HARRISON METROPOLITAN HOUSING AUTHORTIY
HARRISON COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 2021

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

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

Board of Directors
Harrison Metropolitan Housing Authority
82450 Cadiz-Jewett Rd
Cadiz, OH 43907

We have reviewed the *Independent Auditor's Report* of the Harrison Metropolitan Housing Authority, Harrison County, prepared by James G. Zupka, CPA, Inc., for the audit period April 1, 2020 through March 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 Harrison Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 05, 2021

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HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2021

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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 (216) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority as of March 31, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

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

September 7, 2021

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The management of the Harrison Metropolitan Housing Authority's (the "Authority" or Primary Government) offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended March 31, 2021. This discussion and analysis are designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position, and (d) identify individual account issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the fiscal year ended March 31, 2021 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority's financial statements (beginning on page 13). In accordance with GASB Statement No. 34, paragraph 10, the financial information and discussion presented below focuses on the primary government.

FINANCIAL HIGHLIGHTS

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

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

- Net position for the primary government was $903,143 and $550,500 for the fiscal years ended March 31, 2021 and 2020, respectively. The Authority's net position increased by $352,643 or 64.06 percent during 2021.

- Revenues for the primary government increased by $204,514 or 15.42 percent during 2021, and were $1,530,653 and $1,326,139 for 2021 and 2020, respectively.

- Expenses decreased by $251,752 or 17.61 percent during 2021 and were $1,178,010 and $1,429,762 for 2021 and 2020, respectively.

USING THIS ANNUAL REPORT

The following outlines the format of this report:

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

FINANCIAL STATEMENTS BY MAJOR FUND

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

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

THE AUTHORITY'S PROGRAMS

Business Type Programs

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

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

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

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

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

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

AUTHORITY-WIDE STATEMENTS

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

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

	2021	2020
Assets		
Current Assets	$ 823,965	$ 512,145
Capital Assets	905,029	992,242
Non-Current Assets	321,881	346,122
Deferred Outflow of Resources	31,358	68,282
Total Assets and Deferred Outflows of Resources	2,082,233	1,918,791
Liabilities		
Current Liabilites	177,615	94,843
Long-Term Liabilities	764,961	1,124,365
Defered Inflow of Resources	236,514	149,083
Total Liabilities and Deferred Inflow of Resources	1,179,090	1,368,291
Net Position		
Net Investment in Capital Assets	338,488	411,778
Restricted	49,713	46,397
Unrestricted	514,942	92,325
Total Net Position	903,143	550,500
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 2,082,233	$ 1,918,791

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

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Primary Government

Current and other assets increased dramatically, by $311,820 (or nearly 61 percent). The increase was primarily in cash. Contributing to that increase was that the Authority collected a developer fee receivable reported last year in the amount of $65,538. Collecting that receivable in large part caused the modest drop in non-current assets. Also contributing to the increase in cash is related to the considerable increase in current liabilities. Current liabilities increased by $82,772. The biggest part of that increase was caused by the receipt of a PPP loan in the amount of $79,400 obtained by the Authority shortly after the emergence of the COVID-19 virus. At March 31, 2021, the Authority had not received forgiveness on that loan but has since the year-end, so that $79,400 will not have to be repaid by the Authority and the revenue for the forgiveness will be recognized next fiscal period. Otherwise, the increase in cash was the result of favorable results from operations, to be addressed in the section to follow about Factors Affecting the Statement of Revenues, Expenses, and Changes in Net Position.

And as what is becoming a topic addressed every year in a discussion of significant changes on the Statement of Net Position, were changes to deferred outflow of resources, non-current liabilities, and deferred inflow of resources, due to changes in balances related to pension and postemployment benefits (OPEB) reported in accordance with GASB 68 & GASB 75. GASB 68 and GASB 75 are accounting standards that essentially require Harrison Metropolitan Housing Authority to report what is estimated to be its share of the unfunded pension and health insurance liability of the pension system, the Ohio Public Employees Retirement System (PERS). Employees of Harrison MHA are required by state law to be members of PERS, and Harrison MHA is required to make retirement contributions to PERS for all of its employees. The Net Pension and OPEB Liability is unlike other liabilities the agency has in that these liabilities do not represent invoices to be paid by the agency but rather is an attempt to estimate the extent to which contributions to PERS would have to increase in order for PERS to fully fund its pension and healthcare obligations. In Ohio there is no legal means to enforce the unfunded liability of the pension/OPEB plan against a public employer like Harrison MHA. Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law.

Non-current liabilities dropped $359,404 from last year. This year the Pension Liability dropped by over $100,000, and the OPEB Liability last year of more than $250,000 was eliminated and replaced with an OPEB asset of more than $29,000 because the liability is more than fully funded, so the change in the OPEB liability was about $279,000. Even with the reductions of the liabilities, reporting of the balances has a tremendous effect on unrestricted net position. Unrestricted net position at March 31, 2021 is $514,942 but is $324,148 less than what it would be without balances reported in accordance with GASB 68 and GASB 75.

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

Table 2
Change in Net Position - Primary Government

	Unrestricted Net Position	Net Investment In Capital Assets	Restricted Net Position
Beginning Net Position	$ 92,325	$ 411,778	$ 46,397
Results From Operation	352,643	0	0
Adjustment:			
Capital Asset Additions	(48,571)	48,571	0
Current Year Depreciation Expense	135,784	(135,784)	0
Change in Restricted Net Position	(3,316)	0	3,316
Net Change In Debt Balance	(13,923)	13,923	0
Ending Net Position	$ 514,942	$ 338,488	$ 49,713

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

Table 3
Condensed Statement of Revenues, Expenses, and Changes in Net Position - Primary Government

	2021	2020
Revenues		
Tenant Revenue	$ 266,449	$ 265,416
Operating Subsidies	1,126,746	1,015,210
Investment/Other Income	137,458	45,513
Total Revenues	1,530,653	1,326,139
Expenses		
Administration	63,991	267,780
Tenent Services	37,146	21,003
Utilities	109,106	115,549
Maintenance	72,362	187,226
General, Insurance, Interest	53,186	47,071
Housing Assistance Payments	706,435	657,634
Depreciation	135,784	133,499
Total Expenses	1,178,010	1,429,762
Change in Net Position	352,643	(103,623)
Transfer from Component Unit	0	10,000
Beginning Net Position	550,500	644,123
Ending Net Position	$ 903,143	$ 550,500

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

Incomes increased $204,514 over last year, an increase of more than 15 percent. Grant revenue is where the majority of the increase occurred. CARES funding provided by HUD was responsible for $59,500 of the increase. Funding for the HCV program was another big part of the increase. Funding for that program grew by a little more than $75,000. Expenses decreased notably, by $251,752 (about 18 percent). The reduction in expenses was concentrated in administrative expense which dropped a little more than $203,000 and maintenance expenses which dropped almost $115,000. Those reductions correspond closely to the change in pension expense. Pension expense is what is realized when the changes in the GASB 68 Net Pension Liability and GASB 75 OPEB Liability are recorded. The changes in those balances were addressed in the previous section about Factors Affecting the Changes in the Statement of Net Position. These changes in incomes and expenses resulted in very favorable results from operations in this fiscal period.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of March 31, 2021, the Authority had $905,029 invested in a variety of capital assets as reflected in the following table, which represents a net decrease of $87,213.

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

	2021	2020
Land	$ 137,179	$ 137,179
Buildings	4,986,831	4,964,878
Furniture and Equipment	200,859	333,168
Accumulated Depreciation	(4,419,840)	(4,442,983)
Total Capital Assets	$ 905,029	$ 992,242

The following table summarizes the change in Capital Assets.

Table 5
Change in Capital Assets - Primary Government

	2021
Beginning Balance-Net	$ 992,242
Capital Additions	48,571
Depreciation Expense	(135,784)
Total Capital Assets	$ 905,029

Refer to Note 6 for additional information on Capital Assets.

As of March 31, 2021, the Authority had $566,541 in debt (mortgages) outstanding compared to $580,464 the prior year.

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

		2021
Beginning Balance-April 1, 2020	$	580,464
Current Year Principal Payments		(13,923)
Ending Balance-March 31, 2021	$	566,541

Refer to Note 9 for additional information on Debt Outstanding.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

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

Debra K. Yeater
Executive Director
Harrison Metropolitan Housing Authority
82450 Cadiz-Jewett Rd.
P.O. Box 146
Cadiz, Ohio 43907
Phone ~ (740) 942-8372 ext. 4
Email ~ dyeater@harrisonmha.com

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2021

	Primary Government	Component Unit
Assets		
Current Assets		
Cash and Cash Equivalents	$ 727,152	$ 96,040
Cash and Cash Equivalents - Restricted	72,149	3,700
Receivables - Net of Allowance	2,400	450
Prepaid Expenses and Other Assets	22,264	2,550
Total Current Assets	823,965	102,740
Noncurrent Assets		
Capital Assets		
Land	137,179	54,300
Depreciable Capital Assets - Net	767,850	216,298
Total Capital Assets	905,029	270,598
Net Pension Asset	42,806	0
Net OPEB Asset	29,075	0
Pledged Escrow Receivable - Noncurrent	250,000	0
Total Noncurrent Assets	1,226,910	270,598
Deferred Outflow of Resources		
Deferred Outflow of Resources - Pension	17,064	0
Deferred Outflow of Resources - OPEB	14,294	0
Total Deferred Outflow of Resources	31,358	0
Total Assets and Deferred Outflow of Resources	$ 2,082,233	$ 373,338
Liabilities		
Current Liabilities		
Accounts Payable	$ 15,347	345
Accrued Wages/Payroll Taxes	14,206	0
Accrued Compensated Absences - Current	20,163	0
Accrued Liabilities - Other	9,280	3,113
Tenant Security Deposits	22,436	3,700
Loan Payable	79,400	0
Current Portion of Long-Term Debt	16,783	0
Total Current Liabilities	177,615	7,158
Noncurrent Liabilities		
Accrued Compensated Absences - Noncurrent	24,330	0
Long-Term Debt	549,758	0
Net Pension Liability	190,873	0
Total Noncurrent Liabilities	764,961	0
Total Liabilities	942,576	7,158
Deferred Inflow of Resources		
Deferred Inflow of Resources - Pension	129,375	0
Deferred Inflow of Resources - OPEB	107,139	0
Total Deferred Inflows of Resources	236,514	0
Net Position		
Net Investment in Capital Assets	338,488	270,598
Restricted	49,713	0
Unrestricted	514,942	95,582
Total Net Position	903,143	366,180
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,082,233	$ 373,338

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2021

	Primary Government	Component Unit
Operating Revenues		
Tenant Revenue	$ 266,449	$ 45,958
Government Operating Grants	1,126,746	0
Other Revenues	109,603	27,920
Total Operating Revenues	1,502,798	73,878
Operating Expenses		
Administrative	63,991	8,025
Tenant Services	37,146	0
Utilities	109,106	1,871
Maintenance	72,362	8,861
Insurance	20,517	5,732
General	26,457	2,913
Housing Assistance Payments	706,435	0
Depreciation	135,784	13,512
Total Operating Expenses	1,171,798	40,914
Operating Income/(Loss)	331,000	32,964
Non-Operating Revenues (Expenses)		
Capital Grant Revenue	27,850	0
Interest Revenue	5	40
Interest Expense	(6,212)	0
Total Non-Operating Revenue (Expenses)	21,643	40
Change In Net Position	352,643	33,004
Total Net Position Beginning of Year	550,500	333,176
Total Net Position End of Year	$ 903,143	$ 366,180

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2021

	Primary Government	Component Unit
Cash Flows From Operating Activities		
Cash Received From HUD/Other Grants	$ 1,126,746	$ 0
Cash Received From Tenants	266,311	46,691
Cash Received From Other Sources	175,942	27,020
Cash Payments For Housing Assistance Payments	(706,435)	0
Cash Payments For Other Operating Expenses	(587,187)	(28,036)
Net Cash Provided By (Used In) Operating Activities	275,377	45,675
Cash Flows From Capital And Related Financing Activities		
Capital Grant Revenue	27,850	0
Debt Payments - Principal	(13,923)	0
Loan Proceeds	79,400	0
Purchase of Capital Assets	(48,571)	(43,083)
Debt Payments - Interest	(6,212)	0
Net Cash Provided By (Used In) Capital And Related Financing Activities	38,544	(43,083)
Cash Flows From Investing Activities		
Interest Income	5	40
Net Cash Provided By (Used In) Investing Activities	5	40
Net Increase (Decrease) in Cash and Cash Equivalents	313,926	2,632
Cash and Cash Equivalents, Beginning	485,375	97,108
Cash and Cash Equivalents, Ending	$ 799,301	$ 99,740
Reconciliation of Operating Income/Loss To Net Cash Provided by (Used in) Operating Activities		
Operating Income/(Loss)	$ 331,000	$ 32,964
Adjustments To Reconcile Operating Income/(Loss) To Net Cash Provided By (Used In) Operating Activities		
Depreciation	135,784	13,512
(Increase)Decrease In:		
Receivables - Net of Allowance	67,631	733
Prepaid Expenses/Other Assets	13	(388)
Net Pension/OPEB Asset	(41,297)	0
Increase(Decrease) In:		
Change in Deferred Outflows and Deferred Inflows of Resources	124,355	0
Accounts Payable	155	(246)
Accrued Wages/Payroll Taxes	(2,909)	0
Accrued Compensated Absences	20,319	0
Accrued Liabilities - Other	547	0
Tenant Security Deposits	(1,977)	(900)
Change in Net Pension/OPEB Liability	(358,244)	0
Net Cash Provided By (Used In) Operating Activities	$ 275,377	$ 45,675

NOTE 1: **REPORTING ENTITY**

Introduction

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

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

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

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

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

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

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

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

Description of Programs

A. **Public Housing Program**

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

B. **Capital Fund Program**

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

C. **Housing Choice Voucher Program**

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

D. **USDA Rural Development**

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

E. **State and Local Program**

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

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

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

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

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

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

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

B. **Basis of Accounting**

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

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

C. **Investments**

Primary Government
Investments are restricted by the provisions of the HUD regulations (Note 4). Investments are valued at market value. Interest income earned in fiscal year 2021 totaled $5 for the primary government.

Component Unit
Investments are unrestricted and are valued at market value. Interest income earned in fiscal year 2021 totaled $40 for the component unit.

D. **Receivables – Net of Allowance**

Primary Government
Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts was $19 at March 31, 2021.

Component Unit
The Authority has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Bad debts are treated as direct write-off in the period management determines that collection is not probable. There were no bad debts expensed for the year ended March 31, 2021.

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

E. **Capital Assets**

Primary Government

Capital assets are stated at cost and depreciation is computed using the straight-line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The Authority's capitalization threshold is $5,000, or in the case of aggregate purchases $15,000. The following are the useful lives used for depreciation purposes:

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

Component Unit

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

Buildings and Improvements	7- 40 years
Vehicles	5 years

F. **Cash and Cash Equivalents**

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

G. **Compensated Absences**

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

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

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

G. **Compensated Absences** (Continued)

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

The following is a summary of changes in compensated absences for the year ended March 31, 2021:

	Balance 3/31/2020	Increases	Decreases	Balance 3/31/2021	Due Within One Year
Compensated Absences	$ 24,174	$ 24,899	$ (4,580)	$ 44,493	$ 20,163

H. **Unearned Revenue**

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

I. **Budgetary Accounting**

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

J. **Estimates**

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

K. **Net Position**

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

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

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

L. **Operating Revenues and Expenses**

Primary Government

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

Component Unit

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

M. **Pensions**

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

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

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

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

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

O. **Pensions/Other Postemployment Benefits (OPEB)**

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

NOTE 3: **DEPOSITS AND INVESTMENTS**

A. **Primary Government**

Deposits

Custodial credit risk is the risk that in the event of bank failure, the primary government will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the primary government's deposits was $799,301 (including $200 in petty cash) and its bank balances totaled $805,021. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2021, $295,210 of the primary government's bank balance was covered by Federal Depository Insurance (FDIC). Deposits of $509,811 were exposed to custodial risk as described below.

Custodial credit risk is the risk that, in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held as specific collateral at the Federal Reserve Bank in the name of the Authority.

Investments

The Authority has a formal investment policy, although, the Authority did not have investments at March 31, 2021.

B. **Component Unit**

Deposits

At fiscal year end, the carrying amount of the component unit's deposits was $99,740 and its bank balances totaled $99,740. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2021, all $99,740 of the component unit's bank balance was covered by Federal Depository Insurance (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

B. **Component Unit** (Continued)

Investments
The Authority has a formal investment policy it relies on to manage the investments of the component unit; however, the component unit had no investments at March 31, 2021.

NOTE 4: **RESTRICTED CASH**

Primary Government
The restricted cash balance of $72,149 on the financial statements for the primary government represents the following:

Tenant Security Deposits	$	22,436
Housing Assistance Payments		4,171
Rural Development Program Reserves		45,542
Total Cash and Cash Equivalents	$	72,149

Component Unit
The restricted cash balance of $3,700 on the financial statements for the component unit represents the following:

Tenant Security Deposits	$	3,700
Total Cash and Cash Equivalents	$	3,700

NOTE 5: **INSURANCE COVERAGE**

Primary Government
The Authority is covered for property damage, general liability, auto damage and liability, and public officials' liability through the State Housing Authority Risk Pool, Inc. (SHARP). SHARP is an insurance pool comprised of 40 housing authorities in Ohio, of which the Authority is a member.

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

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

NOTE 6: CAPITAL ASSETS

The reporting entity's capital asset balances at March 31, 2021 are as follows:

	Primary Government	Component Unit
Capital Assets Not Depreciated		
Land	$ 137,179	$ 54,300
Total Capital Assets Not Depreciated	137,179	54,300
Capital Assets Being Depreciated		
Buildings and Building Improvements	4,986,831	298,756
Furniture and Equipment	200,859	0
Subtotal Capital Assets Being Depreciated	5,187,690	298,756
Less: Accumulated Depreciation	(4,419,840)	(82,458)
Total Capital Assets Being Depreciated	767,850	216,298
Total Capital Assets	$ 905,029	$ 270,598

The following is a summary of changes:

A. **Primary Government**

	Balance March 31, 2020	Additons/ Transfers	Deletions/ Transfers	Balance March 31, 2021
Capital Assets Not Being Depreciated				
Land	$ 137,179	$ 0	$ 0	$ 137,179
Total Capital Assets Not Being Depreciated	137,179	0	0	137,179
Capital Assets Being Depreciated				
Buildings and Building Improvements	4,964,878	30,145	(8,192)	4,986,831
Furniture and Equipment	333,168	18,426	(150,735)	200,859
Subtotal Capital Assets Being Depreciated	5,298,046	48,571	(158,927)	5,187,690
Less: Accumulated Depreciation	(4,442,983)	(135,784)	158,927	(4,419,840)
Total Capital Assets Being Depreciated	855,063	(87,213)	0	767,850
Total Capital Assets	$ 992,242	$ (87,213)	$ 0	$ 905,029
Accumulated Depreciation				
Buildings and Building Improvements	$ 4,217,152	$ 111,611	$ (8,192)	$ 4,320,571
Furniture and Equipment	225,831	24,173	(150,735)	99,269
Total Accumulated Depreciation	$ 4,442,983	$ 135,784	$ (158,927)	$ 4,419,840

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

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

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

B. **Component Unit**

	Balance March 31, 2020	Addiitons/ Transfers	Deletions/ Transfers	Balance March 31, 2021
Capital Assets Not Being Depreciated				
Land	$ 54,300	$ 0	$ 0	$ 54,300
Total Capital Assets Not Being Depreciated	54,300	0	0	54,300
Capital Assets Being Depreciated				
Buildings and Building Improvements	255,673	43,083	0	298,756
Subtotal Capital Assets Being Depreciated	255,673	43,083	0	298,756
Less: Accumulated Depreciation	(68,946)	(13,512)	0	(82,458)
Total Capital Assets Being Depreciated	186,727	29,571	0	216,298
Total Capital Assets	$ 241,027	$ 29,571	$ 0	$ 270,598

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

Buildings and Improvements	7-40 years
Vehicles	5 years

NOTE 7: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability/asset 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/asset 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/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 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.

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

Net Pension Liability/Asset (Continued)

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability*.

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.

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

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 62 with 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.

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

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

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.

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.

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

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

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

	State and Local
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.

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 2020-2021 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 2020-2021. The Authority’s contractually required contributions used to fund pension benefits was $35,276 for fiscal year ending March 31, 2021.

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

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

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

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.001500%	0.014667%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.001289%	0.014829%	
Change in Proportionate Share	-0.000211%	0.000162%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 190,873	$ (42,806)	$ 148,067
Pension Expense	$ (57,084)	$ (5,961)	$ (63,045)

At March 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	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Changes of assumptions	$ 0	$ 2,675	$ 2,675
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0	280	280
Authority contributions subsequent to the measurement date	10,585	3,524	14,109
Total Deferred Outflows of Resources	$ 10,585	$ 6,479	$ 17,064
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 74,399	$ 6,368	$ 80,767
Differences between expected and actual experience	7,984	8,081	16,065
Changes in proportion and differences between Authority contributions and proportionate share of contributions	31,079	1,464	32,543
Total Deferred Inflows of Resources	$ 113,462	$ 15,913	$ 129,375

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

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

$11,109 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 March 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	OPERS Combined Plan	Total
Year Ending March 31:			
2022	$ (52,694)	$ (3,233)	$ (55,927)
2023	(20,296)	(2,113)	(22,409)
2024	(30,327)	(3,583)	(33,910)
2025	(10,145)	(1,756)	(11,901)
2026	0	(869)	(869)
Thereafter	0	(1,404)	(1,404)
Total	$ (113,462)	$ (12,958)	$ (126,420)

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

Actuarial Assumptions – OPERS (Continued)

The total pension asset in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 8.25 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

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.

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

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	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:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	$ 364,091	$ 190,873	$ 46,842
Combined Plan	$ (29,806)	$ (42,806)	$ (52,495)

NOTE 8: 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*.

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' 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 2020-2021, 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 2020-2021 was 4.0 percent.

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority's contractually required contribution allocated to health care was $0 for fiscal year 2021.

OPEB Liabilities, 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	0.001829%
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.001632%
Change in Proportionate Share	-0.000197%
Proportionate Share of the Net OPEB Asset	$ 29,075
OPEB Expense	$ (198,032)

At March 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	$ 14,294
Total Deferred Outflows of Resources	$ 14,294
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 15,487
Differences between expected and actual experience	26,242
Changes in assumptions	47,111
Changes in proportion and differences between Authority contributions and proportionate share of contributions	18,299
Total Deferred Inflows of Resources	$ 107,139

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

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

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

	OPERS
Year Ending March 31:	
2021	$ (50,676)
2022	(33,616)
2023	(6,729)
2024	(1,824)
Total	$ (92,845)

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

Actuarial Assumptions – OPERS (Continued)

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

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

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

During 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 8: **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	$ 7,230	$ 29,075	$ 47,034

NOTE 8: **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	$ 29,784	$ 29,075	$ 28,283

NOTE 9: **LONG-TERM DEBT – DIRECT BORROWINGS**

A. **Primary Government**

The Authority has the following mortgages outstanding as of March 31, 2021:

***Dunfee Court* -** A first and second mortgage with the United States Department of Agriculture (USDA) Rural Housing Service for a 12-unit project. The original loan amount was $373,300, dated January 30, 1985. The term of the loan is 50 years with interest rate of 10.75 percent, discounted to 1 percent. The balance outstanding as of March 31, 2021 was $104,081. The second loan amount was $23,580, dated April 25, 1985. The term of the loan is 50 years with interest rate of 11.875 percent, discounted to 1 percent. The balance outstanding as of March 31, 2021 was $7,393. The note authorizes acceleration of the entire indebtedness at the option of the Government upon any default by the borrower.

***Gable Estate* –** USDA Rural Housing Service loan for a 16-unit project. The amount of the loan was $541,516, dated April 21, 1993. The term of the loan is 50 years with the interest rate of 7.75 percent, discounted to 1 percent. The outstanding balance as of March 31, 2021 was $454,347. The note authorizes acceleration of the entire indebtedness at the option of the Government upon any default by the borrower.

NOTE 9: **LONG-TERM DEBT – DIRECT BORROWINGS** (Continued)

A. **Primary Government** (Continued)

The following is a summary of change in long-term liabilities for the year ended March 31, 2021:

Description	Balance 3/31/2020	Issued	Retired	Balance 3/31/2021	Due Within One Year
1st Mortgage Dunfee Court	$ 112,006	$ 0	$ (7,205)	104,801	$ 8,592
2nd Mortgage Dunfee Court	7,842	0	(449)	7,393	535
Gable Estate	460,616	0	(6,269)	454,347	7,656
Total Mortgage Notes	$ 580,464	$ 0	$ (13,923)	$ 566,541	$ 16,783
Loan Payable	$ 0	$ 79,400	$ 0	$ 79,400	$ 79,400
Total Loan Payable	$ 0	$ 79,400	$ 0	$ 79,400	$ 79,400
Net OPEB Liability	$ 252,632	$ 0	$ (252,632)	$ 0	$ 0
Net Pension Liability	296,485	0	(105,612)	190,873	0
Total Net Pension/OPEB Liability	$ 549,117	$ 0	$ (358,244)	$ 190,873	$ 0

Debt maturities for future years are as follows:

	Principal	Interest	Total
2022	$ 16,783	$ 5,666	$ 22,449
2023	17,468	5,498	22,966
2024	18,199	5,323	23,522
2025	18,982	5,140	24,122
2026	19,818	4,951	24,769
2027-2031	113,844	21,594	135,438
2032-2036	110,988	15,731	126,719
2037-2041	136,933	9,988	146,921
2042-2045	113,526	2,389	115,915
	$ 566,541	$ 76,280	$ 642,821

B. **Component Unit**

The Authority's component unit had no outstanding debt obligations as of March 31, 2021.

NOTE 10: **LOAN PAYABLE**

On May 6, 2020, the Authority entered into a note agreement with Huntington Bank for an SBA Paycheck Protection Program (PPP) loan in the amount of $79,400. On February 3, 2021, the Authority applied for loan forgiveness certifying that the Authority had complied with all requirements in the Paycheck Protection Program Rules. At March 31, 2021, the balance on the loan was $79,400.

NOTE 11: **CONTINGENCIES**

A. **Grants**

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at March 31, 2021.

B. **Litigation**

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

NOTE 12: **FDS SCHEDULE SUBMITTED TO HUD**

For the fiscal year ended March 31, 2021, the Authority electronically submitted an unaudited version of the statement of net position, statement of revenues, expenses and changes in net position and other data to HUD REAC as required on the GAAP basis.

NOTE 13: **PLEDGED ESCROW RECEIVABLE**

On June 15, 2010, the Authority signed a guarantee agreement to Bingham Terrace Preservation, LP, an Ohio Limited Partnership, and Huntington Ohio ARRA Fund LLC, an Ohio Limited Liability Company. The Authority is an affiliate of the General Partner of the Partnership, owner of a low-income housing project constructed by the Partnership. The obligation of the Authority under the agreement was a pledge of $500,000, with a balance at March 31, 2021 of $250,000. In addition, the Authority earned a developer fee related to the construction of the Bingham Terrace property. The developer fee receivable of $65,538 at prior year-end was received in this operating period.

NOTE 14: **COVID-19**

The United States and the State of Ohio declared a statement 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 the Authority. 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.

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

Traditional Plan	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Authority's Proportion of the Net Pension Liability	0.001289%	0.001500%	0.001542%	0.001892%	0.001705%	0.001385%	0.001385%
Authority's Proportionate Share of the Net Pension Liability	$ 190,873	$ 296,485	$ 422,323	$ 296,818	$ 387,177	$ 239,899	$ 167,047
Authority's Covered Payroll	$ 181,536	$ 210,984	$ 208,207	$ 250,071	$ 220,394	$ 172,398	$ 182,340
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.52%	202.84%	118.69%	175.67%	139.15%	91.61%
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%

Combined Plan	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Authority's Proportion of the Net Pension Asset	0.014829%	0.014667%	0.014476%	0.012857%	0.013382%	0.013910%	0.013910%
Authority's Proportionate Share of the Net Pension (Asset)	$ (42,806)	$ (30,584)	$ (16,187)	$ (17,503)	$ (7,448)	$ (6,768)	$ (5,356)
Authority's Covered Payroll	$ 65,352	$ 65,290	$ 61,911	$ 52,655	$ 52,091	$ 50,630	$ 47,122
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	65.50%	46.84%	26.15%	33.24%	14.30%	13.37%	11.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

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

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions								
Traditional Plan	$ 25,619	$ 27,718	$ 29,688	$ 31,245	$ 29,980	$ 21,801	$ 18,854	(2)
Combined Plan	9,657	9,141	8,714	7,365	6,623	6,099	5,793	(2)
Total Required Contributions	$ 35,276	$ 36,859	$ 38,402	$ 38,610	$ 36,603	$ 27,900	$ 24,647	$ 27,905
Contributions in Relation to the Contractually Required Contribution	(35,276)	(36,859)	(38,402)	(38,610)	(36,603)	(27,900)	(24,647)	(27,905)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll								
Traditional Plan	$ 182,993	$ 197,986	$ 212,056	$ 236,007	$ 243,959	$ 181,675	$ 157,117	(2)
Combined Plan	68,976	65,290	62,240	55,393	54,047	50,825	48,275	(2)
Total Covered Payroll	$ 251,969	$ 263,276	$ 274,296	$ 291,400	$ 298,006	$ 232,500	$ 205,392	$ 232,543
Pension Contributions as a Percentage of Covered Payroll								
Traditional Plan	14.00%	14.00%	14.00%	13.24%	12.29%	12.00%	12.00%	12.00%
Combined Plan	14.00%	14.00%	14.00%	13.30%	12.25%	12.00%	12.00%	12.00%

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

(2) - Information broken down by plan (Traditional vs. Combined) was not available.

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.001632%	0.001829%	0.001862%	0.002140%	0.001970%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ (29,075)	$ 252,632	$ 242,761	$ 232,388	$ 198,977
Authority's Covered Payroll	$ 246,888	$ 276,274	$ 270,118	$ 302,726	$ 272,485
Authority's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	11.78%	91.44%	89.87%	76.77%	73.02%
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 years will be displayed as the information becomes available.

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 2,186	$ 5,119	$ 4,650	$ 4,108	$ 4,651
Contributions in Relation to the Contractually Required Contributions	0	0	0	(2,186)	(5,119)	(4,650)	(4,108)	(4,651)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 251,969	$ 263,276	$ 274,296	$ 291,400	$ 298,006	$ 232,504 0	$ 205,389	$ 232,543
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.75%	1.72%	2.00%	2.00%	2.00%

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

See accompanying notes to the required supplementary information

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.

HARRISON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2021

	Project Total	6.1 Component Unit - Discretely Presented	2 State/Local	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	193,833	96,040	460,394	19,383	53,542	-	-	823,192	-	823,192
113 Cash - Other Restricted	-	-	-	45,542	4,171	-	-	49,713	-	49,713
114 Cash - Tenant Security Deposits	11,212	3,700	-	11,224	-	-	-	26,136	-	26,136
100 Total Cash	205,045	99,740	460,394	76,149	57,713	-	-	899,041	-	899,041
125 Accounts Receivable - Miscellaneous	-	-	2,257	-	-	-	-	2,257	-	2,257
126 Accounts Receivable - Tenants	162	450	-	-	-	-	-	612	-	612
126.1 Allowance for Doubtful Accounts -Tenants	-19	-	-	-	-	-	-	-19	-	-19
120 Total Receivables, Net of Allowances for Doubtful Accounts	143	450	2,257	-	-	-	-	2,850	-	2,850
142 Prepaid Expenses and Other Assets	9,296	2,550	-	4,159	8,809	-	-	24,814	-	24,814
144 Inter Program Due From	-	-	3,219	-	-	-	-	3,219	-3,219	-
150 Total Current Assets	214,484	102,740	465,870	80,308	66,522	-	-	929,924	-3,219	926,705
161 Land	75,202	54,300	-	61,977	-	-	-	191,479	-	191,479
162 Buildings	3,884,375	298,756	-	1,102,456	-	-	-	5,285,587	-	5,285,587
163 Furniture, Equipment & Machinery - Dwellings	1,353	-	-	128,824	-	-	-	130,177	-	130,177
164 Furniture, Equipment & Machinery - Administration	45,026	-	21,543	4,113	-	-	-	70,682	-	70,682
166 Accumulated Depreciation	-3,515,511	-82,458	-8,299	-896,030	-	-	-	-4,502,298	-	-4,502,298
160 Total Capital Assets, Net of Accumulated Depreciation	490,445	270,598	13,244	401,340	-	-	-	1,175,627	-	1,175,627
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	250,000	-	-	-	-	250,000	-	250,000
174 Other Assets	41,768	-	-	12,538	17,575	-	-	71,881	-	71,881
180 Total Non-Current Assets	532,213	270,598	263,244	413,878	17,575	-	-	1,497,508	-	1,497,508
200 Deferred Outflow of Resources	18,222	-	-	5,469	7,667	-	-	31,358	-	31,358
290 Total Assets and Deferred Outflow of Resources	764,919	373,338	729,114	499,655	91,764	-	-	2,458,790	-3,219	2,455,571
312 Accounts Payable <= 90 Days	10,868	345	262	3,444	773	-	-	15,692	-	15,692
321 Accrued Wage/Payroll Taxes Payable	-	-	14,206	-	-	-	-	14,206	-	14,206
322 Accrued Compensated Absences - Current Portion	11,180	-	2,339	2,789	3,855	-	-	20,163	-	20,163
341 Tenant Security Deposits	11,212	3,700	-	11,224	-	-	-	26,136	-	26,136
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	16,783	-	-	-	16,783	-	16,783
346 Accrued Liabilities - Other	9,280	3,113	-	-	-	-	-	12,393	-	12,393
347 Inter Program - Due To	1,986	-	-	538	695	-	-	3,219	-3,219	-
348 Loan Liability - Current	-	-	79,400	-	-	-	-	79,400	-	79,400
310 Total Current Liabilities	44,526	7,158	96,207	34,778	5,323	-	-	187,992	-3,219	184,773
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	549,758	-	-	-	549,758	-	549,758
354 Accrued Compensated Absences - Non Current	12,817	-	3,613	3,389	4,511	-	-	24,330	-	24,330
357 Accrued Pension and OPEB Liabilities	110,912	-	-	33,291	46,670	-	-	190,873	-	190,873
350 Total Non-Current Liabilities	123,729	-	3,613	586,438	51,181	-	-	764,961	-	764,961
300 Total Liabilities	168,255	7,158	99,820	621,216	56,504	-	-	952,953	-3,219	949,734
400 Deferred Inflow of Resources	137,433	-	-	41,251	57,830	-	-	236,514	-	236,514
508.4 Net Investment in Capital Assets	490,445	270,598	13,244	-165,201	-	-	-	609,086	-	609,086
511.4 Restricted Net Position	-	-	-	45,542	4,171	-	-	49,713	-	49,713
512.4 Unrestricted Net Position	-31,214	95,582	616,050	-43,153	-26,741	-	-	610,524	-	610,524
513 Total Equity - Net Assets / Position	459,231	366,180	629,294	-162,812	-22,570	-	-	1,269,323	-	1,269,323
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	764,919	373,338	729,114	499,655	91,764	-	-	2,458,790	-3,219	2,455,571

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

	Project Total	6.1 Component Unit - Discretely Presented	2 State/Local	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	162,841	45,258	-	93,368	-	-	-	301,467	-	301,467
70400 Tenant Revenue - Other	5,956	700	-	4,284	-	-	-	10,940	-	10,940
70500 Total Tenant Revenue	168,797	45,958	-	97,652	-	-	-	312,407	-	312,407
70600 HUD PHA Operating Grants	178,065	-	-	-	798,659	16,053	43,447	1,036,224	-	1,036,224
70610 Capital Grants	27,850	-	-	-	-	-	-	27,850	-	27,850
70800 Other Government Grants	-	-	23,511	67,011	-	-	-	90,522	-	90,522
71100 Investment Income - Unrestricted	-	40	-	5	-	-	-	45		45
71400 Fraud Recovery	-	-	-	-	196	-	-	196	-	196
71500 Other Revenue	4,242	27,920	122,729	-	-	-	-	154,891	-17,564	137,327
70000 Total Revenue	378,954	73,918	146,240	164,668	798,855	16,053	43,447	1,622,135	-17,564	1,604,571
91100 Administrative Salaries	31,377	-	9,932	13,565	13,851	1,556	16,262	86,543	-	86,543
91200 Auditing Fees	1,710	2,500	-	1,375	2,901	-	3,953	12,439	-	12,439
91300 Management Fee	-	-	-	17,564	-	-	-	17,564	-17,564	-
91400 Advertising and Marketing	489	-	-	241	1,899	-	-	2,629	-	2,629
91500 Employee Benefit contributions - Administrative	-67,250	-	-2,362	-46,740	-21,507	894	9,767	-127,198	-	-127,198
91600 Office Expenses	9,588	64	2,590	1,425	24,525	-	3,127	41,319	-	41,319
91700 Legal Expense	-	824	339	-	-	-	-	1,163	-	1,163
91800 Travel	-	-	-	525	-	-	-	525	-	525
91900 Other	2,511	4,637	34,402	409	12,637	-	-	54,596	-	54,596
91000 Total Operating - Administrative	-21,575	8,025	44,901	-11,636	34,306	2,450	33,109	89,580	-17,564	72,016
92100 Tenant Services - Salaries	-	-	-	-	-	2,507	620	3,127	-	3,127
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-	1,381	515	1,896	-	1,896
92400 Tenant Services - Other	629	-	26,914	-	-	744	3,836	32,123	-	32,123
92500 Total Tenant Services	629	-	26,914	-	-	4,632	4,971	37,146	-	37,146
93100 Water	18,606	185	-	24,658	734	-	-	44,183	-	44,183
93200 Electricity	53,431	1,595	-	4,287	896	3,900	70	64,179	-	64,179
93300 Gas	61	91	-	1,304	1,159	-	-	2,615	-	2,615
93000 Total Utilities	72,098	1,871	-	30,249	2,789	3,900	70	110,977	-	110,977
94100 Ordinary Maintenance and Operations - Labor	46,823	-	-	12,277	2,378	3,828	3,115	68,421	-	68,421
94200 Ordinary Maintenance and Operations - Materials and Other	16,030	3,506	425	4,388	1,400	-	-	25,749	-	25,749
94300 Ordinary Maintenance and Operations Contracts	32,345	5,355	450	13,223	1,504	-	-	52,877	-	52,877
94500 Employee Benefit Contributions - Ordinary Maintenance	-39,300	-	-	-25,136	-4,813	1,243	2,182	-65,824	-	-65,824
94000 Total Maintenance	55,898	8,861	875	4,752	469	5,071	5,297	81,223	-	81,223
96110 Property Insurance	10,916	5,732	-	5,629	3,972	-	-	26,249	-	26,249
96100 Total insurance Premiums	10,916	5,732	-	5,629	3,972	-	-	26,249	-	26,249
96200 Other General Expenses		-	-	2,164	-	-	-	2,164	-	2,164
96210 Compensated Absences	10,694	-	4,319	-	-	-	-	15,013	-	15,013
96300 Payments in Lieu of Taxes	9,280	2,913	-	-	-	-	-	12,193	-	12,193
96000 Total Other General Expenses	19,974	2,913	4,319	2,164	-	-	-	29,370	-	29,370
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	6,212	-	-	-	6,212	-	6,212
96700 Total Interest Expense and Amortization Cost	-	-	-	6,212	-	-	-	6,212	-	6,212
96900 Total Operating Expenses	137,940	27,402	77,009	37,370	41,536	16,053	43,447	380,757	-17,564	363,193
97000 Excess of Operating Revenue over Operating Expenses	241,014	46,516	69,231	127,298	757,319	-	-	1,241,378	-	1,241,378
97300 Housing Assistance Payments	-	-	-	-	706,435	-	-	706,435	-	706,435
97400 Depreciation Expense	85,060	13,512	3,078	47,646	-	-	-	149,296	-	149,296
90000 Total Expenses	223,000	40,914	80,087	85,016	747,971	16,053	43,447	1,236,488	-17,564	1,218,924
10010 Operating Transfer In	82,887	-	6,400	6,993	10,813	-	-	107,093	-107,093	-
10020 Operating transfer Out	-58,576	-	-48,517	-	-	-	-	-107,093	107,093	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	24,311	-	-42,117	6,993	10,813	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	180,265	33,004	24,036	86,645	61,697	-	-	385,647	-	385,647
11020 Required Annual Debt Principal Payments	-	-	-	20,118	-	-	-	20,118	-	20,118
11030 Beginning Equity	278,966	333,176	605,258	-249,457	-84,267	-	-	883,676	-	883,676
11170 Administrative Fee Equity	-	-	-	-	-26,741	-	-	-26,741	-	-26,741
11180 Housing Assistance Payments Equity	-	-	-	-	4,171	-	-	4,171	-	4,171
11190 Unit Months Available	600	74	-	336	3,180	-	-	4,190	-	4,190
11210 Number of Unit Months Leased	584	69	-	323	1,885	-	-	2,861	-	2,861

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021

FEDERAL GRANTOR/ *Pass-Through Grantor/* **Program/Title**	**Federal CFDA Number**	**Federal Expenditures**	**Loan Balance**
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Public Housing Programs			
Public and Indian Housing	14.850	$ 119,489	$ 0
Public and Indian Housing - CARES Act Funding	14.850	16,053	0
Total Public Housing Programs		135,542	0
Public Housing Capital Fund	14.872	86,426	0
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871	798,659	0
Section 8 Housing Choice Vouchers - CARES Act Funding	14.871	43,447	0
Total Housing Voucher Cluster		842,106	0
Total U.S. Department of Housing and Urban Development		1,064,074	0
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Rural Rental Housing Loans	10.415	67,011	566,541
Total U.S. Department of Agriculture		67,011	566,541
Total Expenditures of Federal Awards		$ 1,131,085	$ 566,541

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021

NOTE 1: **PRESENTATION**

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

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

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

NOTE 3: **INDIRECT COST RATE**

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

NOTE 4: **COMPONENT UNIT**

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

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 (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

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

Regional Inspector General of Audit
Department of Housing and Urban Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended March 31, 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 September 7, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

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

September 7, 2021

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 (216) 475 - 6136 Ohio Society of Certified Public Accountants

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

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

Regional Inspector General of Audit
Department of Housing and Urban Development

Report on Compliance for Each Major Federal Program

We have audited the Harrison Metropolitan Housing Authority, Ohio's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Harrison Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2021.

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

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

September 7, 2021

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 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 for 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 Choice Voucher Cluster: Section 8 Housing Choice Voucher Program - CFDA #14.871 Section 8 Housing Choice Voucher Program - CARES Act Funding - CFDA #14.871	
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.

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021

The audit report for the prior year ended March 31, 2020, contained no findings or citations.

OHIO AUDITOR OF STATE
KEITH FABER

HARRISON COUNTY METROPOLITAN HOUSING AUTHORITY

HARRISON 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 11/18/2021

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