HANCOCK METROPOLITAN
HOUSING AUTHORITY
HANCOCK COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

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

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Directors
Hancock Metropolitan Housing Authority
1800 N. Blanchard St. Ste 114
Findlay, OH 45840

We have reviewed the *Independent Auditor's Report* of the Hancock Metropolitan Housing Authority, Hancock County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

June 22, 2022

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HANCOCK METROPOLITAN HOUSING AUTHORITY
HANCOCK COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

TABLE OF CONTENTS

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (231) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Hancock Metropolitan Housing Authority
Findlay, Ohio

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Hancock Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Hancock Metropolitan Housing Authority as of December 31, 2021, and the 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 11 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

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 is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion 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 not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 June 10, 2022, 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 solely 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 the effectiveness of the Authority's 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.

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

June 10, 2022

This Management's Discussion and Analysis (MD&A) for the Hancock Metropolitan Housing Authority (Hancock MHA) is intended to assist the reader identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in Hancock MHA's financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2021, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Overview of the Financial Statements

The basic financial statements included elsewhere in this report are:

The Statement of Net Position.
The Statement of Revenues, Expenses and Changes in Net Position, and
The Statement of Cash Flows.

The *Statement of Net Position* is very similar to, and what most people would think of as, a Balance Sheet. In the first half it generally reports the value of assets Hancock MHA holds, that is, the cash Hancock MHA has, the amounts that are owed Hancock MHA from others, and the value of the equipment Hancock MHA owns. In the other half of the statement, it generally shows the liabilities Hancock MHA has, that is, what Hancock MHA owes others, and what Net Position (or what is commonly referred to as Equity) Hancock MHA has. The two parts of the report are in balance, thus why many might refer to this type of report as a Balance Sheet, in that the total of the assets and deferred outflow of resources equals the total of the liabilities and deferred inflows of resources plus Net Position (or equity).

In the statement, the Net Position part is broken out into three board categories:

Net Investment in Capital Assets
Restricted Net Position, and
Unrestricted Net Position.

The balance in Net Investment in Capital Assets reflects the value of capital assets, that is assets such as land, buildings, and equipment, reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owed on those assets.

The balance in Restricted Net Position reflects the value of assets reported in the top part of the statements that are restricted for use by law or regulation, or when the use of those assets is restricted by constraints placed on the assets by creditors.

The balance in Unrestricted Net Position is what is left over of Net Position after what is classified in the two previously mentioned components of Net Position. It reflects the value of assets available to Hancock MHA to use to further its purpose.

The *Statement of Revenues, Expenses & Changes in Net Position* is very similar to and may commonly be referred to as an Income Statement. It essentially is a report showing what Hancock MHA earned, that is what its revenues or incomes were, and what expenses Hancock MHA had over the same period. It shows how the Net Position (or equity) changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if Hancock MHA had more in revenues than in expenses or vice-versa, and then how that net gain or net loss affected the Net Position. The bottom line of the report, the Ending Total Net Position, is what is referred to in the above discussion of the Statement of Net Position that when added to the liabilities and deferred inflow of resources Hancock MHA has equals the total assets and deferred outflow of resources Hancock MHA has.

The *Statement of Cash Flows* is a report that shows how the amount of cash Hancock MHA had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in and the cash going out. It helps the reader to understand the sources and uses of cash by Hancock MHA during the year to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

Hancock MHA's Business Type Funds

The financial statements included elsewhere in this report are presented using the Authority-wide perspective meaning the activity reported reflects the summed results of all programs, or business-type funds of Hancock MHA. Hancock MHA consists exclusively of Enterprise Funds. The full accrual basis of accounting is used for Enterprise Funds. That method of accounting is very similar to accounting used in the private sector.

Hancock MHA's programs include the following:

The Section 8 Housing Programs (Housing Choice Vouchers and Mainstream Vouchers), and
The State and Local program.

Under the Section 8 Housing Choice Voucher and Mainstream Voucher programs, Hancock MHA subsidizes the rent of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. These are called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit. Under the Mainstream Voucher Program, the rental assistance is targeted to a specific population.

Under its State and Local program, Hancock MHA operates rental assistance programs structured similarly to the Section 8 programs, but funding for the programs flows to Hancock MHA through local governments.

THE AUTHORITY'S STATEMENTS

Statement of Net Position

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

Table 1 - Condensed Statement of Net Position Compared to Prior Year
(Values rounded to nearest Thousand)

	2021	2020
Assets and Deferred Outflows of Resources		
Assets		
Current and Other Assets	$ 364,000	$ 354,000
Capital Assets	20,000	28,000
Net OPEB Asset	26,000	0
Total Assets	410,000	382,000
Deferred Outflows	68,000	84,000
Total Assets and Deferred Outflows of Resources	$ 478,000	$ 466,000
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities	$ 6,000	$ 100,000
Long-Term Liabilities	245,000	492,000
Total Liabilities	251,000	592,000
Deferred Inflows of Resources	182,000	98,000
Net Position		
Invested in Capital Assets	20,000	28,000
Restricted	89,000	68,000
Unrestricted	(64,000)	(320,000)
Total Net Position	45,000	(224,000)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 478,000	$ 466,000

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

Current assets were virtually unchanged, increasing by only a modest 3 percent. The change in capital assets was about 29 percent but was equal to depreciation expense in the period. Current liabilities however decreased significantly, by about $94,000 (or about 94 percent). The drop in current liabilities closely corresponded to the change in unspent CARES funding provided to Hancock MHA. HUD provided to Hancock MHA's Section 8 program CARES funds in 2020 starting shortly after the emergence of the COVID-19 pandemic to help Hancock MHA prepare for, prevent and respond to the pandemic. Hancock MHA had unspent CARES funding of $89,628 at last year-end and had until the end of 2021 to fully spend the CARES money, which it did.

Otherwise, notable changes on the Statement of Net Position were changes to the net OPEB asset and deferred outflows of resources on the asset side of the statement, and non-current liabilities and deferred inflows of resources on the liabilities and net position side of the statement, balances reported in accordance with GASB 68 and GASB 75 related to pension and postemployment benefits (OPEB) liabilities. GASB 68 and GASB 75 are accounting standards that essentially require government entities like Hancock MHA to report what is determined to be its share of the unfunded pension and health insurance (OPEB) liabilities of the pension system. The pension system is the Ohio Public Employees Retirement System (OPERS) and the changes in these balances reflect changes in the retirement system financials, and not changes in operations at Hancock MHA. Employees of Hancock MHA are required by state law to be members of OPERS, and Hancock MHA is required to make retirement contributions to OPERS on behalf of its employees. The net pension liability and net OPEB liability were greatly reduced from last year (dropping $241,803), and in fact the net OPEB liability at the measurement date used for financial reporting by Hancock MHA is wiped out because the retirement system is estimated to have more than fully funded its future obligations, and Hancock MHA's estimated share is reported as a net OPEB asset at this year-end. The net pension liability is unlike other liabilities Hancock MHA has in that it does not represent invoices or debts to be paid by Hancock MHA 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 obligations. Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law. In Ohio there is no legal means to enforce the unfunded liability of the pension plan against a public employer like Hancock MHA, and there is no means for Hancock MHA to access the OPEB asset.

Reporting of these balances in accordance with GASB 68 and GASB 75 greatly affects Hancock MHA's unrestricted net position. Unrestricted Net Position at December 31, 2021 is ($63,846). That Unrestricted Net Position balance is made lower by $318,091 due to the reporting of these balance in accordance with the accounting standards GASB 68 and GASB 75.

The following is a condensed *Statement of Revenues, Expenses and Changes in Net Position.* Hancock MHA is engaged only in business type activities.

Table 2 - Condensed Statement of Revenues, Expenses, and Changes in Net Position
(Values rounded to nearest Thousand)

	2021	2020
Revenues		
Operating Subsidies and Grants	$ 3,582,000	$ 3,431,000
Other Revenues	40,000	14,000
Total Revenues	3,622,000	3,445,000
Expenses		
Administrative	263,000	447,000
General and Maintenance	16,000	9,000
Housing Assistance Payments	3,066,000	3,005,000
Depreciation	8,000	4,000
Total Expenses	3,353,000	3,465,000
Net Decrease	269,000	(20,000)
Beginning Net Position	(224,000)	(204,000)
Total Net Position - Ending	$ 45,000	$ (224,000)

For more detailed information, see Combined Statement of Revenues, Expenses, and Changes in Net Position presented elsewhere in this report.

The largest change to incomes was the nearly $151,000 change to operating subsidies and grants. The increase was primarily in funding for the Housing Choice Voucher (HCV) Program to be used by Hancock MHA to make HAP (Housing Assistance Payments) payments. These are the rental assistance payments Hancock MHA makes on behalf of program participants. HUD provides that component of funding for the HCV Program based on Hancock MHA's spending for that purpose, and so, not surprisingly, on the expense side there was an increase in the corresponding expense over last year.

The other notable change on the expense side of the statement was to administrative expenses which dropped by $184,000 (about 41 percent). This considerable decrease was almost fully due to the change in pension expense from the prior year. Pension expense is the expense that is incurred by changes in the balances reported in accordance with GASB 68 & GASB 75. Those changes were addressed in the previous section following the comparison of balances on the Statement of Net Position. The changes in those balances were so significant this year that pension expense this year was negative $168,439, a reduction of nearly $195,000 from 2020. As was mentioned in the previous section, this change in pension expense does not reflect changes in operations at Hancock MHA but rather reflect changes in funding of the pension and healthcare liabilities at the pension system.

The following is a condensed *Statement of Changes in Capital Assets* comparing the balance in capital assets at the year-end versus at the end of the prior year.

Table 3 - Condensed Statement of Changes in Capital Assets
(Values rounded to nearest Thousand)

	2021	2020
Equipment	$ 132,000	$ 132,000
Accumulated Depreciation	(112,000)	(104,000)
Total	$ 20,000	$ 28,000

Hancock MHA had no additions in the period.

Debt

Hancock MHA has no debt.

COVID-19

In March 2020, the United States and the State of Ohio declared a state of emergency due to the COVID-19 pandemic. HUD provided additional funds to Hancock MHA's Public Housing and Housing Choice Voucher programs to help Hancock MHA prepare for, prevent, and respond to the coronavirus, which helped Hancock MHA maintain normal operations during the period.

Economic Factors

The continued trend of deep cuts to funding for administration of Hancock MHA's programs by HUD presents significant challenges to management to find ways to continue to provide services to the clients of Hancock MHA. While Hancock MHA is always looking for opportunities to make cuts to improve results, operating with less dollars to administer programs means less staff to perform the work of Hancock MHA and ultimately fewer families in the community that are provided rental assistance by Hancock MHA.

Financial Contact

Questions concerning this report or requests for additional information should be directed to Casey Ricker, Executive Director of the Hancock Metropolitan Housing Authority, Suite 114, the Family Center, 1800 N. Blanchard Street, Findlay, Ohio, 45840.

HANCOCK METROPOLITAN HOUSING AUTHORITY
HANCOCK COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets		
Current Assets		
Cash and Cash Equivalents - Unrestricted	$	196,133
Cash and Cash Equivalents - Restricted		92,629
Accounts Receivable, Net		61,563
Prepaid Expenses and Other Assets		13,969
Total Current Assets		364,294
Noncurrent Assets		
Capital Assets:		
Depreciable Capital Assets, Net		20,347
Total Capital Assets		20,347
Net OPEB Asset		25,797
Total Noncurrent Assets		46,144
Deferred Outflows of Resources		
Pension		46,937
OPEB		20,980
Total Deferred Outflows of Resources		67,917
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	478,355
LIABILITIES, DEFERRED INFLOWS AND RESOURCES, AND NET POSITION		
Liabilities		
Current Liabilities		
Accounts Payable	$	130
Other Current Liabilities		5,856
Total Current Liabilities		5,986
Noncurrent Liabilities		
Accrued Compensated Absences		11,434
Other Noncurrent Liabilities		3,346
Net Pension Liability		230,262
Total Noncurrent Liabilities		245,042
Total Liabilities		251,028
Deferred Inflow of Resources		
Pension		101,373
OPEB		80,170
Total Deferred Outflows of Resources		181,543
Net Position		
Investment in Captial Assets		20,347
Restricted Net Position		89,283
Unrestricted Net Position		(63,846)
Total Net Position		45,784
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	478,355

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

HANCOCK METROPOLITAN HOUSING AUTHORITY
HANCOCK COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

Operating Revenue	
Government Operating Grants	$ 3,582,136
Other Revenues	39,618
Total Operating Revenue	3,621,754
Operating Expenses	
Administrative	262,608
Maintenance	2,119
General	13,460
Housing Assistance Payments	3,065,921
Depreciation	7,584
Total Operating Expenses	3,351,692
Change in Net Position	270,062
Total Net Position at Beginning of Year	(224,278)
Total Net Position at End of Year	$ 45,784

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

HANCOCK METROPOLITAN HOUSING AUTHORITY
HANCOCK COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities		
Operating Grants Received	$	3,497,629
Other Revenue Received		17,015
General and Administrative Expenses Paid		(278,187)
Housing Assistance Payments		(3,236,283)
Net Cash Provided (Used) by Operating Activities		174
Cash and Cash Equivalents at Beginning of Year		288,588
Cash and Cash Equivalents at End of Year	$	288,762
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Net Operating Income	$	270,062
Adjustments to Reconcile Operating Income to Net Cash		
Used by Operating Activities:		
Depreciation		7,584
(Increase) Decrease in:		
Accounts Receivable		(12,052)
Prepaid Expenses		1,748
Net OPEB Asset		(25,797)
Deferred Outflows of Resources		16,046
Increase (Decrease) in:		
Accounts Payable		(631)
Accrued Compensated Absences		(4,668)
Other Current Liabilities		1,628
Unearned Revenue		(95,058)
Net Pension/OPEB Liability		(241,803)
Deferred Inflows of Resources		83,115
Net Cash Provided by Operating Activities	$	174

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

NOTE 1: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority is a political subdivision of the State of Ohio, located in Findlay, Ohio. The Authority was created under the Ohio Revised Code, Section 3735.27, to engage in the acquisition, development, leasing, and administration of low-rent housing program. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low- and moderate-income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government **a)** is entitled to the organization's resources; **b)** is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or **c)** is obligated in some manner for the debt of the organization.

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

NOTE 1: **SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation

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

Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance, Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority follows GASB guidance as applicable to enterprise funds.

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

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

Measurement Focus

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

Enterprise Fund

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

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the propriety category for its programs.

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

Section 8 Programs

Under the Section 8 Housing Choice Voucher and Mainstream Voucher Programs, the Authority subsidizes the rents of low-income families that rent from private landlords. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income.

State on Local Program

The State and Local Program functions similarly to the Section 8 Housing Programs. The source of funding is local government.

NOTE 1: **SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash and Cash Equivalents
For the purpose of the statements of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less, and all non-negotiable certificates of deposits regardless of maturity.

Investments
Investments are restricted by the provisions of the HUD regulations. Investments are valued at market value.

Prepaid Expenses
Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Capital Assets
Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of $1,000 or more per unit. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	25-40 years
Building Improvements	15-25 years
Furniture, Equipment, and Machinery	3-7 years

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

Operating Revenues and Expenses
Operating revenues and expenses are those revenues that are generated directly from the primary activities of the proprietary fund and expenses incurred for the day-to-day operation. For the Authority, operating revenues are operating subsidy from HUD and other miscellaneous revenue.

NOTE 1: **SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Compensated Absences

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

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

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pension/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 systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

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/OPEB. The deferred outflows of resources related to pension/OPEB plans are explained in Notes 6 and 7.

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/OPEB. Deferred inflows of resources related to pension/OPEB plans are reported on the Statement of Net Position (See Notes 6 and 7).

NOTE 1: **SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Budgetary Accounting
The Authority is required by contractual agreements to adopt annual operating budgets for all its Enterprise Funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. The Board of Commissioners adopts the budget through passage of a budget resolution.

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

NOTE 2: **DEPOSITS AND INVESTMENTS**

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

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

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

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

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by the Authority, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

NOTE 2: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)
At fiscal year-end, December 31, 2021, the carrying amount of the Authority's deposits totaled $288,762, and its bank balance was $305,505. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2021, $250,000 was covered by the Federal Depository Insurance Corporation and $55,505 was secured by the specific pledge collateral method.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover the deposits. All deposits exceeding FDIC are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve banks or at member banks of the Federal Reserve System in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

NOTE 3: **RESTRICTED CASH AND INVESTMENTS**

The restricted cash balance as of December 31, 2021 was $92,629 and it represents the following:

Unspent HUD advances for Housing Assistance Payments - HCV Program	$ 63,808
Unspent HUD advances for Housing Assistance Payments - MSV Program	25,475
Family Self-Sufficiency Program Escrows	3,346
Total Restricted Cash on Hand	$ 92,629

NOTE 4: **CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year:

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Capital Assets Being Depreciated				
Furniture, Machinery, and Equipment - Admin	$ 132,026	$ 0	$ 0	$ 132,026
Total Capital Assets Being Depreciated	132,026	0	0	132,026
Accumulated Depreciation				
Furniture, Machinery, and Equipment	(104,095)	(7,584)	0	(111,679)
Total Accumulated Depreciation	(104,095)	(7,584)	0	(111,679)
Total Capital Assets, Net	$ 27,931	$ (7,584)	$ 0	$ 20,347

NOTE 5: **NON-CURRENT LIABILITIES**

A summary of changes in non-current liabilities is as follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021	Current Portion
Compensated Absences	$ 16,102	$ 13,579	$ (18,247)	$ 11,434	$ 0
Family Self-Sufficiency Escrows	3,346	0	0	3,346	0
Net Pension Liability	286,009	0	(55,747)	230,262	0
OPEB Liability	186,056	0	(186,056)	0	0
Total	$ 491,513	$ 13,579	$ (260,050)	$ 245,042	$ 0

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

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

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

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

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.

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Net Pension Liability (Continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *other current liabilities*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

During 2019, the OPERS Board of Trustees approved changes to the Combined Plan and the Member-Directed Plan. Beginning in 2022, the Combined Plan will be consolidated under the Traditional Plan. Effective January 1, 2022, the Combined Plan option will no longer be available for new hires. The Member-Directed Plan will be modified with changes to the vesting schedule, annuitization, mitigating rate, cost-of-living adjustment and retiree medical account funding. These changes would impact future new members and are in the process of being implemented and the final implementation date will be determined in conjunction with Group D, discussed below.

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):

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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 60 months 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. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

When a traditional plan 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 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

A death benefit of $500 - $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of future new OPERS contributing members. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care. The date of implementation will be determined when finalized changes are approved.

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021 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.

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (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 portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2021 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2021. The Authority's contractually required contributions used to fund pension benefits was $32,103 for fiscal year ending December 31, 2021.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability: Prior Measurement Date	0.001447%
Proportion of the Net Pension Liability: Current Measurement Date	0.001555%
Change in Proportionate Share	0.000108%
Proportionate Share of the Net Pension Liability	$ 230,262
Pension Expense	$ 19,052

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Changes in proportion and differences between Authority of contributions	$ 14,834
Authority contributions subsequent to the measurement date	32,103
Total Deferred Outflows of Resources	$ 46,937
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 89,749
Differences between expected and actual experience	9,633
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,991
Total Deferred Inflows of Resources	$ 101,373

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

$32,103 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. 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
Year Ending December 31:	
2022	$ (30,038)
2023	(7,673)
2024	(36,586)
2025	(12,242)
Total	$ (86,539)

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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (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 previously 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 11.7 percent for 2020.

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 2020 and the long-term expected real rates of return:

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

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

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Authority's proportionate share of the net pension liability	$ 439,225	$ 230,262	$ 56,509

NOTE 7: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Asset

The net OPEB asset reported on the statement of net position represents an asset 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 asset 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 asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Authority's obligation for this asset 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 any 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 asset. Resulting adjustments to the net OPEB asset 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 funded benefits is presented as a long-term *net OPEB asset*. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *other current liabilities*.

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.

NOTE 7: **DEFINED BENEFIT OPEB PLANS**

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' Comprehensive Annual Financial Report 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. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. 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 2021 was 4.0 percent.

NOTE 7: **<u>DEFINED BENEFIT OPEB PLANS</u>** (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 allocated to health care was $0 for 2021.

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

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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 asset 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	0.001347%
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.001448%
Change in Proportionate Share	0.000101%
Proportionate Share of the Net OPEB Asset	$ 25,797
OPEB Expense	$ (155,388)

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes of assumptions	$ 12,682
Changes in proportion and differences between Authority contributions and proportionate share of contributions	8,298
Total Deferred Outflows of Resources	$ 20,980
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 13,741
Differences between expected and actual experience	23,281
Changes of assumptions	41,799
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,349
Total Deferred Inflows of Resources	$ 80,170

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

OPEB Liabilities/(Assets), 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 December 31:	
2022	$ (30,806)
2023	(20,795)
2024	(5,970)
2025	(1,619)
Total	$ (59,190)

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, 2019, rolled forward to the measurement date of December 31, 2020. 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	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.00 percent
Health Care Cost Trend Rate	8.50 percent initial, 3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age

NOTE 7: **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 2020, 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 10.5 percent for 2020.

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 2020 and the long-term expected real rates of return:

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

Actuarial Assumptions – OPERS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 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 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, 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 Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB asset	$ 6,415	$ 25,797	$ 41,731

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

Actuarial Assumptions – OPERS (Continued)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset 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 2021 is 8.50 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 the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 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 asset	$ 26,426	$ 25,797	$ 25,094

NOTE 8: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During fiscal year ending December 31, 2021, the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents, general liability, fidelity, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

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

Additionally, workers' compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

NOTE 9: **RESTRICTED NET POSITION**

The restricted net position balance at December 31, 2021 was $89,283 and it represents the following:

Unspent HUD advances to make Housing Choice Voucher Program Housing Assistance Payments:	$	63,808
Unspent HUD advances to make Mainstream 5 Voucher Program Housing Assistance Payments		25,475
Total	$	89,283

NOTE 10: **CONTINGENCIES**

Grants
Amount 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 December 31, 2021.

Litigations
In the normal course of operations, the Authority may be subject to litigations and claims. At December 31, 2021, the Authority was not aware of any such matters.

NOTE 11: **COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will likely impact subsequent periods of Hancock MHA. The investments of the pension and other postemployment benefit plan in which the Authority participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

HANCOCK METROPOLITAN HOUSING AUTHORITY
HANCOCK COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN
LAST EIGHT FISCAL YEARS (1)

Traditional Plan	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.001555%	0.001447%	0.001489%	0.001330%	0.001470%	0.001783%	0.002054%	0.002054%
Authority's Proportionate Share of the Net Pension Liability	$ 230,262	$ 286,009	$ 407,807	$ 208,651	$ 333,812	$ 308,837	$ 247,735	$ 242,140
Authority's Covered Payroll	$ 219,057	$ 203,557	$ 201,071	$ 180,631	$ 190,042	$ 221,908	$ 251,775	$ 247,746
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.12%	140.51%	202.82%	115.51%	175.65%	139.17%	98.40%	97.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

HANCOCK METROPOLITAN HOUSING AUTHORITY
HANCOCK COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN
LAST NINE FISCAL YEARS (1)

Traditional Plan	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 32,103	$ 30,668	$ 28,498	$ 28,150	$ 23,482	$ 22,805	$ 26,629	$ 30,213	$ 32,207
Contributions in Relation to the Contractually Required Contribution	(32,103)	(30,668)	(28,498)	(28,150)	(23,482)	(22,805)	(26,629)	(30,213)	(32,207)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll	$ 229,307	$ 219,057	$ 203,557	$201,071	$180,631	$ 190,042	$ 221,908	$ 251,775	$ 247,746
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) - Information prior to 2013 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.

HANCOCK METROPOLITAN HOUSING AUTHORITY
HANCOCK COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS (1)

	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/Asset	0.001448%	0.001347%	0.001386%	0.001440%	0.001590%
Authority's Proportionate Share of the OPEB Liability/(Asset)	$ (25,797)	$ 186,056	$ 180,702	$ 156,373	$ 160,595
Authority's Covered Payroll	$ 219,057	$ 203,557	$ 201,071	$ 204,600	$ 220,303
Authority's Proportionate share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	11.78%	91.40%	89.87%	76.43%	72.90%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	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 information will be displayed as the information becomes available.

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

See accompanying notes to the required supplementary information.

HANCOCK METROPOLITAN HOUSING AUTHORITY
HANCOCK COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0	$ 2,912	$ 5,011	$ 4,438	$ 6,004	$ 2,809
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	(2,912)	(5,011)	(4,438)	(6,004)	(2,809)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 229,307	$ 219,057	$ 203,557	$ 201,071	$ 204,600	$ 220,303	$ 254,185	$ 285,459	$ 280,900
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	1.42%	2.27%	1.75%	2.10%	1.00%

(1) Information prior to 2013 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.

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 2014-2021.

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%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2021.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. 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% (b) In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035.

HANCOCK METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2021

	14.871 Housing Choice Vouchers	14.MSC Mainstream CARES Act Funding	2 State/Local	14.879 Mainstream Vouchers	14.HCC HCV CARES Act Funding	Total
111 Cash - Unrestricted	102,795	-	93,338	-	-	196,133
113 Cash - Other Restricted	67,154	-	-	25,475	-	92,629
100 Total Cash	169,949	-	93,338	25,475	-	288,762
125 Accounts Receivable - Miscellaneous	-	-	11,334	-	-	11,334
128 Fraud Recovery	146,975	-	-	-	-	146,975
128.1 Allowance for Doubtful Accounts - Fraud	-96,746	-	-	-	-	-96,746
120 Total Receivables, Net of Allowances for Doubtful Accounts	50,229	-	11,334	-	-	61,563
142 Prepaid Expenses and Other Assets	13,969	-	-	-	-	13,969
150 Total Current Assets	234,147	-	104,672	25,475	-	364,294
164 Furniture, Equipment & Machinery - Administration	132,026	-	-	-	-	132,026
166 Accumulated Depreciation	-111,679	-	-	-	-	-111,679
160 Total Capital Assets, Net of Accumulated Depreciation	20,347	-	-	-	-	20,347
174 Other Assets	25,797	-	-	-	-	25,797
180 Total Non-Current Assets	46,144	-	-	-	-	46,144
200 Deferred Outflow of Resources	67,917	-	-	-	-	67,917
290 Total Assets and Deferred Outflow of Resources	348,208	-	104,672	25,475	-	478,355
312 Accounts Payable <= 90 Days	130	-	-	-	-	130
345 Other Current Liabilities	-	-	5,856	-	-	5,856
310 Total Current Liabilities	130	-	5,856	-	-	5,986
353 Non-current Liabilities - Other	3,346	-	-	-	-	3,346
354 Accrued Compensated Absences - Non Current	11,434	-	-	-	-	11,434
357 Accrued Pension and OPEB Liabilities	230,262	-	-	-	-	230,262
350 Total Non-Current Liabilities	245,042	-	-	-	-	245,042
300 Total Liabilities	245,172	-	5,856	-	-	251,028
400 Deferred Inflow of Resources	181,543	-	-	-	-	181,543
508.4 Net Investment in Capital Assets	20,347	-	-	-	-	20,347
511.4 Restricted Net Position	63,808	-	-	25,475	-	89,283
512.4 Unrestricted Net Position	-162,662	-	98,816	-	-	-63,846
513 Total Equity - Net Assets / Position	-78,507	-	98,816	25,475	-	45,784
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	348,208	-	104,672	25,475	-	478,355

HANCOCK METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

	14.871 Housing Choice Vouchers	14.MSC Mainstream CARES Act Funding	2 State/Local	14.879 Mainstream Vouchers	14.HCC HCV CARES Act Funding	Total
70600 HUD PHA Operating Grants	3,196,051	9,771	-	267,654	79,857	3,553,333
70800 Other Government Grants	-	-	28,803	-	-	28,803
71400 Fraud Recovery	28,712	-	-	-	-	28,712
71500 Other Revenue	-	-	10,906	-	-	10,906
70000 Total Revenue	3,224,763	9,771	39,709	267,654	79,857	3,621,754
91100 Administrative Salaries	160,561	4,821	1,323	31,317	39,405	237,427
91200 Auditing Fees	9,514	-	-	1,100	-	10,614
91500 Employee Benefit contributions - Administrative	-90,897	-	639	15,125	-	-75,133
91600 Office Expenses	37,820	4,665	-	-	38,127	80,612
91800 Travel	50	-	-	-	-	50
91900 Other	6,428	285	-	-	2,325	9,038
91000 Total Operating - Administrative	123,476	9,771	1,962	47,542	79,857	262,608
94300 Ordinary Maintenance and Operations Contracts	2,119	-	-	-	-	2,119
94000 Total Maintenance	2,119	-	-	-	-	2,119
96110 Property Insurance	6,556	-	-	-	-	6,556
96100 Total insurance Premiums	6,556	-	-	-	-	6,556
96200 Other General Expenses	-	-	6,904	-	-	6,904
96000 Total Other General Expenses	-	-	6,904	-	-	6,904
96900 Total Operating Expenses	132,151	9,771	8,866	47,542	79,857	278,187
97000 Excess of Operating Revenue over Operating Expenses	3,092,612	-	30,843	220,112	-	3,343,567
97300 Housing Assistance Payments	2,845,130	-	23,333	197,458	-	3,065,921
97400 Depreciation Expense	7,584	-	-	-	-	7,584
90000 Total Expenses	2,984,865	9,771	32,199	245,000	79,857	3,351,692
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	239,898	-	7,510	22,654	-	270,062
11030 Beginning Equity	-318,405	-	91,306	2,821	-	-224,278
11170 Administrative Fee Equity	-142,315	-	-	-	-	-142,315
11180 Housing Assistance Payments Equity	63,808	-	-	-	-	63,808
11190 Unit Months Available	9,468	-	56	900	-	10,424
11210 Number of Unit Months Leased	7,221	-	56	900	-	8,177

HANCOCK METROPOLITAN HOUSING AUTHORITY
HANCOCK COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR/ *Pass-Through Grantor/* Program/Title	**Assistance Listing Number**	**Federal Expenditures**
U.S. Department of Housing and Urban Development		
Direct Award:		
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	$ 3,196,051
Section 8 Housing Choice Vouchers - CARES Act Funding	14.871	79,857
Mainstream Vouchers	14.879	267,654
Mainstream Vouchers - CARES Act Funding	14.879	9,771
Total Housing Voucher Cluster		3,553,333
Total Direct Programs		3,553,333
Pass-Through Programs:		
Passed Through Hardin County		
Home Investment Partnerships Program	14.239	4,168
Passed Through Hancock County		
Home Investment Partnerships Program	14.239	8,194
Passed Through Putnam County		
Home Investment Partnerships Program	14.239	16,441
Total ALN #14.239		28,803
Total Pass-Through Programs		28,803
Total U.S. Department of Housing and Urban Development		3,582,136
Total Expenditures of Federal Awards		$ 3,582,136

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

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Hancock Metropolitan Housing Authority under programs of the Federal government for the year ended December 31, 2021. 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 Hancock Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Hancock Metropolitan Housing Authority.

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

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

NOTE 3: **INDIRECT COST RATE**

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

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (231) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S 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
Hancock Metropolitan Housing Authority
Findlay, 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 of the Hancock Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 10, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority.

Report on 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 opinion 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 or significant deficiencies may exist that have not been identified.

Report on 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.

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

June 10, 2022

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (231) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board
Hancock Metropolitan Housing Authority
Findlay, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Hancock Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2021. 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.

In our opinion, the Hancock 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 December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted an audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Hancock Metropolitan Housing Authority, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Hancock Metropolitan Housing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements to the Hancock Metropolitan Housing Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Hancock Metropolitan Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Hancock Metropolitan Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Hancock Metropolitan Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Hancock Metropolitan Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Hancock Metropolitan Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

June 10, 2022

HANCOCK METROPOLITAN HOUSING AUTHORITY
HANCOCK COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS

2021(i)	Type of Financial Statement Opinion	Unmodified
2021(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2021(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2021(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2021(iv)	Were there any material internal control weaknesses reported for major Federal programs?	No
2021(iv)	Were there any significant deficiencies in internal control reported to major Federal programs?	No
2021(v)	Type of Major Programs' Compliance Opinion	Unmodified
2021(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2021(vii)	Major Programs (list): Housing Voucher Cluster: Section 8 Housing Choice Vouchers - ALN #14.871 Section 8 Housing Choice Vouchers - CARES Act Funding -ALN #14.871 Mainstream Vouchers - ALN #14.879 Mainstream Vouchers - CARES Act Funding - ALN #14.879	
2021(viii)	Dollar Threshold: Type A\B Programs	Type A: $750,000 Type B: All Others
2021(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.

HANCOCK METROPOLITAN HOUSING AUTHORITY
HANCOCK COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

The audit report for the fiscal year ending December 31, 2020, contained no audit findings or management letter recommendations.

OHIO AUDITOR OF STATE
KEITH FABER

HANCOCK METROPOLITAN HOUSING AUTHORITY

HANCOCK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 7/5/2022

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