



OHIO AUDITOR OF STATE
KEITH FABER



**FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY
DECEMBER 31, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Fayette Metropolitan Housing Authority
Fayette County
121 E. East Street
Washington Court House, Ohio 43160

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Fayette Metropolitan Housing Authority, Fayette County, Ohio (the Authority), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We 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 Authority, as of December 31, 2020, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

Keith Faber
Auditor of State
Columbus, Ohio
September 22, 2021

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FAYETTE METROPOLITAN HOUSING AUTHORITY
 FAYETTE COUNTY
 MANAGEMENT’S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2020

(UNAUDITED)

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

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

FINANCIAL HIGHLIGHTS

- During 2020 the Authority’s Net Position increased by \$177,662 (or 34.44%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. Net Position was \$515,785 and \$693,447 for years 2019 and 2020, respectively.
- The revenue increased by \$238,599 (or 10.28%) during 2020 and was \$2,321,004 and \$2,559,603 for the years 2019 and 2020, respectively.
- The total expenses for the Authority increased by \$197,557 (or 9.04%). Total expenses were \$2,184,384 and \$2,381,941 for the years 2019 and 2020, respectively.

USING THIS ANNUAL REPORT

The Report includes the following sections:

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 ~
Supplementary and Other Information ~ Financial Data Schedules ~ ~ Schedule of Federal Awards Expenditures ~

FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

The primary focus of the Authority's financial statement is on the Authority as a whole (Authority-wide). The Authority operates as a single enterprise fund and this presentation allows the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

Government-Wide Financial Statements

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

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

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

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

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

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

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

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

FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

(UNAUDITED)

Fund Financial Statements

The Authority is accounted for as an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector.

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

The Authority's Programs

Housing Choice Voucher (HCV) Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under and 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 adjusted household income.

Other Programs- In addition to the housing choice voucher program, the Authority also operates the following programs:

Section 8 New Construction/Single Unit Program – SRO - Provides housing assistance payments to participating owners on behalf of eligible tenants occupying the units under a lease agreement between the landlords and tenants.

Mainstream Vouchers – This Program is exactly like the HCV except it only subsidizes households where one or more family members have a disability.

HOME Investment Partnership Programs - Funded by the US Department of Housing & Urban Development (HUD), the Tenant Based Rental Assistance (TBRA) funds are distributed to the County or City to provide help for paying rent, utility bills, and both rental and utility security deposits.

Shelter Plus Care – Provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS), and related diseases. Rental assistance grants must be matched with supportive services.

Business Activities – Represents non-HUD resources developed from a variety of activities.

FAYETTE METROPOLITAN HOUSING AUTHORITY
 FAYETTE COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2020

(UNAUDITED)

AUTHORITY-WIDE STATEMENT

Statement of Net Position

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

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

	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 570,136	\$ 359,782
Capital Assets	1,021,421	1,028,661
Total Assets and Deferred Outflows of Resources	<u>\$ 1,591,557</u>	<u>\$ 1,388,443</u>
Current Liabilities	\$ 133,655	\$ 87,322
Long-Term Liabilities	764,455	785,336
Total Liabilities and Deferred Inflows of Resources	<u>898,110</u>	<u>872,658</u>
Net Position:		
Net Investment in Capital Assets	195,746	183,301
Restricted Net Position	68,105	87,874
Unrestricted Net Position	<u>429,596</u>	<u>244,610</u>
Total Net Position	<u>693,447</u>	<u>515,785</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 1,591,557</u>	<u>\$ 1,388,443</u>

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

Major Factors Affecting the Statement of Net Position

Current assets increased by \$210,354 or 58.47% in 2020 as a result of a much higher cash balance. Total liabilities also increased during the year by \$25,452 or 2.92% which was the result of the purchase of 3 homes and capitalized improvements with debt to cover all.

Capital Assets decreased by a net amount of \$7,240 or 0.70%. This was the result of the new purchases, other capitalized improvements, and the current year's depreciation.

FAYETTE METROPOLITAN HOUSING AUTHORITY
 FAYETTE COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
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For more detail see "Capital Assets and Debt Administration" below.

Table 2 - Changes of Net Position

	Net Investment in Capital		
	Unrestricted	Assets	Restricted
Beginning Balance	\$244,610	\$183,301	\$87,874
Results of Operation	197,431	0	(19,769)
Adjustments:			
Current year Depreciation Expense (1)	50,741	(50,741)	0
Capital Expenditure (2)	(43,500)	43,500	0
Retirement of Debt	(61,220)	61,220	0
New Debt Issued	41,538	(41,538)	0
Rounding Adjustment	(4)	4	0
Ending Balance	<u>\$429,596</u>	<u>\$195,746</u>	<u>\$68,105</u>

- 1) Depreciation is treated as an expense and reduces the results of operations, but does not have an impact on Unrestricted Net Position
- 2) Capital expenditures represent an outflow of unrestricted net position but are treated as an expense against results of operations and must be deducted.

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

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FAYETTE METROPOLITAN HOUSING AUTHORITY
 FAYETTE COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

Table 3 - Statement of Revenue, Expenses & Changes in Net Position

	<u>2020</u>	<u>2019</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 166,903	149,498
Operating Grants	2,242,870	2,086,797
Investment Income	841	632
Other Revenues	148,989	84,077
Total Revenues	<u>2,559,603</u>	<u>2,321,004</u>
<u>Expenses</u>		
Administrative	242,863	240,256
Tenant Services	101,813	-
Utilities	198	-
Maintenance	59,709	71,858
General and Interest	21,404	34,650
Housing Assistance Payments	1,905,213	1,789,894
Depreciation	50,741	47,726
Total Expenses	<u>2,381,941</u>	<u>2,184,384</u>
Net Increases (Decreases)	177,662	136,620
Beginning net position	515,785	379,165
Total net position - ending	<u>\$ 693,447</u>	<u>\$ 515,785</u>

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

The Operating Grant Revenue increased \$156,073 or 7.48% for 2020. The increase is due to HUD funding received and the additional Mainstream Program during the year.

Total expenses increased by \$197,557 or 9.04%. The main reason for this increase is additional housing assistance payments made during the year of \$115,319 or 6.44%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2020, the Authority had \$1,021,421 invested in capital assets as reflected in the following schedule, which represents a net change due to current year additions, disposals and depreciation.

FAYETTE METROPOLITAN HOUSING AUTHORITY
 FAYETTE COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2020</u>	<u>2019</u>
Land	\$ 259,075	\$ 259,075
Building and Improvement	1,293,747	1,250,247
Equipment	41,991	41,991
Accumulated Depreciation	<u>(573,392)</u>	<u>(522,652)</u>
 Total	 <u>\$ 1,021,421</u>	 <u>\$ 1,028,661</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes to the financial statements:

Table 5 - Changes in Capital Assets

Beginning Balance	\$	1,028,661
Current year Additions		43,500
Current year Depreciation Expense		(50,741)
Rounding Adjustment		<u>1</u>
 Ending Balance	 \$	 <u>1,021,421</u>
 Current year Additions are summarized as follows:		
Improvements - 530 Pearl Street	\$	2,739
Improvements - 818 Yeoman St		9,920
Improvements - 834 Lincoln		24,012
Improvements - 364 Carolyn		<u>6,829</u>
 Total Current Year Additions	 \$	 <u>43,500</u>

Debt Outstanding

As of December 31, 2020, the Authority had \$825,678 of outstanding debt compared to \$845,360 last year. Please see note 8 of the financial statement for further detail. The table below summarizes the changes that took place during the year:

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FAYETTE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 6 - Condensed Statement of Changes in Debt Outstanding

Beginning Balance	\$	845,360
Current Year Debt Issued		41,538
Current Year Debt Retired		<u>(61,220)</u>
Ending Balance	\$	<u>825,678</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Nancy A. Reed; Executive Director for the Fayette Metropolitan Housing Authority, at (740) 335-7525. Specific requests may be submitted to the Authority at 121 E. East Street, Washington Court House, OH 43160.

FAYETTE METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
December 31, 2020

ASSETS

Current assets

Cash and cash equivalents	\$ 451,268
Restricted cash and cash equivalents	70,249
Receivables, net	48,619
Total current assets	570,136

Noncurrent assets

Capital assets:	
Non-Depreciable capital assets	259,075
Depreciable capital assets, net	762,346
Total capital assets	1,021,421
Total noncurrent assets	1,021,421
Total assets	\$ 1,591,557

LIABILITIES

Current liabilities

Accounts payable	\$ 30,794
Unearned revenue	39,497
Tenant security deposits	2,144
Long-Term Debt - Current Portion	61,220
Total current liabilities	133,655

Noncurrent liabilities

Long-Term Debt - Noncurrent Portion	764,455
Total noncurrent liabilities	764,455
Total liabilities	\$ 898,110

NET POSITION

Invested in capital assets	\$ 195,746
Restricted net position	68,105
Unrestricted net position	429,596
Total net position	\$ 693,447

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

FAYETTE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended December 31, 2020

OPERATING REVENUES

Tenant revenue	\$ 166,903
Operating grants	2,242,870
Other operating revenue	148,989
Total operating revenues	<u>2,558,762</u>

OPERATING EXPENSES

Administrative	242,863
Tenant services	101,813
Utilities	198
Maintenance	59,709
General and insurance	5,830
Housing assistance payment	1,905,213
Depreciation	50,741
Total operating expenses	<u>2,366,367</u>
Operating income (loss)	<u>192,395</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	841
Interest expense	(15,574)
Total nonoperating revenues (expenses)	<u>(14,733)</u>
Change in net position	177,662
Beginning net position	515,785
Total net position - ending	<u>\$ 693,447</u>

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

FAYETTE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Operating Grants	\$ 2,237,495
Cash Received from Tenants	153,839
Cash Received from Other Revenue	148,989
Cash Payments for Operating expenses	(418,276)
Cash Payments for Housing Assistance	(1,905,213)
	216,834
Net Cash Provided (Used) by Operating Activities	
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	841
	841
Net Cash Provided (Used) by Investing Activities	
 CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Loan Debt Payments	(33,926)
Loan Proceeds	41,538
Property and Equipment Purchased	(43,500)
Interest Paid	(15,574)
	(51,462)
Net Cash Provided (Used) by Capital and Related Activities	
Net Increase (Decrease) in Cash	166,213
Cash and cash equivalents - Beginning of year	355,304
	521,517
Cash and cash equivalents - End of year	\$ 521,517

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

FAYETTE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows - Cont'd
For the Year Ended December 31, 2020

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	\$	192,395
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation		50,741
- Loan Forgiveness		(27,294)
- (Increases) Decreases in Accounts Receivable		(44,141)
- Increases (Decreases) in Accounts Payable		6,367
- Increases (Decreases) in Unearned Revenue		38,766
		<hr/>
Net Cash Provided by Operating Activities	\$	<u>216,834</u>

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

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The basic financial statements of the Fayette Metropolitan Housing Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the generally 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. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, 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 can 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 the funds of the Authority over which the Authority is financially accountable.

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. 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, propriety 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 like those found in the private sector. The following is the Authority's only 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 a periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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.

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Description of Programs

The Authority uses a single enterprise fund to maintain its financial records on the accrual basis. The following are the various major programs which are included in the enterprise fund:

Housing Choice Voucher Program (HCV) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30%, and the Authority subsidizes the balance.

Section 8 New Construction Program- Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for very low-income families at rents they can afford. Housing Assistance Payments are used to make up the difference between that approved rent due to the owner for the dwelling unit and the occupant family's required contribution towards rent. Assisted families must pay the highest of 30% of their monthly adjusted income, 10% of gross family income, or the portion of welfare assistance designated for housing toward rent.

Other Business Activities- Represents non-HUD resources and derived from a variety of other activities mainly DD rentals.

Use of Estimates

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

Cash and Cash Equivalents

For the statement of cash flows, cash and cash equivalents all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash and Investments

Restricted cash and investments represent amounts received from HUD to be used strictly for providing housing assistance to families and individuals in need. As of December 31, 2020 total restricted cash to be used for housing assistance was \$68,105. In addition, the Authority is also holding \$2,144 of funds for tenant security deposits.

Accounts Receivable-Net

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 receivables was \$13,064 as of December 31, 2020.

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2020

Due From/To Other Programs

There was no Inter-program receivables and payables as of December 31, 2020 on the Financial Data Schedule.

Accounting and Reporting for Non-exchange Transactions

Non-exchange transactions occur when the Authority 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).

The Authority's grants and subsidies will be defined as government-mandated or voluntary non-exchange transactions. GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

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.

- 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, the authority that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

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 deferred revenue and the provider of those resources would record an advance.

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight-line method over the estimated useful life of the assets. Donated capital assets are recorded at fair market value on the date of receipt. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the assets life, are not capitalized. The capitalization threshold used by the Authority is \$500. The following are the useful lives used for depreciation purposes:

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2020

Building-residential	27.5 years	Furniture	7 years
Building-non-residential	40 years	Equipment-dwelling	5 years
Building improvements	15 years	Equipment-non-dwelling	7 years
Land improvements	15 years	Vehicles	5 years
Leasehold improvements	15 years	Computer Software & hardware	3 years

Budgetary Accounting

The Authority annually prepares its budget as prescribed by HUD. This budget is submitted to HUD and once approved, is adopted by the Board of the Housing Authority.

Net Position

Net position represents the difference between assets and liabilities. The investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, constructions, or improvements of those assets. 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.

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.

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 or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

For the year ended December 31, 2020, the carrying amount of the Authority's deposits was \$521,517 and its bank balances were \$535,995. Based on the criteria described in GASB Statement No.40, *Deposits and Investment Risk Disclosure*, as of December 31, 2020, deposits totaling \$250,000 were covered by Federal Depository Insurance, while \$285,995 was exposed by custodial risk as discussed below.

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2020

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the Federal Reserve System, in the name of the respective depository banks held at the Federal Reserve Bank in the name of the Authority.

3. RESTRICTED CASH

The restricted cash balance of \$70,249 on December 31, 2020 represents the following:

Advanced housing assistance cash	\$68,105
Tenant security deposits	<u>2,144</u>
TOTAL RESTRICTED CASH	<u>\$70,249</u>

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Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2020

4. CAPITAL ASSETS

The following is a summary of capital assets on December 31, 2020:

	Balance 12/31/2019	Additions	Rounding Adjustment	Balance 12/31/2020
Capital Assets Not Being Depreciated:				
Land	\$259,075	\$0	\$0	\$259,075
Total Capital Assets Not Being Depreciated	259,075	0	0	259,075
Capital Assets Being Depreciated:				
Buildings and Improvement	1,250,247	43,500	0	1,293,747
Dwelling Equipment	0	0	0	0
Administration Equipment	41,991	0	0	41,991
Total Capital Assets Being Depreciated	1,292,238	43,500	0	1,335,738
Accumulated Depreciation:				
Buildings and Improvement	(486,242)	(48,589)	0	(534,831)
Furnt, Mach. and Equip.	(36,410)	(2,152)	1	(38,561)
Total Accumulated Depreciation	(522,652)	(50,741)	1	(573,392)
Total Capital Assets Being Depreciated, Net	769,586	(7,241)	1	762,346
Total Capital Assets, Net	\$1,028,661	(\$7,241)	\$1	\$1,021,421

5. CONTRACT SERVICES

The Authority contract with:

- Fayette County Commissioners to obtain financial services for the Authority. The Authority does not have any employees; instead, services are subcontracted from Fayette County.
- Highland Metropolitan Housing Authority to provide management and financial reporting services. Compensation shall be based on the amount allowed by HUD for performing these services.
- Fayette County Board of Developmental Disabilities (DD) to provide a rent subsidy program for persons with developmental disabilities. To provide these services, the Authority acquired residential houses on behalf of the DD. The DD will maintain a legal interest in the property acquired with community assistance funds while under the compliance period. Fayette County Board of Development and Disabilities will compensate the Authority expenses when vacancies occur in the properties.

6. ECONOMIC DEPENDENCY

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

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2020

7. RISK MANAGEMENT

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

8. LONG-TERM DEBT

The Authority has an obligation with the Ohio Department of Developmental Disabilities for which the Authority received several grants with the condition that the grant funds are used to acquire several properties or make repairs to those properties. The properties are then to be rented to DODD clients for the next 15 to 30 years. As long as the Authority complies with this restriction, the grant funds are forgiven for each year that has expired. These grants while they are under the compliance period are reported as long-term debt on the financial statements.

Below is a summary of the Authority debt with Merchants National Bank and DODD as of December 31, 2020:

<p>Note payable to Merchants National Bank to purchase 842 Lincoln Drive. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on May 8, 2029. Monthly payments of principal and interest is \$485.89.</p>	<p>\$41,868</p>
<p>Note payable to Merchants National Bank to purchase 364 Carolyn Rd. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 30-years due on September 11, 2031. Monthly payments of principal and interest is \$396.56.</p>	<p>41,854</p>
<p>Note payable to Merchants National Bank to purchase 834 Lincoln Drive. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 30-years due on September 11, 2031. Monthly payments of principal and interest is \$396.56.</p>	<p>41,854</p>
<p>Note payable to Merchants National Bank to purchase 1103 Golfview Drive. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on May 8, 2029. Monthly payments of principal and interest is \$564.16.</p>	<p>48,611</p>
<p>Note payable to Merchants National Bank to purchase 594 Leslie Trace. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on May 8, 2029. Monthly payments of principal and interest is \$523.20.</p>	<p>45,082</p>
<p>Note payable to Merchants National Bank to purchase 1029 S Fayette Street. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on May 8, 2029. Monthly payments of principal and interest is \$552.85.</p>	<p>47,651</p>
<p>Note payable to Merchants National Bank to purchase 388 Leslie Trace. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on May 8, 2029. Monthly payments of principal and interest is \$336.13.</p>	<p>28,970</p>
<p>Note payable to Merchants National Bank to purchase 1412 Lindberg Avenue. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 25-years due on March 28, 2033. Monthly payments of principal and interest is \$245.60.</p>	<p>28,754</p>

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note payable to Merchants National Bank to purchase 1254 Dayton Avenue. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 20-years due on July 8, 2030. Monthly payments of principal and interest is \$624.08. 59,945

Notes payable to Ohio Department of Development Disabilities to either purchase or rehab properties as follows:

- Acquisition 388 Leslie Trace. Note was issued on June 6, 2016 at 0% interest, forgivable over 180 months.	1,651
- Replacement of new flooring on 388 Leslie Trace. Note was issued on June 21, 2019 at 0% interest, forgivable over 180 months.	6,149
- Acquisition of 1412 Lindberg Avenue. Note was issued on February 1, 2008 at 0% interest, forgivable over 180 months.	11,260
- Acquisition of 1254 Dayton Avenue. Note was issued on July 1, 2013 at 0% interest, forgivable over 180 months.	12,000
- Rehab 1254 Dayton Avenue. Note was issued on July 23, 2013 at 0% interest, forgivable over 180 months.	4,868
- Acquisition of 855 Blackstone Street NW. Note was issued on September 26, 2019 at 0% interest, forgivable over 360 months.	64,313
- Acquisition of 530 Pearl Street. Note was issued on January 29, 2020 at 0% interest, forgivable over 360 months.	85,761
- Acquisition of 818 Yeoman Street. Note was issued on April 1, 2020 at 0% interest, forgivable over 360 months.	89,886
- Acquisition of 818 Yeoman Street. Note was issued on April 1, 2020 at 0% interest, forgivable over 360 months.	6,812
- Replacement of new flooring on 1120 S Fayette. Note was issued on November 25, 2020 at 0% interest, forgivable over 360 months.	8,534
- Replacement of new windows on 1254 Dayton Avenue. Note was issued on December 2, 2020 at 0% interest, forgivable over 360 months.	17,013
- Acquisition of 363 Ely Street. Note was issued on December 13, 2020 at 0% interest, forgivable over 360 months.	81,697
- Replacement of new roof at 834 Lincoln. Note was issued on December 19, 2020 at 0% interest, forgivable over 360 months.	10,814
- Acquisition of 1103 Golfview Dr. Note in the amount of \$19,810 was issued on October 12, 2020 at 0% interest, forgivable over 180 months.	19,480
- Replacement of Air Condition at 818 Yeoman Street. Note in the amount of \$4,668 was issued on October 12, 2020 at 0% interest, forgivable over 180 months.	4,590
- Acquisition of 1029 S Fayette Street. Note in the amount of \$12,210 was issued on April 24, 2020 at 0% interest, forgivable over 180 months.	11,600
- Ramp replacement at 530 Pearl Road. Note in the amount of \$4,850 was issued on June 24, 2020 at 0% interest, forgivable over 180 months.	4,661
Total Long-Term Debt	\$825,678

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

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2020

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Due Within</u> <u>One Year</u>
Loan Payable - Bank	\$418,515	\$0	(\$33,926)	384,589	\$34,673
DODD Grant Funds Unexpired	426,845	41,538	(27,294)	441,089	26,547
Total Long-Term Liabilities	\$845,360	\$41,538	(\$61,220)	\$825,678	\$61,220

Maturities for the debt are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$62,127	\$13,920	\$76,047
2022	61,853	12,547	74,400
2023	58,327	11,115	69,442
2024	59,362	9,633	68,995
2025	59,568	8,091	67,659
2026-2030	261,762	16,692	278,454
2031-2035	91,184	353	91,537
2036-2040	64,445	0	64,445
2041-2045	64,445	0	64,445
2046-2050	42,605	0	42,605
Total	\$825,678	\$72,351	\$898,029

9. CONTINGENCIES

- A.** The Authority has received several Federal and state grants for specific purposes which are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2020.
- B.** The Authority is unaware of any outstanding lawsuits or other contingencies.

10. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2020

11. CARES ACT GRANT AWARD

In fiscal year 2020, HUD provided public housing agencies supplemental operating funds pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public 116-136), in accordance with the Annual Contributions Grant Agreement and associated laws and regulations.

The Housing Authority received CARES Act funding for the Housing Choice Voucher Program in the amount of \$151,333 effective March 27, 2020. As of December 31, 2020 the housing authority has fully expended the funding.

The Housing Authority received CARES Act funding for the Mainstream Program in the amount of \$28,011 effective March 27, 2020, As of December 31, 2020 the housing authority has fully expended the funding.

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2020

	14.MSC Mainstream CARES Act Funding	14.182 NC S/R Section 8 Programs	1 Business Activities	14.879 Mainstream Vouchers	14.239 HOME Investment Partnership Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$0	\$6,832	\$105,355	\$657	\$39,519	\$298,905	\$0	\$0	\$451,268	\$0	\$451,268
113 Cash - Other Restricted	\$0	\$0	\$2,144	\$0	\$0	\$68,105	\$0	\$0	\$70,249	\$0	\$70,249
100 Total Cash	\$0	\$6,832	\$107,499	\$657	\$39,519	\$367,010	\$0	\$0	\$521,517	\$0	\$521,517
122 Accounts Receivable - HUD Other Projects	\$0	\$9,716	\$0	\$26,655	\$0	\$0	\$0	\$0	\$36,371	\$0	\$36,371
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$12,248	\$0	\$0	\$12,248	\$0	\$12,248
126 Accounts Receivable - Tenants	\$0	\$0	\$0	\$0	\$0	\$13,064	\$0	\$0	\$13,064	\$0	\$13,064
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0	\$0	-\$13,064	\$0	\$0	-\$13,064	\$0	-\$13,064
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$9,716	\$0	\$26,655	\$0	\$12,248	\$0	\$0	\$48,619	\$0	\$48,619
150 Total Current Assets	\$0	\$16,548	\$107,499	\$27,312	\$39,519	\$379,258	\$0	\$0	\$570,136	\$0	\$570,136
161 Land	\$0	\$0	\$259,075	\$0	\$0	\$0	\$0	\$0	\$259,075	\$0	\$259,075
162 Buildings	\$0	\$0	\$1,099,869	\$0	\$0	\$0	\$0	\$0	\$1,099,869	\$0	\$1,099,869
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$1,849	\$0	\$0	\$0	\$0	\$0	\$1,849	\$0	\$1,849
164 Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$0	\$0	\$40,142	\$0	\$0	\$40,142	\$0	\$40,142
165 Leasehold Improvements	\$0	\$0	\$193,878	\$0	\$0	\$0	\$0	\$0	\$193,878	\$0	\$193,878
166 Accumulated Depreciation	\$0	\$0	-\$536,680	\$0	\$0	-\$36,712	\$0	\$0	-\$573,392	\$0	-\$573,392
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$1,017,991	\$0	\$0	\$3,430	\$0	\$0	\$1,021,421	\$0	\$1,021,421
180 Total Non-Current Assets	\$0	\$0	\$1,017,991	\$0	\$0	\$3,430	\$0	\$0	\$1,021,421	\$0	\$1,021,421
290 Total Assets and Deferred Outflow of Resources	\$0	\$16,548	\$1,125,490	\$27,312	\$39,519	\$382,688	\$0	\$0	\$1,591,557	\$0	\$1,591,557
312 Accounts Payable <= 90 Days	\$0	\$0	\$800	\$0	\$0	\$29,994	\$0	\$0	\$30,794	\$0	\$30,794
341 Tenant Security Deposits	\$0	\$0	\$2,144	\$0	\$0	\$0	\$0	\$0	\$2,144	\$0	\$2,144
342 Unearned Revenue	\$0	\$0	\$0	\$0	\$39,497	\$0	\$0	\$0	\$39,497	\$0	\$39,497
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$61,220	\$0	\$0	\$0	\$0	\$0	\$61,220	\$0	\$61,220
310 Total Current Liabilities	\$0	\$0	\$64,164	\$0	\$39,497	\$29,994	\$0	\$0	\$133,655	\$0	\$133,655
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$764,455	\$0	\$0	\$0	\$0	\$0	\$764,455	\$0	\$764,455
350 Total Non-Current Liabilities	\$0	\$0	\$764,455	\$0	\$0	\$0	\$0	\$0	\$764,455	\$0	\$764,455
300 Total Liabilities	\$0	\$0	\$828,619	\$0	\$39,497	\$29,994	\$0	\$0	\$888,110	\$0	\$888,110
508.4 Net Investment in Capital Assets	\$0	\$0	\$192,316	\$0	\$0	\$3,430	\$0	\$0	\$195,746	\$0	\$195,746
511.4 Restricted Net Position	\$0	\$0	\$0	\$0	\$0	\$68,105	\$0	\$0	\$68,105	\$0	\$68,105
512.4 Unrestricted Net Position	\$0	\$16,548	\$104,555	\$27,312	\$22	\$281,159	\$0	\$0	\$429,596	\$0	\$429,596
513 Total Equity - Net Assets / Position	\$0	\$16,548	\$296,871	\$27,312	\$22	\$352,694	\$0	\$0	\$693,447	\$0	\$693,447
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$16,548	\$1,125,490	\$27,312	\$39,519	\$382,688	\$0	\$0	\$1,591,557	\$0	\$1,591,557

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2020

	14.MSC Mainstream CARES Act Funding	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$0	\$166,903	\$0	\$0	\$0	\$0	\$0	\$166,903	\$0	\$166,903
70500 Total Tenant Revenue	\$0	\$0	\$166,903	\$0	\$0	\$0	\$0	\$0	\$166,903	\$0	\$166,903
70600 HUD PHA Operating Grants	\$28,011	\$83,011	\$0	\$509,840	\$60,502	\$1,410,173	\$0	\$151,333	\$2,242,870	\$0	\$2,242,870
71100 Investment Income - Unrestricted	\$0	\$0	\$29	\$0	\$22	\$790	\$0	\$0	\$841	\$0	\$841
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$9,374	\$0	\$0	\$9,374	\$0	\$9,374
71500 Other Revenue	\$0	\$0	\$27,296	\$0	\$0	\$112,319	\$0	\$0	\$139,615	\$0	\$139,615
70000 Total Revenue	\$28,011	\$83,011	\$194,228	\$509,840	\$60,524	\$1,532,656	\$0	\$151,333	\$2,559,603	\$0	\$2,559,603
91200 Auditing Fees	\$0	\$223	\$0	\$0	\$0	\$5,770	\$0	\$0	\$5,993	\$0	\$5,993
91600 Office Expenses	\$0	\$0	\$0	\$0	\$0	\$5,054	\$0	\$0	\$5,054	\$0	\$5,054
91800 Travel	\$0	\$0	\$0	\$0	\$0	\$1,050	\$0	\$0	\$1,050	\$0	\$1,050
91900 Other	\$0	\$12,224	\$20,224	\$75,000	\$10,000	\$113,318	\$0	\$0	\$230,766	\$0	\$230,766
91000 Total Operating - Administrative	\$0	\$12,447	\$20,224	\$75,000	\$10,000	\$125,192	\$0	\$0	\$242,863	\$0	\$242,863
92400 Tenant Services - Other	\$28,011	\$0	\$0	\$0	\$0	\$0	\$0	\$73,802	\$101,813	\$0	\$101,813
92500 Total Tenant Services	\$28,011	\$0	\$0	\$0	\$0	\$0	\$0	\$73,802	\$101,813	\$0	\$101,813
93100 Water	\$0	\$0	\$198	\$0	\$0	\$0	\$0	\$0	\$198	\$0	\$198
93000 Total Utilities	\$0	\$0	\$198	\$0	\$0	\$0	\$0	\$0	\$198	\$0	\$198
94200 Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$24,881	\$0	\$0	\$0	\$0	\$0	\$24,881	\$0	\$24,881
94300 Ordinary Maintenance and Operations Contracts	\$0	\$0	\$34,828	\$0	\$0	\$0	\$0	\$0	\$34,828	\$0	\$34,828
94000 Total Maintenance	\$0	\$0	\$59,709	\$0	\$0	\$0	\$0	\$0	\$59,709	\$0	\$59,709
96110 Property Insurance	\$0	\$0	\$1,835	\$0	\$0	\$0	\$0	\$0	\$1,835	\$0	\$1,835
96100 Total insurance Premiums	\$0	\$0	\$1,835	\$0	\$0	\$0	\$0	\$0	\$1,835	\$0	\$1,835
96200 Other General Expenses	\$0	\$0	\$3,995	\$0	\$0	\$0	\$0	\$0	\$3,995	\$0	\$3,995
96000 Total Other General Expenses	\$0	\$0	\$3,995	\$0	\$0	\$0	\$0	\$0	\$3,995	\$0	\$3,995
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$15,574	\$0	\$0	\$0	\$0	\$0	\$15,574	\$0	\$15,574
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$15,574	\$0	\$0	\$0	\$0	\$0	\$15,574	\$0	\$15,574
96900 Total Operating Expenses	\$28,011	\$12,447	\$101,535	\$75,000	\$10,000	\$125,192	\$0	\$73,802	\$425,987	\$0	\$425,987
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$70,564	\$92,693	\$434,840	\$50,524	\$1,407,464	\$0	\$77,531	\$2,133,616	\$0	\$2,133,616
97300 Housing Assistance Payments	\$0	\$70,787	\$0	\$489,673	\$50,502	\$1,204,369	\$0	\$77,531	\$1,892,862	\$0	\$1,892,862

Fayette Metropolitan Housing Authority (OH056)

Washington CH, OH

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2020

	14.MSC Mainstream CARES Act Funding	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.879 Mainstream Vouchers	14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$0	\$12,351	\$0	\$0	\$12,351	\$0	\$12,351
97400 Depreciation Expense	\$0	\$0	\$48,589	\$0	\$0	\$2,152	\$0	\$0	\$50,741	\$0	\$50,741
90000 Total Expenses	\$28,011	\$83,234	\$150,124	\$564,673	\$60,502	\$1,344,064	\$0	\$151,333	\$2,381,941	\$0	\$2,381,941
10000 Excess (Deficiency) or Total Revenue Over (Under) Total Expenses	\$0	-\$223	\$44,104	-\$54,833	\$22	\$188,592	\$0	\$0	\$177,662	\$0	\$177,662
11030 Beginning Equity	\$0	\$16,771	\$252,767	\$82,145	\$0	\$161,621	\$2,481	\$0	\$515,785	\$0	\$515,785
11040 PENDING ADJUSTMENTS, EQUITY TRANSFERS AND CORRECTION OF ERRORS	\$0	\$0	\$0	\$0	\$0	\$2,481	-\$2,481	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	\$0	\$0	\$0	\$0	\$284,589	\$0	\$0	\$284,589	\$0	\$284,589
11180 Housing Assistance Payments Equity	\$0	\$0	\$0	\$0	\$0	\$68,105	\$0	\$0	\$68,105	\$0	\$68,105
11190 Unit Months Available	0	204	168	1,956	124	3,564	0	0	6,016	0	6,016
11210 Number of Unit Months Leased	0	195	168	1,515	96	3,406	0	0	5,380	0	5,380

**FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
<i>Direct Programs:</i>		
Housing Voucher Program- Cluster		
Housing Choice Voucher Program	14.871	1,410,173
HCV CARES Act Funding	14.871	151,333
Mainstream Voucher Program	14.879	509,840
Mainstream CARES Act Funding	14.879	28,011
Total Housing Voucher Program- Cluster		2,099,357
 Section 8 Project-Based Cluster		
Section 8 New Construction and Substantial Rehab	14.182	83,011
Total Section 8 New Construction and Substantial Rehabilitation Cluster		83,011
Total Direct Awards		2,182,368
 Pass through Fayette County Commissioners		
HOME Investment Partnership Programs	14.239	60,502
Total Pass through Programs		60,502
 Total U.S. Department of Housing and Urban Development		 2,242,870
 Total Expenditures of Federal Awards		 \$2,242,870

The accompanying notes are an integral part of this schedule.

**FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended December 31, 2020.

NOTE E – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

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

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

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

Fayette Metropolitan Housing Authority
Fayette County
121 E. East Street
Washington Court House, Ohio 43160

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Fayette Metropolitan Housing Authority, Fayette County, (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 22, 2021. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
September 22, 2021

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Fayette County Metropolitan Housing Authority
Fayette County
121 E. East Street
Washington Court House, Ohio 43160

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited Fayette County 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 Fayette County Metropolitan Housing Authority's major federal program for the year ended December 31, 2020. 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 program.

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio
September 22, 2021

**FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

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 AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



FAYETTE METROPOLITAN HOUSING AUTHORITY

FAYETTE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/28/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov