

**HARRISON METROPOLITAN
HOUSING AUTHORITY
HARRISON COUNTY, OHIO**

SINGLE AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
MARCH 31, 2019**

James G. Zupka, CPA, Inc.
Certified Public Accountants

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Harrison Metropolitan Housing Authority
Cadiz, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority as of March 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, during 2019, the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Financial Data Schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.



James G. Zupka, CPA, Inc.
Certified Public Accountants

September 11, 2019

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**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(UNAUDITED)**

The management of the Harrison Metropolitan Housing Authority’s (the “Authority” or Primary Government) offers the readers of the Authority’s financial statements this narrative overview and analysis of the Authority’s financial activities for the year ended March 31, 2019. This discussion and analysis are 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, and (d) identify individual account issues or concerns.

The Management’s Discussion and Analysis (MD&A) is designed to focus on the fiscal year ended March 31, 2019 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority’s financial statements (beginning on page 13). In accordance with GASB Statement No. 34, paragraph 10, the financial information and discussion presented below focuses on the primary government.

FINANCIAL HIGHLIGHTS

The management of the Harrison Metropolitan Housing Authority operates an independent for profit limited liability company, Enterprise Housing Property Preservation, L.L.C.

The primary government’s programs include: Conventional Public-Housing, Capital Fund Program (CFP), Housing Choice Voucher Program, State/Local, and USDA Rural Development. The discretely presented Component Unit consists of Enterprise Housing Property Preservation, L.L.C.

- Net position for the primary government was \$644,123 and \$968,874 for the fiscal years ended March 31, 2019 and 2018, respectively. The Authority’s net position decreased by \$324,751 or 33.52 percent during 2019, primarily due to the implementation of GASB 75.
- Revenues for the primary government increased by \$177,137 or 13.54 percent during 2019, and were \$1,485,415 and \$1,308,278 for 2019 and 2018, respectively.
- Expenses increased by \$149,572 or 10.47 percent during 2019 and were \$1,577,568 and \$1,427,996 for 2019 and 2018, respectively.
- The Authority implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*, causing a restatement of beginning net position that is \$232,598 less than net position reported at March 31, 2018.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(UNAUDITED)**

USING THIS ANNUAL REPORT

The following outlines the format of this report:

<p>MD&A</p> <p>~ Management Discussion and Analysis ~</p>
<p>Basic Financial Statements</p> <p>~ Statement of Net Position ~</p> <p>~ Statement of Revenues, Expenses and Changes in Net Position ~</p> <p>~ Statement of Cash Flows ~</p> <p>~ Notes to Financial Statements ~</p>
<p>Other Required Supplementary Information</p> <p>~Required Supplementary Information~ (Other than the MD&A)</p>

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented (pages 13-15) are those of the Authority as a whole (Authority-wide) and the component unit, discretely reported. The financial statements are further detailed by major account. This perspective (Authority-wide, major account, and component unit) allows the user to address relevant questions, broadens a basis for comparison year to year or Authority to Authority) and enhances the Authority’s accountability.

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 that reflects assets, minus liabilities, equals “Net Position”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

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

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

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Restricted - 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 - Consists of net position that does not meet the definition of “Net Investment in Capital Assets”, or “Restricted Net Position”.

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

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

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

FINANCIAL STATEMENTS BY MAJOR FUND

In general, the Authority’s financial statements consist exclusively of an enterprise fund. An enterprise fund utilizes the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by private sector accounting.

Many of the funds maintained by the Authority are required by the United States Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

THE AUTHORITY’S PROGRAMS

Business Type Programs

Conventional Public Housing and Capital Fund Program – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30 percent of adjusted gross household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for the Authority’s physical and management improvements. Funds are allocated by a formula allocation and based on size and age of the Authority’s units.

Housing Choice Voucher Program – 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. The program is administered under an Annual Contributions Contract (ACC) with HUD. 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 percent, and the Housing Authority subsidizes the balance.

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USDA Rural Development – Under the USDA Rural Development Program, the Authority rents units that it owns to low-income households. The USDA Rural Development Program is operated under a contract with the United States Department of Agriculture, and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

State/Local – The State and Local Programs include activity for management of a multi-family project, Bingham Terrace, management of USDA Rural Development properties, and any other non-federal activities conducted by the Authority.

Component Unit Activity - represents resources developed from a variety of activities including, but not limited, to the following:

Enterprise Housing Property Preservation, L.L.C. - provides routine building maintenance, scheduled property maintenance, unit renovation services to home owners, landlords, banking institutions, real estate agencies and commercial businesses of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, and Muskingum counties. Also, Enterprise Housing Property Preservation L.L.C. purchases various types of residential properties, assesses and renovates as needed, and either utilizes them as an income-producing rental or places them back on the open market for resale.

AUTHORITY-WIDE STATEMENTS

The following table reflects the condensed Statement of Net Position compared to the prior-year. The Authority is engaged only in business-type activities.

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

	2019	Restated 2018
<u>Assets</u>		
Current Assets	\$ 501,360	\$ 607,700
Capital Assets	1,114,522	1,097,615
Non-Current Assets	332,060	267,503
Deferred Outflow of Resources	148,808	81,679
Total Assets and Deferred Outflows of Resources	2,096,750	2,054,497
<u>Liabilities</u>		
Current Liabilities	104,667	99,138
Long-Term Liabilities	1,266,534	908,936
Deferred Inflow of Resources	81,426	77,549
Total Liabilities and Deferred Inflow of Resources	1,452,627	1,085,623
<u>Net Position</u>		
Net Investment in Capital Assets	518,138	485,915
Restricted	78,702	64,675
Unrestricted	47,283	418,284
Total Net Position	644,123	968,874
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 2,096,750	\$ 2,054,497

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(UNAUDITED)**

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Primary Government

During 2019, total assets and deferred outflows of resources for the primary government increased by \$42,253, due mainly to capital asset purchases and an increase in deferred outflow of resources.

Total liabilities and deferred inflow of resources increased by \$367,004. Most of the increase is related to the Authority's implementation of GASB 75.

The biggest changes on this statement were to deferred outflow of resources and non-current liabilities, all due to reporting of pension and other postemployment benefits (OPEB) activity required by GASB 68 and GASB 75. GASB 68 and GASB 75 are accounting standards that essentially require Harrison MHA to report what is determined to be its share of the unfunded pension and health insurance liability of the pension system, the Ohio Public Employees Retirement System (OPERS). Employees of Harrison MHA are required by state law to be members of OPERS, and Harrison MHA is required to make retirement contributions to OPERS for all of its employees. The Net Pension and Health Insurance Liability is unlike other liabilities the Authority has in that these liabilities do not represent invoices 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 future pension and healthcare obligations. GASB 68 was implemented a few years ago. GASB 75 is implemented with this reporting period. In addition to the impact on deferred outflow of resources, deferred inflow of resources and non-current liabilities, the implementation of GASB 75 also caused net position to be restated as of March 31, 2018 by a value of \$232,598 less than what it was reported in last year's report.

The following table presents a condensed change in Net Position by the separate Net Position components.

**Table 2
Change in Net Position - Primary Government**

	Unrestricted Net Position	Net Investment In Capital Assets	Restricted Net Position
Beginning Net Position	\$ 418,284	\$ 485,915	\$ 64,675
Results From Operation	(92,153)	0	0
Adjustment:			
GASB 75 Adjustment	(232,598)	0	0
Capital Asset Additions	(139,833)	139,833	0
Current Year Depreciation Expense	122,926	(122,926)	0
Change in Restricted Net Position	(14,027)		14,027
Net Change In Debt Balance	(15,316)	15,316	0
Ending Net Position	\$ 47,283	\$ 518,138	\$ 78,702

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(UNAUDITED)**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

Table 3

Condensed Statement of Revenues, Expenses, and Changes in Net Position - Primary Government

	2019	2018
<u>Revenues</u>		
Tenant Revenue	\$ 245,434	\$ 242,897
Operating Subsidies	1,166,428	1,009,294
Investment/Other Income	73,553	56,087
Total Revenues	1,485,415	1,308,278
<u>Expenses</u>		
Administration	349,923	309,259
Tenant Services	11,991	651
Utilities	112,720	103,889
Maintenance	196,114	149,223
General, Insurance, Interest	55,676	48,217
Housing Assistance Payments	728,218	698,763
Depreciation	122,926	117,994
Total Expenses	1,577,568	1,427,996
Change in Net Position	(92,153)	(119,718)
Beginning Net Position	736,276	N/A
Ending Net Position	\$ 644,123	\$ 736,276

N/A - information necessary to restate the fiscal year 2018 beginning net position and the 2018 OPEB expense related to the implementation of GASB 75 is not available.

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

Tenant revenue decreased slightly during 2019 in comparison to 2018. Operating subsidies increased due to additional HCV program and other grant income. Other income increased \$17,466 in the current period. This was mainly due to increased capital funding.

Overall, total expenses decreased during 2019 in comparison to 2018. Contributing factors were an increase in maintenance, administrative costs and housing assistance payments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of March 31, 2019, the Authority had \$1,114,522 invested in a variety of capital assets as reflected in the following table, which represents a net increase of \$16,907.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(UNAUDITED)**

**Table 4
Capital Assets (Net of Depreciation) - Primary Government**

	2019	2018
Land	\$ 137,179	\$ 137,179
Buildings	4,953,659	4,905,949
Furniture and Equipment	333,168	241,775
Accumulated Depreciation	(4,309,484)	(4,187,288)
Total Capital Assets	\$ 1,114,522	\$ 1,097,615

The following table summarizes the change in Capital Assets.

**Table 5
Change in Capital Assets - Primary Government**

	2019
Beginning Balance-Net	\$ 1,097,615
Capital Additions	139,833
Depreciation Expense	(122,926)
Total Capital Assets	\$ 1,114,522

Refer to Note 6 for additional information on Capital Assets.

As of March 31, 2019, the Authority had \$596,384 in debt (mortgages) outstanding compared to \$611,700 the prior year.

**Table 6
Condensed Statement of Changes in Debt Outstanding-Primary Government**

	2019
Beginning Balance-April 1, 2018	\$ 611,700
Current Year Principal Payments	(15,316)
Ending Balance-March 31, 2019	\$ 596,384

Refer to Note 9 for additional information on Debt Outstanding.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the U.S. Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income and the overall costs associated with the Section 8 Housing Choice Voucher Program
- Inflationary pressure on utility rates, supplies, and other costs

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(UNAUDITED)**

FINANCIAL CONTACT

Questions concerning any of the information provided in this Management Discussion & Analysis should be addressed to:

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HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

	Primary Government	Component Unit
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 368,204	\$ 81,955
Cash and Cash Equivalents - Restricted	101,983	4,600
Receivables - Net of Allowance	10,168	0
Prepaid Expenses and Other Assets	21,005	2,105
Total Current Assets	501,360	88,660
<u>Noncurrent Assets</u>		
Capital Assets		
Land	137,179	54,300
Depreciable Capital Assets - Net	977,343	190,102
Total Capital Assets	1,114,522	244,402
Other Noncurrent Assets	16,187	0
Pledged Escrow Receivable - Noncurrent	250,000	0
Other Receivable - Noncurrent	65,873	0
Total Noncurrent Assets	1,446,582	244,402
<u>Deferred Outflow of Resources</u>		
Deferred Outflow of Resources - Pension	129,769	0
Deferred Outflow of Resources - OPEB	19,039	0
Total Deferred Outflow of Resources	148,808	0
Total Assets and Deferred Outflow of Resources	\$ 2,096,750	\$ 333,062
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 26,048	0
Accrued Wages/Payroll Taxes	5,020	0
Accrued Compensated Absences - Current	19,073	0
Accrued Liabilities - Other	15,694	3,113
Tenant Security Deposits	23,281	4,600
Unearned Revenue	5	64
Current Portion of Long-Term Debt	15,546	0
Total Current Liabilities	104,667	7,777
<u>Noncurrent Liabilities</u>		
Accrued Compensated Absences - Noncurrent	20,612	0
Long-Term Debt	580,838	0
Net Pension Liability	422,323	0
Net OPEB Liability	242,761	0
Total Noncurrent Liabilities	1,266,534	0
Total Liabilities	1,371,201	7,777
<u>Deferred Inflow of Resources</u>		
Deferred Inflow of Resources - Pension	60,231	0
Deferred Inflow of Resources - OPEB	21,195	0
Total Deferred Inflows of Resources	81,426	0
<u>Net Position</u>		
Net Investment in Capital Assets	518,138	244,402
Restricted	78,702	0
Unrestricted	47,283	80,883
Total Net Position	644,123	325,285
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,096,750	\$ 333,062

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

	Primary Government	Component Unit
<u>Operating Revenues</u>		
Tenant Revenue	\$ 245,434	\$ 49,792
Government Operating Grants	1,166,428	0
Other Revenues	51,920	2,046
Total Operating Revenues	1,463,782	51,838
<u>Operating Expenses</u>		
Administrative	349,923	30,041
Tenant Services	11,991	0
Utilities	112,720	1,618
Maintenance	196,114	31,035
Insurance	20,945	4,929
General	25,906	3,808
Housing Assistance Payments	728,218	0
Depreciation	122,926	12,936
Total Operating Expenses	1,568,743	84,367
Operating Income/(Loss)	(104,961)	(32,529)
<u>Non-Operating Revenues (Expenses)</u>		
Capital Grant Revenue	21,628	0
Gain on Sale of Assets	0	6,546
Interest Revenue	5	16
Interest Expense	(8,825)	0
Total Non-Operating Revenue (Expenses)	12,808	6,562
Change In Net Position	(92,153)	(25,967)
Total Net Position Beginning of Year, Restated	736,276	351,252
Total Net Position End of Year	\$ 644,123	\$ 325,285

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

	Primary Government	Component Unit
<u>Cash Flows From Operating Activities</u>		
Cash Received From HUD/Other Grants	\$ 1,166,428	\$ 0
Cash Received From Tenants	257,065	48,996
Cash Received From Other Sources	128,793	2,846
Cash Payments For Housing Assistance Payments	(728,218)	0
Cash Payments For Other Operating Expenses	(639,236)	(72,559)
Net Cash Provided By (Used In) Operating Activities	184,832	(20,717)
<u>Cash Flows From Capital And Related Financing Activities</u>		
Debt Payments - Principal	(15,316)	0
Capital Grants	21,628	0
Cash from Asset Sale	0	80,000
Purchase of Capital Assets	(139,833)	(35,897)
Debt Payments - Interest	(8,825)	0
Net Cash Provided By (Used In) Capital And Related Financing Activities	(142,346)	44,103
<u>Cash Flows From Investing Activities</u>		
Interest Income	5	16
Net Cash Provided By (Used In) Investing Activities	5	16
Net Increase (Decrease) in Cash and Cash Equivalents	42,491	23,402
Cash and Cash Equivalents, Beginning	427,696	63,153
Cash and Cash Equivalents, Ending	\$ 470,187	\$ 86,555
<u>Reconciliation of Operating Income/Loss To</u>		
<u>Net Cash Provided by (Used in) Operating Activities</u>		
Operating Income/(Loss)	\$ (104,961)	\$ (32,529)
Adjustments To Reconcile Operating Income/(Loss) To Net Cash Provided By (Used In) Operating Activities		
Depreciation	122,926	12,936
(Increase)Decrease In:		
Receivables - Net of Allowance	147,820	43
Prepaid Expenses/Noncurrent Assets	(63,546)	(556)
Increase(Decrease) In:		
Change in Deferred Outflows and Deferred Inflows of Resources	(63,252)	0
Accounts Payable	(6,257)	(530)
Accrued Wages/Payroll Taxes	(1,178)	0
Accrued Compensated Absences	11,055	0
Accrued Liabilities - Other	7,352	(42)
Tenant Security Deposits	(796)	(839)
Unearned Revenue	1	800
Change in Net Pension/OPER Liability	135,668	0
Net Cash Provided By (Used In) Operating Activities	\$ 184,832	\$ (20,717)

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019

NOTE 1: **REPORTING ENTITY**

Introduction

The Harrison Metropolitan Housing Authority (the Authority) was established for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the low-income housing program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

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

As required by GAAP, the basic financial statements of the reporting entity include those of the Authority and any component units. Component units are separate legal entities. Elected officials of a primary government have financial accountability for the entity, and the nature and significance of the relationship between the entity and a primary government are such that to exclude the entity from the financial reporting entity would render the basic financial statements misleading or incomplete.

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. The following organization is described due to its relationship to the Authority.

The component unit column in the financial statements identifies the financial data of the Authority's individual component unit: Enterprise Housing Property Preservation, L.L.C. (the Company). It is reported separately to emphasize that it is a legally separate entity and provides services to clients of the Authority and others.

Enterprise Housing Property Preservation, L.L.C. is an organization that is owned by the Board of Commissioners of the Authority. It was established in 2014 as a for-profit company and is offering residents of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Muskingum, and Tuscarawas counties commercial and residential maintenance services that include routine building maintenance, scheduled property maintenance, and unit renovation services. The Company also purchases various types of residential properties that are assessed and renovated. These properties are either kept as an income-producing rental or are placed back on the open market for resale.

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)

NOTE 1: **REPORTING ENTITY** (Continued)

Introduction (Continued)

There are no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Company is not included in any other reporting entity based on such criteria. A summary of each program administered by the Authority included in the financial statements is provided to assist the reader in interpreting the basic financial statements. These programs constitute all programs subsidized by HUD and operated by the Authority.

Description of Programs

A. **Public Housing Program**

The Public Housing Program is designed to provide low-cost housing within Harrison County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. **Capital Fund Program**

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

C. **Housing Choice Voucher Program**

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit, or public landlords to subsidize rentals for low-income persons. Under this Program, the Authority determines the amount of subsidy a family will receive using HUD guidelines; however, there is a limit of the amount charged to the family.

D. **USDA Rural Development**

Under the USDA Rural Development Program, the Authority rents units that it owns to low-income households. The USDA Rural Development Program is operated under a contract with the United States Department of Agriculture (USDA), and the USDA provides Operating Subsidy to enable the PHA to provide housing at a rent that is based upon 30 percent of adjusted gross household income.

E. **State and Local Program**

The State and Local Program includes activity for the management of a multi-family project, Bingham Terrace, and rural development projects Dunfee Court and Gable Estates, and any other non-federal activities conducted by the Authority.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Basis of Presentation**

The accounts of the Authority are organized based on funds, each of which is considered a separate accounting entity. The Authority has created a number of sub-funds within the enterprise fund. Each sub-fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses.

The individual sub-funds account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. These sub-funds of the Authority are all considered Proprietary Fund Types. The sub-funds included in this category are as follows:

Public Housing Fund

This fund accounts for all activities and projects of the Public Housing Program (described previously), including Public Housing and Capital Fund Grants. The Authority either sets up separate funds within the Public Housing Fund for each program or assigns a particular set of general ledger accounts in order to account for income and expenses of each program separately. All sub-accounts or funds are combined to produce the financial statements of the Public Housing Fund.

Housing Choice Voucher Fund

This fund accounts for the rental assistance program more fully described under the "Housing Choice Voucher Program," in Note 1.

Operating/Business Activities Fund

This fund accounts for fees earned rendering contract administration services to agencies along with any non-federal miscellaneous activity.

Dunfee Court Fund

This fund accounts for all activities associated with the Rural Development Program (described previously) for this specific community. The Authority assigns a particular set of general ledger accounts in order to account for income and expenses of this community separately.

Gable Estates Fund

This fund accounts for all activities associated with the Rural Development Program (described previously) for this specific community. The Authority assigns a particular set of general ledger accounts in order to account for income and expenses of this community separately.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Basis of Accounting

Primary Government

The accrual basis of accounting is used to account for those operations that are financed and operated in a manner similar to private business, or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses excluding depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Component Unit

The Company utilizes the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

C. Investments

Primary Government

Investments are restricted by the provisions of the HUD regulations (Note 4). Investments are valued at market value. Interest income earned in fiscal year 2019 totaled \$5 for the primary government.

Component Unit

Investments are unrestricted and are valued at market value. Interest income earned in fiscal year 2019 totaled \$16 for the component unit.

D. Receivables – Net of Allowance

Primary Government

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 doubtful accounts was \$256 at March 31, 2019.

Component Unit

The Authority has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Bad debts are treated as direct write-off in the period management determines that collection is not probable. There were no bad debts expensed for the year ended March 31, 2019.

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Capital Assets**

Primary Government

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 Authority's capitalization policy is \$1,500. The following are the useful lives used for depreciation purposes:

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	7 years

Component Unit

Fixed assets are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the Statement of Operations. The rental property is depreciated over estimated service levels as follows:

Buildings and Improvements	7- 40 years
Vehicles	5 years

F. **Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalents include all liquid debt instruments with original maturities of three months or less.

G. **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 statement of net position 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.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

G. **Compensated Absences** (Continued)

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

The following is a summary of changes in compensated absences for the year ended March 31, 2019:

	Balance 3/31/2018	Increases	Decreases	Balance 3/31/2019	Due Within One Year
Compensated Absences	\$ 28,630	\$ 21,242	\$(10,187)	\$ 39,685	\$ 19,073

H. **Unearned Revenue**

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

I. **Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual operating budgets for all of its HUD funded programs. The budgets for its programs are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. The Board adopts the budget through passage of an Authority budget resolution.

J. **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 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.

K. **Net Position**

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

The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. **Operating Revenues and Expenses**

Primary Government

Operating revenues and expenses are those revenues that are generated directly from the primary activities of the Proprietary Fund and expenses incurred for the day-to-day operation. For the Authority, operating revenues are tenant rent charges, operating subsidy from HUD and other miscellaneous revenue.

Component Unit

Rental income is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the company and its tenants are typically one year or less. Service income is recognized as fees become due for monthly fixed fees and recognized, as work is completed per-unit fees.

M. **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Ohio Public Employee Retirement System (OPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by OPERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

N. **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

O. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

P. Change in Accounting Principle

For fiscal year 2019, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 85, Omnibus 2017, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Authority's fiscal year 2019 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense. The implementation of this pronouncement had the following effect on net position as reported March 31, 2018:

Net Position March 31, 2018	\$ 968,874
Adjustments:	
Net OPEB Liability	(232,388)
Deferred Inflow of Resources - OPEB	(17,311)
Deferred Outflow of Resources - OPEB	17,101
Restated Net Position March 31, 2018	<u><u>\$ 736,276</u></u>

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)

NOTE 3: DEPOSITS AND INVESTMENTS

A. Primary Government

Deposits

Custodial credit risk is the risk that in the event of bank failure, the primary government will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the primary government's deposits was \$470,187 (including \$200 in petty cash) and its bank balances totaled \$476,584. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2019, \$288,707 of the primary government's bank balance was covered by Federal Depository Insurance (FDIC). The remainder was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Authority to a successful claim by the Federal Deposit Insurance Corporation.

The Authority has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Authority's financial institution had enrolled in OPCS as of March 31, 2019.

Investments

The Authority has a formal investment policy, although, the Authority did not have investments at March 31, 2019.

B. Component Unit

Deposits

At fiscal year end, the carrying amount of the component unit's deposits was \$86,555 and its bank balances totaled \$87,111. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2019, all \$87,111 of the component unit's bank balance was covered by Federal Depository Insurance (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

The Authority has a formal investment policy it relies on to manage the investments of the component unit; however, the component unit had no investments at March 31, 2019.

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)

NOTE 4: RESTRICTED CASH

Primary Government

The restricted cash balance of \$101,983 on the financial statements for the primary government represents the following:

Tenant Security Deposits	\$ 23,281
Housing Assistance Payments	41,820
Rural Development Program Reserves	36,882
Total Cash and Cash Equivalents	<u><u>\$ 101,983</u></u>

Component Unit

The restricted cash balance of \$4,600 on the financial statements for the component unit represents the following:

Tenant Security Deposits	\$ 4,600
Total Cash and Cash Equivalents	<u><u>\$ 4,600</u></u>

NOTE 5: INSURANCE COVERAGE

Primary Government

The Authority is covered for property damage, general liability, auto damage and liability, and public officials' liability through the State Housing Authority Risk Pool, Inc. (SHARP).

Additionally, workers' compensation is maintained through the State of Ohio, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan for employee health care benefits. There was no significant reduction in coverages and no claims exceed insurance coverage during the past three years.

Component Unit

The Company is covered for property damage, general liability, auto damage and liability through Nationwide Insurance.

NOTE 6: CAPITAL ASSETS

The reporting entity's capital asset balances at March 31, 2019 are as follows:

	Primary Government	Component Unit
<i>Capital Assets Not Depreciated</i>		
Land	\$ 137,179	\$ 54,300
Total Capital Assets Not Depreciated	<u>137,179</u>	<u>54,300</u>
<i>Capital Assets Being Depreciated</i>		
Buildings and Building Improvements	4,953,659	248,072
Furniture and Equipment	333,168	0
Subtotal Capital Assets Being Depreciated	<u>5,286,827</u>	<u>248,072</u>
Less: Accumulated Depreciation	(4,309,484)	(57,970)
Total Capital Assets Being Depreciated	<u>977,343</u>	<u>190,102</u>
Total Capital Assets	<u><u>\$ 1,114,522</u></u>	<u><u>\$ 244,402</u></u>

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)

NOTE 6: **CAPITAL ASSETS** (Continued)

The following is a summary of changes:

A. Primary Government

	Balance March 31, 2018	Additions/ Transfers	Deletions/ Transfers	Balance March 31, 2019
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 137,179	\$ 0	\$ 0	\$ 137,179
Total Capital Assets Not Being Depreciated	137,179	0	0	137,179
<i>Capital Assets Being Depreciated</i>				
Buildings and Building Improvements	4,905,949	47,710	0	4,953,659
Furniture and Equipment	241,775	92,123	(730)	333,168
Subtotal Capital Assets Being Depreciated	5,147,724	139,833	(730)	5,286,827
Less: Accumulated Depreciation	(4,187,288)	(122,926)	730	(4,309,484)
Total Capital Assets Being Depreciated	960,436	16,907	0	977,343
Total Capital Assets	\$ 1,097,615	\$ 16,907	\$ 0	\$ 1,114,522
<i>Accumulated Depreciation</i>				
Buildings and Building Improvements	\$ 3,999,113	\$ 108,351	\$ 0	\$ 4,107,464
Furniture and Equipment	188,175	14,575	(730)	202,020
Total Accumulated Depreciation	\$ 4,187,288	\$ 122,926	\$ (730)	\$ 4,309,484

The depreciation periods for the above asset classes are as follows:

Buildings	40 years
Building Improvements	15 years
Furniture and Equipment Dwellings	7 years
Furniture and Equipment Administration	3 to 7 years

B. Component Unit

	Balance March 31, 2018	Additions/ Transfers	Deletions/ Transfers	Balance March 31, 2019
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 58,900	\$ 5,200	\$ (9,800)	\$ 54,300
Total Capital Assets Not Being Depreciated	58,900	5,200	(9,800)	54,300
<i>Capital Assets Being Depreciated</i>				
Buildings and Building Improvements	295,513	30,697	(78,138)	248,072
Subtotal Capital Assets Being Depreciated	295,513	30,697	(78,138)	248,072
Less: Accumulated Depreciation	(59,518)	(12,936)	14,484	(57,970)
Total Capital Assets Being Depreciated	235,995	17,761	(63,654)	190,102
Total Capital Assets	\$ 294,895	\$ 22,961	\$ (73,454)	\$ 244,402

The depreciation periods for the above asset classes are as follows:

Buildings and Improvements	7-40 years
Vehicles	5 years

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)

NOTE 7: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)**

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

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

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

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

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

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

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

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NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

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 \$38,402 for fiscal year ending March 31, 2019.

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

The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability/(asset) 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:

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NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.001892%	0.012857%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.001542%	0.014476%	
Change in Proportionate Share	<u>-0.000350%</u>	<u>0.001619%</u>	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 422,323	\$ (16,187)	\$ 406,136
Pension Expense	\$ 74,696	\$ (2,503)	\$ 72,193

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 57,321	\$ 3,487	\$ 60,808
Differences between expected and actual experience	18	0	18
Changes of assumptions	36,765	3,614	40,379
Changes in proportion and differences between Authority contributions and proportionate share of contributions	16,458	1,326	17,784
Authority contributions subsequent to the measurement date	8,434	2,346	10,780
Total Deferred Outflows of Resources	<u>\$ 118,996</u>	<u>\$ 10,773</u>	<u>\$ 129,769</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 5,544	\$ 6,615	\$ 12,159
Changes in proportion and differences between Authority contributions and proportionate share of contributions	45,855	2,217	48,072
Total Deferred Inflows of Resources	<u>\$ 51,399</u>	<u>\$ 8,832</u>	<u>\$ 60,231</u>

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NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$10,780 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 March 31, 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:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending June 30:			
2020	\$ 27,616	\$ 446	\$ 28,062
2021	(431)	(247)	(678)
2022	5,318	(174)	5,144
2023	26,660	918	27,578
2024	0	(519)	(519)
Thereafter	0	(829)	(829)
Total	\$ 59,163	\$ (405)	\$ 58,758

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 COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation 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

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NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

The total pension asset in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation 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.

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.

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NOTE 7: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	\$623,893	\$ 422,323	\$254,816
Combined Plan	(\$5,356)	\$ (16,187)	(\$24,030)

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NOTE 8: **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 both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

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

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

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

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

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

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

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

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NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$0 for fiscal year ending March 31, 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:

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.002140%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.001862%
Change in Proportionate Share	-0.000278%
Proportionate Share of the Net OPEB Liability	\$ 242,761
OPEB Expense	\$ 12,319

At March 31, 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	\$ 11,130
Differences between expected and actual experience	83
Changes of assumptions	7,826
Total Deferred Outflows of Resources	\$ 19,039
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 659
Changes in proportion and differences between Authority contributions and proportionate share of contributions	20,536
Total Deferred Inflows of Resources	\$ 21,195

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NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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 March 31:	
2020	\$ (1,414)
2021	(7,876)
2022	1,529
2023	5,605
Total	\$ (2,156)

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

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NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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. 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:

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NOTE 8: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
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	<u>100.00 %</u>	<u>5.16 %</u>

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:

	<u>1% Decrease (2.96%)</u>	<u>Current Discount Rate (3.96%)</u>	<u>1% Increase (4.96%)</u>
Authority's proportionate share of the net OPEB liability	\$310,582	\$242,761	\$188,825

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NOTE 8: **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	\$233,346	\$242,761	\$253,604

NOTE 9: **LONG-TERM DEBT**

A. **Primary Government**

The Authority has the following mortgages outstanding as of March 31, 2019:

Dunfee Court - A first and second mortgage with the United States Department of Agriculture (USDA) Rural Housing Service for a 12-unit project. Original loan amount \$373,300, dated January 30, 1985. Term of the loan is 50 years with interest rate of 10.75 percent, discounted to 1 percent. Balance outstanding as of March 31, 2019 was \$120,479. Second loan amount \$23,580, dated April 25, 1985. Term of the loan is 50 years with interest rate of 11.875 percent, discounted to 1 percent. Balance outstanding as of March 31, 2019 was \$8,370.

Gable Estate – USDA Rural Housing Service loan for a 16-unit project. The amount of the loan was \$541,516, dated April 21, 1993. The term of the loan is 50 years with the interest rate of 7.75 percent, discounted to 1 percent. The outstanding balance as of March 31, 2019 was \$467,535.

The following is a summary of change in long-term debt for the year ended March 31, 2019:

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NOTE 9: **LONG-TERM DEBT** (Continued)

A. **Primary Government** (Continued)

Description	Restated			Balance 3/31/2019	Due Within One Year
	Balance 3/31/2018	Issued	Retired		
1st Mortgage Dunfee Court	\$ 128,868	\$ 0	\$ 8,389	\$ 120,479	\$ 8,431
2nd Mortgage Dunfee Court	8,892	0	522	8,370	525
Gable Estate	473,940	0	6,405	467,535	6,590
Total Mortgage Notes	\$ 611,700	\$ 0	\$ 15,316	\$ 596,384	\$ 15,546
Net OPEB Liability	\$ 232,388	\$ 10,373	\$ 0	\$ 242,761	\$ 0
Net Pension Liability	296,818	125,505	0	422,323	0
Total Net Pension/OPEB Liability	\$ 529,206	\$ 135,878	\$ 0	\$ 665,084	\$ 0

Debt maturities for future years are as follows:

	Principal	Interest	Total
2020	\$ 15,546	\$ 5,976	\$ 21,522
2021	16,153	5,814	21,967
2022	16,794	5,653	22,447
2023	17,478	5,485	22,963
2024	18,210	5,310	23,520
2025-2029	103,929	23,655	127,584
2030-2034	116,377	17,997	134,374
2035-2039	117,910	12,443	130,353
2040-2044	171,253	5,560	176,813
2045-and on	2,734	644	3,378
	\$ 596,384	\$ 88,537	\$ 684,921

B. **Component Unit**

The Authority's component unit had no outstanding debt obligations as of March 31, 2019.

NOTE 10: **CONTINGENCIES**

A. **Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustments 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 March 31, 2019.

B. **Litigation**

In the normal course of operations, the Authority may be subject to litigations and claims. At March 31, 2019, the Authority was not aware of any such matters.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019
(CONTINUED)**

NOTE 11: FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2019, the Authority electronically submitted an unaudited version of the statement of net position, statement of revenues, expenses and changes in net position and other data to HUD REAC as required on the GAAP basis.

NOTE 12: PLEGGED ESCROW RECEIVABLE

On June 15, 2010, the Authority signed a guarantee agreement to Bingham Terrace Preservation, LP, an Ohio Limited Partnership, and Huntington Ohio ARRA Fund LLC, an Ohio Limited Liability Company. The Authority is an affiliate of the General Partner of the Partnership, owner of a low-income housing project constructed by the Partnership. The obligation of the Authority under the agreement was a pledge of \$500,000, with a balance at March 31, 2019 of \$250,000. In addition, the Authority earned a developer fee related to the construction of the Bingham Terrace property. The unpaid balance of the developer fee is \$65,873 at March 31, 2019.

NOTE 13: SUBSEQUENT EVENT

A. Primary Government

There were no subsequent events noted through the date of the report, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

B. Component Unit

There were no subsequent events noted through the date of the report, the date the financial statements were available to be issued. Any subsequent events after that date have not been evaluated.

NOTE 14: RELATED PARY TRANSACTIONS

Administrative Reimbursement Agreement

The Authority has entered into an administrative reimbursement agreement with the discretely presented component unit to pay for the Company's portion of shared administrative costs in the amount of \$700 per month for this agreement. The Company paid the Authority \$8,400 in relation to these services during the year ended March 31, 2019.

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FIVE FISCAL YEARS (1)

Traditional Plan	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.001542%	0.001892%	0.001705%	0.001385%	0.001385%
Authority's Proportionate Share of the Net Pension Liability	\$ 422,323	\$ 296,818	\$ 387,177	\$ 239,899	\$ 167,047
Authority's Covered Payroll	\$ 208,207	\$ 250,071	\$ 220,394	\$ 172,398	\$ 182,340
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.84%	118.69%	175.67%	139.15%	91.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%
Combined Plan	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Asset	0.014476%	0.012857%	0.013382%	0.013910%	0.013910%
Authority's Proportionate Share of the Net Pension (Asset)	\$ (16,187)	\$ (17,503)	\$ (7,448)	\$ (6,768)	\$ (5,356)
Authority's Covered Payroll	\$ 61,911	\$ 52,655	\$ 52,091	\$ 50,630	\$ 47,122
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	26.15%	33.24%	14.30%	13.37%	11.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	126.64%	137.28%	116.55%	116.90%	114.83%

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS - PENSION
LAST SIX FISCAL YEARS (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Contractually Required Contributions</u>						
Traditional Plan	\$ 29,688	\$ 31,245	\$ 29,980	\$ 21,801	\$ 18,854	(2)
Combined Plan	<u>8,714</u>	<u>7,365</u>	<u>6,623</u>	<u>6,099</u>	<u>5,793</u>	<u>(2)</u>
Total Required Contributions	\$ 38,402	\$ 38,610	\$ 36,603	\$ 27,900	\$ 24,647	\$ 27,905
Contributions in Relation to the Contractually Required Contribution	<u>(38,402)</u>	<u>(38,610)</u>	<u>(36,603)</u>	<u>(27,900)</u>	<u>(24,647)</u>	<u>(27,905)</u>
Contribution Deficiency / (Excess)	<u>\$ 0</u>					
<u>Authority's Covered Payroll</u>						
Traditional Plan	\$ 212,056	\$ 236,007	\$ 243,959	\$ 181,675	\$ 157,117	(2)
Combined Plan	<u>62,240</u>	<u>55,393</u>	<u>54,047</u>	<u>50,825</u>	<u>48,275</u>	<u>(2)</u>
Total Covered Payroll	\$ 274,296	\$ 291,400	\$ 298,006	\$ 232,500	\$ 205,392	\$ 232,543
<u>Pension Contributions as a Percentage of Covered Payroll</u>						
Traditional Plan	14.00%	13.24%	12.29%	12.00%	12.00%	12.00%
Combined Plan	14.00%	13.30%	12.25%	12.00%	12.00%	12.00%

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

See accompanying notes to the required supplementary information

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST THREE FISCAL YEARS (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.001862%	0.002140%	0.001970%
Authority's Proportionate Share of the Net OPEB Liability	\$ 242,761	\$ 232,388	\$ 198,977
Authority's Covered Payroll	\$ 270,118	\$ 302,726	\$ 272,485
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.87%	76.77%	73.02%
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 the information 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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS - OPEB
LAST SIX FISCAL YEARS (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 0	\$ 2,186	\$ 5,119	\$ 4,650	\$ 4,108	\$ 4,651
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>(2,186)</u>	<u>(5,119)</u>	<u>(4,650)</u>	<u>(4,108)</u>	<u>(4,651)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority Covered Payroll	\$ 274,296	\$ 291,400	\$ 298,006	\$ 232,504	\$ 205,389	\$ 232,543
Contributions as a Percentage of Covered Payroll	0.00%	0.75%	1.72%	2.00%	2.00%	2.00%

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

See accompanying notes to the required supplementary information

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

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%.

HARRISON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2019

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	2 State/Local	Subtotal	ELIM	Total
111 Cash - Unrestricted	58,619	4,065	32,857	81,955	272,663	450,159		450,159
113 Cash - Other Restricted	-	36,882	41,820	-	-	78,702		78,702
114 Cash - Tenant Security Deposits	11,091	12,190	-	4,600	-	27,881		27,881
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-		-
100 Total Cash	69,710	53,137	74,677	86,555	272,663	556,742	-	556,742
124 Accounts Receivable - Other Government	-	-	-	-	7,535	7,535		7,535
126 Accounts Receivable - Tenants	2,565	324	-	-	-	2,889		2,889
126.1 Allowance for Doubtful Accounts -Tenants	-256	-	-	-	-	-256		-256
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,309	324	-	-	7,535	10,168	-	10,168
142 Prepaid Expenses and Other Assets	9,082	4,671	7,252	2,105	-	23,110		23,110
144 Inter Program Due From	-	-	-	-	17,151	17,151	-17,151	-
150 Total Current Assets	81,101	58,132	81,929	88,660	297,349	607,171	-17,151	590,020
161 Land	75,202	61,977	-	54,300	-	191,479		191,479
162 Buildings	3,849,678	1,103,981	-	248,072	-	5,201,731		5,201,731
163 Furniture, Equipment & Machinery - Dwellings	52,975	130,772	-	-	-	183,747		183,747
164 Furniture, Equipment & Machinery - Administration	122,194	5,684	-	-	21,543	149,421		149,421
166 Accumulated Depreciation	-3,494,689	-812,651	-	-57,970	-2,144	-4,367,454		-4,367,454
160 Total Capital Assets, Net of Accumulated Depreciation	605,360	489,763	-	244,402	19,399	1,358,924	-	1,358,924
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	315,873	315,873		315,873
174 Other Assets	9,778	3,024	3,385	-	-	16,187		16,187
180 Total Non-Current Assets	615,138	492,787	3,385	244,402	335,272	1,690,984	-	1,690,984
200 Deferred Outflow of Resources	90,419	26,404	31,985	-	-	148,808		148,808
290 Total Assets and Deferred Outflow of Resources	786,658	577,323	117,299	333,062	632,621	2,446,963	-17,151	2,429,812
312 Accounts Payable <= 90 Days	4,195	3,415	694	-	17,744	26,048		26,048
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	5,020	5,020		5,020
322 Accrued Compensated Absences - Current Portion	6,821	3,005	7,485	-	1,762	19,073		19,073
341 Tenant Security Deposits	11,091	12,190	-	4,600	-	27,881		27,881
342 Unearned Revenue	-	5	-	64	-	69		69
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	15,546	-	-	-	15,546		15,546
346 Accrued Liabilities - Other	15,694	-	-	3,113	-	18,807		18,807
347 Inter Program - Due To	-	10,000	-	-	7,151	17,151	-17,151	-

**HARRISON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2019**

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	2 State/Local	Subtotal	ELIM	Total
310 Total Current Liabilities	37,801	44,161	8,179	7,777	31,677	129,595	-17,151	112,444
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	580,838	-	-	-	580,838		580,838
354 Accrued Compensated Absences - Non Current	1,663	3,392	13,813	-	1,744	20,612		20,612
357 Accrued Pension and OPEB Liabilities	401,777	124,238	139,069	-	-	665,084		665,084
350 Total Non-Current Liabilities	403,440	708,468	152,882	-	1,744	1,266,534	-	1,266,534
300 Total Liabilities	441,241	752,629	161,061	7,777	33,421	1,396,129	-17,151	1,378,978
400 Deferred Inflow of Resources	28,489	11,314	41,623	-	-	81,426		81,426
508.4 Net Investment in Capital Assets	605,360	-106,621	-	244,402	19,399	762,540		762,540
511.4 Restricted Net Position	-	36,882	41,820	-	-	78,702		78,702
512.4 Unrestricted Net Position	-288,432	-116,881	-127,205	80,883	579,801	128,166		128,166
513 Total Equity - Net Assets / Position	316,928	-186,620	-85,385	325,285	599,200	969,408	-	969,408
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	786,658	577,323	117,299	333,062	632,621	2,446,963	-17,151	2,429,812

**HARRISON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	2 State/Local	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	144,200	90,146	-	49,792	-	284,138		284,138
70400 Tenant Revenue - Other	8,373	2,715	-	-	-	11,088		11,088
70500 Total Tenant Revenue	152,573	92,861	-	49,792	-	295,226	-	295,226
70600 HUD PHA Operating Grants	149,433	-	871,708	-	-	1,021,141		1,021,141
70610 Capital Grants	21,628	-	-	-	-	21,628		21,628
70800 Other Government Grants	-	114,252	-	-	31,035	145,287		145,287
71100 Investment Income - Unrestricted	-	5	-	16	-	21		21
71400 Fraud Recovery	-	-	1,533	-	-	1,533		1,533
71500 Other Revenue	3,843	686	6,940	2,046	55,236	68,751	-16,318	52,433
71600 Gain or Loss on Sale of Capital Assets	-	-	-	6,546	-	6,546		6,546
70000 Total Revenue	327,477	207,804	880,181	58,400	86,271	1,560,133	-16,318	1,543,815
91100 Administrative Salaries	52,516	15,854	35,238	-	18,020	121,628		121,628
91200 Auditing Fees	1,616	1,024	6,238	3,000	-	11,878		11,878
91300 Management Fee	-	16,318	-	-	-	16,318	-16,318	-
91400 Advertising and Marketing	276	-	-	192	-	468		468
91500 Employee Benefit contributions - Administrative	80,602	23,333	28,191	-	6,906	139,032		139,032
91600 Office Expenses	11,034	3,285	20,639	-	-	34,958		34,958
91700 Legal Expense	-	-	-	7,167	-	7,167		7,167
91800 Travel	75	225	-	-	-	300		300
91900 Other	2,766	13,127	5,616	19,682	23,342	64,533		64,533
91000 Total Operating - Administrative	148,885	73,166	95,922	30,041	48,268	396,282	-16,318	379,964
92400 Tenant Services - Other	413	211	-	-	11,367	11,991		11,991
92500 Total Tenant Services	413	211	-	-	11,367	11,991	-	11,991
93100 Water	14,193	27,641	571	830	-	43,235		43,235
93200 Electricity	64,170	3,214	1,711	169	-	69,264		69,264
93300 Gas	686	93	441	214	-	1,434		1,434
93400 Fuel	-	-	-	405	-	405		405
93000 Total Utilities	79,049	30,948	2,723	1,618	-	114,338	-	114,338
94100 Ordinary Maintenance and Operations - Labor	54,684	17,280	1,874	-	-	73,838		73,838
94200 Ordinary Maintenance and Operations - Materials and Other	24,832	13,167	572	8,324	392	47,287		47,287
94300 Ordinary Maintenance and Operations Contracts	46,426	16,425	75	22,711	-	85,637		85,637
94500 Employee Benefit Contributions - Ordinary Maintenance	15,396	4,691	300	-	-	20,387		20,387
94000 Total Maintenance	141,338	51,563	2,821	31,035	392	227,149	-	227,149

**HARRISON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

	Project Total	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	2 State/Local	Subtotal	ELIM	Total
96110 Property Insurance	11,750	5,969	3,226	4,929	-	25,874		25,874
96100 Total insurance Premiums	11,750	5,969	3,226	4,929	-	25,874	-	25,874
96200 Other General Expenses	-	1,821	-	-	-	1,821		1,821
96210 Compensated Absences	-	3,709	6,742	-	3,334	13,785		13,785
96300 Payments in Lieu of Taxes	7,352	-	-	3,808	-	11,160		11,160
96400 Bad debt - Tenant Rents	2,854	-	-	-	-	2,854		2,854
96600 Bad debt - Other	-	-	94	-	-	94		94
96000 Total Other General Expenses	10,206	5,530	6,836	3,808	3,334	29,714	-	29,714
96710 Interest of Mortgage (or Bonds) Payable	-	8,825	-	-	-	8,825		8,825
96700 Total Interest Expense and Amortization Cost	-	8,825	-	-	-	8,825	-	8,825
96900 Total Operating Expenses	391,641	176,212	111,528	71,431	63,361	814,173	-16,318	797,855
97000 Excess of Operating Revenue over Operating Expenses	-64,164	31,592	768,653	-13,031	22,910	745,960	-	745,960
97300 Housing Assistance Payments	-	-	728,218	-	-	728,218		728,218
97400 Depreciation Expense	81,408	40,249	-	12,936	1,269	135,862		135,862
90000 Total Expenses	473,049	216,461	839,746	84,367	64,630	1,678,253	-16,318	1,661,935
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-145,572	-8,657	40,435	-25,967	21,641	-118,120	-	-118,120
11020 Required Annual Debt Principal Payments	-	15,316	-	-	-	15,316		15,316
11030 Beginning Equity	603,013	-144,514	-77,184	351,252	587,559	1,320,126		1,320,126
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-140,513	-33,449	-48,636	-	-10,000	-232,598		-232,598
11170 Administrative Fee Equity	-	-	-127,205	-	-	-127,205		-127,205
11180 Housing Assistance Payments Equity	-	-	41,820	-	-	41,820		41,820
11190 Unit Months Available	600	336	3,180	80	-	4,196		4,196
11210 Number of Unit Months Leased	583	334	2,161	76	-	3,154		3,154

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

FEDERAL GRANTOR/ Program/Title	Federal CFDA Number	Federal Expenditures	Loan Balance
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Programs:</i>			
Public and Indian Housing	14.850	\$ 79,372	\$ 0
Public Housing Capital Fund	14.872	91,689	0
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871	871,708	0
Total Housing Voucher Cluster		871,708	0
<i>Total Direct Programs</i>		1,042,769	0
<i>Pass-Through Programs:</i>			
<u>Passed Through Harrison County</u>			
HOME Investment Partnerships Program	14.239	38,760	0
Total Passed through Harrison County		38,760	0
<i>Total Pass Through Programs</i>		38,760	0
Total U.S. Department of Housing and Urban Development		1,081,529	0
<u>U.S. Department of Agriculture</u>			
<i>Direct Programs:</i>			
Rural Rental Housing Loans	10.415	75,582	611,700
<i>Total Direct Programs</i>		75,582	611,700
Total U.S. Department of Agriculture		75,582	611,700
Total Expenditures of Federal Awards		\$ 1,157,111	\$ 611,700

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

NOTE 1: **PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Harrison Metropolitan Housing Authority under programs of the federal government for the year ended March 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Harrison Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Harrison Metropolitan Housing Authority.

NOTE 2: **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 to reimbursement.

NOTE 3: **INDIRECT COST RATE**

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

NOTE 4: **COMPONENT UNIT**

There were no federal expenditures for the component unit, Enterprise Housing Property Preservation, L.L.C.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of the Board
Harrison Metropolitan Housing Authority
Cadiz, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 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 September 11, 2019, wherein we noted the Authority adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

September 11, 2019

JAMES G. ZUPKA, C.P.A., INC.

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

To the Members of the Board
Harrison Metropolitan Housing Authority
Cadiz, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Harrison Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 2019. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Harrison Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2019.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

September 11, 2019

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

2019(i) Type of Financial Statement Opinion	Unmodified
2019(ii) Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2019(ii) Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2019(iii) Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2019(iv) Were there any material internal control weaknesses reported for major federal programs?	No
2019(iv) Were there any significant deficiencies in internal control reported for major federal programs?	No
2019(v) Type of Major Programs' Compliance Opinion	Unmodified
2019(vi) Are there any reportable findings under 2 CFR 200.516(a)?	No
2019(vii) Major Programs (list): <div style="margin-left: 40px;">Housing Voucher Cluster: Section 8 Housing Choice Vouchers - CFDA #14.871</div>	
2019(viii) Dollar Threshold: Type A\B Programs	Type A: \$750,000 Type B: All Others
2019(ix) Low Risk Auditee?	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.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

The audit report for the prior year ended March 31, 2018, contained no findings or citations.