8, and deferred inflow of resources related to OPEB are explained in Note 9.

8. DEFINED BENEFIT PENISION 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 Authority does receive the benefit of employees' services in exchange for compensation including pension.

8. DEFINED BENEFIT PENISION PLANS (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

8. DEFINED BENEFIT PENISION PLANS (Continued)

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within combined plan are not used to fund the defined benefit retirement allowance

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contributions was $103,438 for fiscal year ending June 30, 2019.

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

The net pension liability was measured as of December 31, 2018, 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:

8. DEFINED BENEFIT PENISION PLANS (Continued)

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability Prior Measurement Date	0.005810%
Proportion of the Net Pension Liability Current Measurement Date	0.005287%
Change in Proportionate Share	-0.000523%
Proportionate Share of the Net Pension Liability	$ 1,448,002
Pension Expense	$ 249,584

At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 196,532
Differences between expected and actual experience	68
Changes of assumptions	126,052
Changes in proportion and differences between Authority contributions and proportionate share of contributions	53,708
Authority contributions subsequent to the measurement date	49,408
Total Deferred Outflows of Resources	$ 425,768
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 19,013
Changes in proportion and differences between Authority contributions and proportionate share of contributions	112,946
Total Deferred Inflows of Resources	$ 131,959

$49,408 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

8. DEFINED BENEFIT PENISION PLANS (Continued)

	OPERS Traditional Pension Plan
Year Ending June 30:	
2020	$ 99,697
2021	35,070
2022	18,231
2023	91,403
Total	$ 244,401

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. The most recent experience study was completed for the five-year period ended December 31, 2015.

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

8. DEFINED BENEFIT PENISION PLANS (Continued)

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

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

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Authority's proportionate share of the net pension liability	$ 2,139,120	$ 1,448,002	$ 873,677

9. DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

9. DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $2,659 for fiscal year ending June 30, 2019.

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

The net OPEB liability and total OPEB liability were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

9. DEFINED BENEFIT OPEB PLANS (Continued)

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.005690%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.005405%
Change in Proportionate Share	-0.000285%
Proportionate Share of the Net OPEB Liability	$ 704,684
OPEB Expense	$ 51,950

At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 32,306
Differences between expected and actual experience	238
Changes of assumptions	22,720
Changes in proportion and differences between Authority contributions and proportionate share of contributions	42,493
Authority contributions subsequent to the measurement date	1,281
Total Deferred Outflows of Resources	$ 99,038
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 1,912
Changes in proportion and differences between Authority contributions and proportionate share of contributions	62,928
Total Deferred Inflows of Resources	$ 64,840

$1,281 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending June 30:	
2020	$ 14,890
2021	(3,274)
2022	5,028
2023	16,273
Total	$ 32,917

9. DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

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

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

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year.

9. DEFINED BENEFIT OPEB PLANS (Continued)

Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$901,554	$704,684	$548,121

9. DEFINED BENEFIT OPEB PLANS (Continued)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.0 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$677,355	$704,684	$736,161

10. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended June 30, 2019, the Authority electronically submitted an unaudited version of the combining balance sheet, statement of revenues, expenses and changes in retained earnings and other data to HUD as required on the GAAP basis. The audited versions of the FDS schedules are in the supplemental data. The schedules are presented in the manner prescribed by Housing and Urban Development.

11. MORTGAGES RECEIVABLE

When the Authority sells a Public Housing home under the 4(h) Homeownership program, the difference between the appraised value of the home and the price actually paid for the home is secured by a promissory note and a subordinate second mortgage. This amount dissipates 20% each year after the fifth year the family maintains residency. Therefore, after a period of 10 years, the mortgage amount is ZERO. If the family leaves the residence or fails to make its mortgage payment within the first 5 years of residency, the family would owe the entire amount of the note to the Authority. If, however, the family decides to leave the residence or fails to make its mortgage payment after the 10th year of residency, the family owes nothing to the Authority. If the family wants to leave in its eighth year, the amount the family owes to the Authority would be calculated to reflect a 60% reduction, etc.

On December 12, 2016, the Authority sold a house to an eligible family in which the second mortgage amount was $24,000. If the family remains in the unit until December 2026, they will owe the Authority nothing. The balance at June 30, 2019 is $24,000.

12. CONTINGENCIES/LITIGATIONS & CLAIMS

In the normal course of operations, the Authority may be subject to litigation and claims. At June 30, 2019, the Authority was not involved in such matters.

Allen Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Six Fiscal Years (1)

Traditional Plan	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.005287%	0.005810%	0.005825%	0.005395%	0.006221%	0.006221%
Authority's Proportionate Share of the Net Pension Liability	$ 1,448,002	$ 911,476	$ 1,322,758	$ 933,482	$ 750,322	$ 733,375
Authority's Covered Payroll	$ 713,800	$ 767,825	$ 753,017	$ 671,426	$ 762,762	$ 810,896
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.86%	118.71%	175.66%	139.03%	98.37%	90.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

See accompanying notes to the required supplementary information

Allen Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Contributions - Pension
Ohio Public Employees Retirement System
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contributions	$ 103,438	$ 98,771	$ 96,287	$ 89,663	$ 89,055	$ 107,639	$ 87,402	$ 66,065	$ 59,624	$ 70,247
Contributions in Relation to the Contractually Required Contribution	$ (103,438)	$ (98,771)	$ (96,287)	$ (89,663)	$ (89,055)	$ (107,639)	$ (87,402)	$ (66,065)	$ (59,624)	$ (70,247)
Contribution Deficiency / (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 738,843	$ 733,112	$ 770,563	$ 747,192	$ 742,125	$ 861,112	$ 760,679	$ 660,650	$ 648,792	$ 802,823
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.47%	12.50%	12.00%	12.00%	12.50%	11.49%	10.00%	9.19%	8.75%

See accompanying notes to the required supplementary information

Allen Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Three Fiscal Years (1)

	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.005405%	0.005690%	0.005710%
Authority's Proportionate Share of the Net OPEB Liability	$ 704,684	$ 617,892	$ 576,729
Authority's Covered Payroll	$ 783,993	$ 805,408	$ 788,591
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.88%	76.72%	73.13%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

Allen Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Contributions - OPEB
Ohio Public Employees Retirement System
Last Five Fiscal Years (1)

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 2,659	$ 5,317	$ 13,043	$ 14,720	$ 15,125
Contributions in Relation to the Contractually Required Contribution	(2,659)	(5,317)	(13,043)	(14,720)	(15,125)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Authority Covered Payroll	$ 805,314	$ 768,997	$ 806,966	$ 747,192 0	$ 780,505
Contributions as a Percentage of Covered Payroll	0.33%	0.69%	1.62%	1.97%	1.94%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

Information presented includes the Traditional and Member-Directed Plans.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2019.
Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2019.
Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2018. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00%.

ALLEN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	8 Other Federal Program 1	1 Business Activities	Subtotal	Total
111 Cash - Unrestricted	$1,152,431	$0	$604,414	$29,881		$136,461	$1,923,187	$1,923,187
113 Cash - Other Restricted	$49,859	$0	$193,897				$243,756	$243,756
114 Cash - Tenant Security Deposits	$68,242	$0				$1,215	$69,457	$69,457
100 Total Cash	$1,270,532	$0	$798,311	$29,881	$0	$137,676	$2,236,400	$2,236,400
125 Accounts Receivable - Miscellaneous	$1,532		$13,258				$14,790	$14,790
126 Accounts Receivable - Tenants	$13,253	$0					$13,253	$13,253
126.1 Allowance for Doubtful Accounts -Tenants	-$5,000	$0					-$5,000	-$5,000
127 Notes, Loans, & Mortgages Receivable - Current	$24,000	$0					$24,000	$24,000
128 Fraud Recovery		$0	$12,567				$12,567	$12,567
128.1 Allowance for Doubtful Accounts - Fraud		$0	-$12,567				-$12,567	-$12,567
120 Total Receivables, Net of Allowances for Doubtful Accounts	$33,785	$0	$13,258	$0	$0	$0	$47,043	$47,043
142 Prepaid Expenses and Other Assets	$42,240	$0	$7,652				$49,892	$49,892
143 Inventories	$70,543	$0					$70,543	$70,543
143.1 Allowance for Obsolete Inventories	-$13,674	$0					-$13,674	-$13,674
150 Total Current Assets	$1,403,426	$0	$819,221	$29,881	$0	$137,676	$2,390,204	$2,390,204
161 Land	$925,759	$0					$925,759	$925,759
162 Buildings	$20,682,268	$0	$36,624			$168,354	$20,887,246	$20,887,246
163 Furniture, Equipment & Machinery - Dwellings	$56,271	$0					$56,271	$56,271
164 Furniture, Equipment & Machinery - Administration	$529,446	$0	$124,064				$653,510	$653,510
166 Accumulated Depreciation	-$18,023,570	$0	-$152,365			-$76,521	-$18,252,456	-$18,252,456
160 Total Capital Assets, Net of Accumulated Depreciation	$4,170,174	$0	$8,323	$0	$0	$91,833	$4,270,330	$4,270,330
180 Total Non-Current Assets	$4,170,174	$0	$8,323	$0	$0	$91,833	$4,270,330	$4,270,330
200 Deferred Outflow of Resources	$185,154	$0	$339,652				$524,806	$524,806
290 Total Assets and Deferred Outflow of Resources	$5,758,754	$0	$1,167,196	$29,881	$0	$229,509	$7,185,340	$7,185,340
312 Accounts Payable <= 90 Days	$6,306	$0	$494				$6,800	$6,800
321 Accrued Wage/Payroll Taxes Payable	$15,164		$35,473				$50,637	$50,637
331 Accounts Payable - HUD PHA Programs				$29,348			$29,348	$29,348
333 Accounts Payable - Other Government	$17,749						$17,749	$17,749
341 Tenant Security Deposits	$68,242					$1,215	$69,457	$69,457
346 Accrued Liabilities - Other	$14,246						$14,246	$14,246
310 Total Current Liabilities	$121,707	$0	$35,967	$29,348	$0	$1,215	$188,237	$188,237
353 Non-current Liabilities - Other			$170,733				$170,733	$170,733
354 Accrued Compensated Absences - Non Current	$20,789		$32,175				$52,964	$52,964
357 Accrued Pension and OPEB Liabilities	$925,655		$1,227,031				$2,152,686	$2,152,686
350 Total Non-Current Liabilities	$946,444	$0	$1,429,939	$0	$0	$0	$2,376,383	$2,376,383
300 Total Liabilities	$1,068,151	$0	$1,465,906	$29,348	$0	$1,215	$2,564,620	$2,564,620
400 Deferred Inflow of Resources	$184,222		$12,577				$196,799	$196,799
508.4 Net Investment in Capital Assets	$4,170,174	$0	$8,323			$91,833	$4,270,330	$4,270,330
511.4 Restricted Net Position	$49,859	$0	$23,164		$0		$73,023	$73,023
512.4 Unrestricted Net Position	$286,348	$0	-$342,774	$533	$0	$136,461	$80,568	$80,568
513 Total Equity - Net Assets / Position	$4,506,381	$0	-$311,287	$533	$0	$228,294	$4,423,921	$4,423,921
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$5,758,754	$0	$1,167,196	$29,881	$0	$229,509	$7,185,340	$7,185,340

ALLEN METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE REVENUE AND EXPENSE SUMMARY - FDS SCHEDULE SUBMITTED TO HUD
JUNE 30, 2019

	Project Total	14.896 PIH Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	8 Other Federal Program 1	1 Business Activities	Subtotal	Total
70300 Net Tenant Rental Revenue	$484,559					$14,580	$499,139	$499,139
70400 Tenant Revenue - Other	$87,626						$87,626	$87,626
70500 Total Tenant Revenue	$572,185	$0	$0	$0	$0	$14,580	$586,765	$586,765
70600 HUD PHA Operating Grants	$1,175,455	$36,673	$5,608,731	$285,215	$167,906		$7,273,980	$7,273,980
70610 Capital Grants	$175,284						$175,284	$175,284
71100 Investment Income - Unrestricted	$3,443					$329	$3,772	$3,772
71400 Fraud Recovery			$25,134				$25,134	$25,134
70000 Total Revenue	$1,926,367	$36,673	$5,633,865	$285,215	$167,906	$14,909	$8,064,935	$8,064,935
91100 Administrative Salaries	$259,037		$385,805	$35,275			$680,117	$680,117
91200 Auditing Fees	$4,773		$6,512	$340			$11,625	$11,625
91500 Employee Benefit contributions - Administrative	$98,096		$307,672	$10,198			$415,966	$415,966
91600 Office Expenses	$22,469		$56,509			$1,952	$80,930	$80,930
91700 Legal Expense	$11,876						$11,876	$11,876
91800 Travel	$4,484		$4,254				$8,738	$8,738
91900 Other	$1,518		$26,539				$28,057	$28,057
91000 Total Operating - Administrative	$402,253	$0	$787,291	$45,813	$0	$1,952	$1,237,309	$1,237,309
92100 Tenant Services - Salaries		$29,801			$8,697		$38,498	$38,498
92300 Employee Benefit Contributions - Tenant Services	$8,392	$6,872			$2,453		$17,717	$17,717
92400 Tenant Services - Other	$9,039						$9,039	$9,039
92500 Total Tenant Services	$17,431	$36,673	$0	$0	$11,150	$0	$65,254	$65,254
93100 Water	$220,855						$220,855	$220,855
93200 Electricity	$55,442						$55,442	$55,442
93300 Gas	$20,275						$20,275	$20,275
93600 Sewer	$10,498						$10,498	$10,498
93000 Total Utilities	$307,070	$0	$0	$0	$0	$0	$307,070	$307,070
94100 Ordinary Maintenance and Operations - Labor	$84,517						$84,517	$84,517
94200 Ordinary Maintenance and Operations - Materials and Other	$196,901						$196,901	$196,901
94300 Ordinary Maintenance and Operations Contracts	$267,273						$267,273	$267,273
94500 Employee Benefit Contributions - Ordinary Maintenance	$32,006						$32,006	$32,006
94000 Total Maintenance	$580,697	$0	$0	$0	$0	$0	$580,697	$580,697
96110 Property Insurance	$99,991						$99,991	$99,991
96130 Workmen's Compensation			$1,113				$1,113	$1,113
96100 Total insurance Premiums	$99,991	$0	$1,113	$0	$0	$0	$101,104	$101,104
96200 Other General Expenses	$9,729		$3,016				$12,745	$12,745
96210 Compensated Absences	$182		$8,451				$8,633	$8,633
96300 Payments in Lieu of Taxes	$17,749						$17,749	$17,749
96400 Bad debt - Tenant Rents	$25,401						$25,401	$25,401
96000 Total Other General Expenses	$53,061	$0	$11,467	$0	$0	$0	$64,528	$64,528
96900 Total Operating Expenses	$1,460,503	$36,673	$799,871	$45,813	$11,150	$1,952	$2,355,962	$2,355,962
97000 Excess of Operating Revenue over Operating Expenses	$465,864	$0	$4,833,994	$239,402	$156,756	$12,957	$5,708,973	$5,708,973
97100 Extraordinary Maintenance	$219,708						$219,708	$219,708
97300 Housing Assistance Payments			$5,041,850	$238,869	$156,756		$5,437,475	$5,437,475
97400 Depreciation Expense	$528,654		$2,146			$6,122	$536,922	$536,922
90000 Total Expenses	$2,208,865	$36,673	$5,843,867	$284,682	$167,906	$8,074	$8,550,067	$8,550,067
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$282,498	$0	-$210,002	$533	$0	$6,835	-$485,132	-$485,132
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0	$0
11030 Beginning Equity	$4,788,879	$0	-$101,285	$0	$0	$221,459	$4,909,053	$4,909,053
11170 Administrative Fee Equity			-$334,451				-$334,451	-$334,451
11180 Housing Assistance Payments Equity			$23,164				$23,164	$23,164
11190 Unit Months Available	2929		12492	756	356	12	16545	16545
11210 Number of Unit Months Leased	2827		12433	686	356	12	16314	16314

ALLEN METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor Program/Cluster Title	Pass-Through Number	Federal CFDA Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Section 8 Project Based Cluster:			
Section 8 - New Construction and Substantial Rehab	N/A	14.182	$ 285,215
Total Section 8 Project Based Cluster			285,215
Continuum of Care Program	N/A	14.267	167,906
Public and Indian Housing	N/A	14.850	960,716
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	5,608,731
Total Housing Voucher Cluster			5,608,731
Public Housing Capital Fund	N/A	14.872	390,023
Family Self-Sufficiency Program	N/A	14.896	36,673
Total Expenditures of Federal Awards			$ 7,449,264

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Allen Metropolitan Housing Authority (the Authority) under programs of the federal government for the fiscal year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

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 Allen Metropolitan Housing Authority, Allen County, (the Authority) as of and for the fiscal year ended June 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 October 25, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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Purpose of this Report

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
October 25, 2019

WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

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

Allen Metropolitan Housing Authority
Allen County
600 South Main Street
Lima, Ohio 45804

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the Allen 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 Allen Metropolitan Housing Authority's major federal program for the fiscal year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of 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 programs.

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.

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Opinion on the Major Federal Program

In our opinion, the Allen Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Wilson, Shannon & Snow, Inc.

Newark, Ohio
October 25, 2019

ALLEN METROPOLITAN HOUSING AUTHROITY
ALLEN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

ALLEN COUNTY METROPOLITAN HOUSING AUTHORITY

ALLEN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 5, 2019