OHIO AUDITOR OF STATE
KEITH FABER

HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
DECEMBER 31, 2021

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

Hocking Metropolitan Housing Authority
Hocking County
33601 Pine Ridge Dr.
Logan, Ohio 43138

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Hocking Metropolitan Housing Authority, Hocking County, Ohio as of December 31, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements.

The Schedule of Expenditures of Federal Awards 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Financial Data Schedule 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 December 19, 2022, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

December 19, 2022

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

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

FINANCIAL HIGHLIGHTS

- Net position was $4,022,861 and $3,902,904 for 2021 and 2020, respectively. The Authority-wide statements reflect an increase in total net position of $119,957 (or 3.0%), during 2021. This increase is reflective of the year's activities.

- The revenues decreased by $151,439 (or 3%) during 2021, and were $4,595,796 and $4,747,235, for 2021 and 2020, respectively.

- The total expenses of all Authority programs decreased by $357,038 (or 7%) during 2021. Total expenses were $4,475,839 and $4,832,877 for 2021 and 2020, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

MD&A ~ Management's Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Change in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Financial Statements ~

Authority-Wide Financial Statements

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

Authority-Wide Financial Statements - continued

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 of the Authority. The statement is presented in the format where assets, minus liabilities, equals Net Position. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position ("Unrestricted") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position 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". This account resembles the old operating reserves account.

The basic financial statements also include a Statement of Revenues, Expenses and Change 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 Change 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, investing activities, and from capital and related financing activities.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The Department of Housing and Urban Development requires the programs be maintained by the Authority.

The Authority's Programs

Conventional Public Housing (PH) – 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% of adjusted gross household income.

The Authority's Programs - continued

The Authority is a partner in a mixed income public housing project. 15 units of the 72 unit apartment project are subject to the public housing program rules. Project receives no operating subsidy, but does receive maintenance and operating funding through the Capital Grant Program.

The Authority entered into and financed a $1.4 million dollar Energy Performance Contract. The project will provide energy retrofits to all of the public housing units. The financing closed in October of 2013, and substantial completion was obtained in 2014. The resulting savings in energy costs are being used to pay the financing costs.

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical and management improvements. While the formula funding methodology used for the CGP was revised for the CFP, funds are still provided by formula allocation and based on size and age of your units.

The Authority has an approved CFFP program which provided Capital Grant funding to the mixed finance Public Housing Project. CFFP will provide payment of debt service for a maximum period of 20 years.

Housing Choice Voucher Program (HCVP) – 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%, and the Housing Authority subsidizes the balance.

Shelter Plus Care Program and Continuum of Care Program – Hocking Metropolitan Housing Authority was awarded a Shelter Plus Care Grant in June of 2006. The Shelter Plus Care Program provides rental assistance to disabled individuals that have been identified as homeless. HMHA provides housing services in cooperation with other community service agencies that provide case management services. HUD changed the format of this program to a one-year annual contract.

In December of 2015, HMHA was given preliminary authority and in December 2016, final authority to expand the program to serve an 8 county area including Pike, Perry, Athens, Hocking, Vinton, Gallia, Meigs, and Jackson counties. The first expanded rental assistance was issued in Pike County for a homeless former service member in January, 2016.

Other Business (HMHA Rentals) – Hocking Metropolitan Housing Authority operates several other business activities not related to the major federal housing programs. At present the Authority owns 29 open market apartments. Five of these units have preferences for individuals with mental health issues. These units were purchased and rehabilitated with matching funds from ODMA and a tax-exempt mortgage. Some of the units are rented to voucher holders. The Authority also provides lead inspection and clearance services to other PHA's and non-profit organizations. The Authority also performs property management and maintenance services to other community agencies servicing special needs populations. Properties developed under this program are developed to be available to low and moderate-income families. The rent does not exceed 30% of income for families at 50% of median income for Hocking County.

The Authority's Programs - continued

Other Business (HMHA Rentals) - continued

On December 29, 2016, HMHA Rentals closed on a $400,000 refinancing through a debt consolidation loan through a tax-free mortgage which refinanced all of the nonpublic housing debt at a 3.375% rate which has projected savings of $11,000 annually in debt service payments and provided $50,000 in additional capital for property improvements in the HMHA Rentals portfolio.

In September 2016, the Housing Authority began the process of managing a number of other rental properties located in Middleport, McArthur, and Logan, Ohio on behalf of those properties present owners. The management of these properties resulted in net revenues of $219,867 and $209,026 for the years ended December 31, 2021 and 2020, respectively.

In October 2018, HMHA Rentals completed construction of and opened a new Homeless Shelter located in Logan, Ohio, at total cost of $697,482. During 2018, HMHA Rentals received a grand total of $611,054 in grants from various governmental agencies related to the construction and operation of the Shelter, which is currently being rented to the Hocking Hills Inspire Shelter for a monthly rental of $575 per month.

On May 17, 2019, HMHA Rentals purchased an additional rental property for $79,500 ($81,480 after closing costs located at 477-481 Henrietta Ave. in Logan.

Fairfield County Development Disability Board – The Authority entered into a contract to serve as the Fairfield County Development Disability Board's housing provider in April of 2013 and completed the transfer of responsibilities in November of 2013. As part of this transition, the Authority purchased 10 homes from Fairfield Affordable housing as part of a 17 property acquisition for $738,000. The Authority began billing and receiving payments under this contract in December of 2013. The annual revenue for this contract is estimated at $130,000 per year.

In March 2019, the Board purchased an additional rental property using state capital funds for the $172,000 purchase ($172,095 after closing costs), located at 5545 Bauman Hill Road close to Lancaster.

In August 2018, the Board purchased an additional rental property using state capital funds for the $130,000 purchase ($131,505 after closing costs), located at 1892 Frank Drive in Lancaster.

In March, 2020, the Board purchased 1790 Sugar Grove Rd for $160,000.

The Authority's Programs - continued

In March 2017, the Board purchased an additional rental property using state capital funds for the $143,640 purchase ($153,709 after closing costs), located at 1651 Quail Meadow Drive in Lancaster.

In September 2016, the Board purchased an additional rental property using state capital funds for the $159,480 purchase ($161,292 after closing costs), located at 2550 Lancaster-Thornville Road in Lancaster.

Our House – Recovery House – Hocking MHA, in partnership with Hopewell Behavioral Health Services, and the Athens, Hocking, Perry 317 Board, was awarded $262,000 from the Ohio Department Mental Health and Addiction Services and the 317 Board to purchase and rehabilitate a home to create a men's recovery house in Logan, Ohio. HMHA purchased 155 Market Street in April of 2015, rehab work was completed and Our House opened June 1, 2015 with its resident manager in place. Hocking MHA owns the building and is responsible for leasing and property management while Hopewell Behavioral Health is responsible for the day-to-day program operations and oversight.

During 2018, Hocking MHA received the final payment of $130,300 in grants from the Ohio Department of Mental Health and Addiction Services related to the operation of Our House.

GASB Pronouncements

GASB 68

During 2015, the Authority adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service

2. Minus plan assets available to pay these benefits

GASB Pronouncements – continued

GASB 68 - continued

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law.

The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

GASB 75

In 2018, the Authority adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

This Statement was issued in June 2015 and became effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefit (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter period equity, and creating additional transparency.

GASB Pronouncements – continued

GASB 75 - continued

This replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers and Agent Multiple-Employer Plans, for OPEB.

AUTHORITY-WIDE STATEMENT

Statement of Net Position

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

STATEMENTS OF NET POSITION

	2021	2020
Current Assets and Other	$ 548,248	$ 611,774
Capital Assets, Net	6,034,810	6,346,362
Notes, Loans & Mortgages Receivable - Non-Current	2,229,713	2,165,313
Deferred Outflow of Resources	140,230	231,095
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	8,953,001	9,354,544
Current Liabilities	674,554	539,106
Non-Current Liabilities	3,672,325	4,652,109
Deferred Inflow of Resources	583,261	260,425
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	4,930,140	5,451,640
Net Position:		
Net Investment in Capital Assets	2,821,277	2,909,511
Restricted	0	19,789
Unrestricted	1,201,584	973,604
TOTAL NET POSITION	$ 4,022,861	$3,902,904

Major Factors Affecting the Statement of Net Position

The change in the Capital Assets, Net is detailed later in the MD&A discussion and the additions and depreciation expense are the factors that represent the change during the fiscal year.

Table 2 presents details on the change in Net Position:

	Unrestricted	Restricted	Net Investment in Capital Assets
Beginning Balance - January 1, 2021	$ 973,604	$ 19,789	$ 2,909,511
Results in Operations	119,957	-	-
Adjustments:			
Current year depreciation expense	344,077	-	(344,077)
Capital expenditures and CIP	(32,525)	-	32,525
Change in loan activity	(223,318)	-	223,318
Change in restricted HAP	19,789	(19,789)	-
Ending Balance - December 31, 2021	$ 1,201,584	$ -	$ 2,821,277

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

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STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

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

	2021	2020
Revenues		
Tenant revenue - rents and other	$ 918,991	$ 881,511
Operating subsidies and grants	2,699,135	3,033,965
Capital grants	78,581	290,569
Investment income/other revenues	899,089	541,190
TOTAL REVENUE	4,595,796	4,747,235
Expenses		
Administration	1,219,216	1,364,817
Tenant services	701	146,971
Utilities	237,464	194,074
Maintenance	639,489	746,214
General/PILOT/Insurance	232,236	154,501
Housing assistance payments	1,673,248	1,771,576
Depreciation and amortization	344,711	340,426
Interest expense	128,774	114,298
TOTAL EXPENSES	4,475,839	4,832,877
EXCESS OF TOTAL REVENUE OVER TOTAL EXPENSES (TOTAL EXPENSES OVER TOTAL REVENUE)	119,957	(85,642)
NET POSITION - BEGINNING OF YEAR	3,902,904	3,988,546,
NET POSITION - END OF YEAR	$ 4 ,022,861	$ 3,902,904

Major Factors Affecting the Statement of Revenues, Expenses and Change in Net Position

During 2021, the Housing Authority continued to manage properties located in Hocking, Meigs, and Vinton Counties for which substantial funds are received from the owners of these properties for property management fees and repairs and maintenance of those properties.

In 2018, the Housing Authority completed construction of a new Homeless Shelter in Logan, Ohio called the Hocking Hills Inspire Shelter. The Shelter opened in October 2018 and a total of $611,054 in grant money has been received from various governmental agencies related to the construction and operations of the facility.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had $6,034,810 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of $311,552, from the end of last year.

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	2021	2020
Land and land rights	$ 1,474,593	$ 1,474,593
Buildings	13,416,680	13,012,103
Equipment	220,430	220,430
Leasehold improvements	1,469,351	1,469,351
Construction in progress	22,000	394,052
Accumulated depreciation	(10,568,244)	(10,224,167)
TOTAL	$ 6,034,810	$ 6,346,362

CHANGES IN CAPITAL ASSETS

The following reconciliation summarizes the change in capital assets:

Beginning balance - January 1, 2021	$ 6,346,362
Capital asset additions	32,525
Capital asset disposals	(0)
Depreciation	(344,077)
Ending balance - December 31, 2021	$ 6,034,810

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED

Debt Administration

The following is the debt activity during 2021:

Beginning balance - January 1, 2021	$	3,436,851
Current year loan additions		0
Current year loan retirements		(223,318)
Ending balance - December 31, 2021	$	3,213,533

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

Hocking Metropolitan Housing Authority takes great pride in its financial management and is pleased to report on the sound financial condition of the Authority.

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Nathan Blatchley, Executive Director of the Hocking Metropolitan Housing Authority at (740) 385-3883.

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HOCKING METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
December 31, 2021

ASSETS		
Current Assets		
Cash and cash equivalents	$	210,033
Cash and cash equivalents - restricted		96,411
Investments		28,200
Receivables, net		185,908
Inventories, net		0
Prepaid expenses and other assets		18,196
TOTAL CURRENT ASSETS		538,748
Noncurrent assets		
Capital assets:		
Land and construction in progress		1,496,593
Building and equipment - net of accumulated depreciation		4,538,217
Other noncurrent assets		2,239,213
Net OPEB Asset		84,447
TOTAL NONCURRENT ASSETS		8,358,470
Deferred outflow of resources - Pension		98,715
Deferred outflow of resources - OPEB		41,515
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$	9,037,448

See accompanying notes to the financial statements

LIABILITIES		
Current liabilities		
Accounts payable	$	126,524
Accrued liabilities		91,685
Accrued compensated absences		33,535
Intergovernmental payables		70,053
Tenant security deposits		62,814
Unearned revenue		63,741
Bonds, notes, and loans payable		226,202
TOTAL CURRENT LIABILITIES		674,554
Noncurrent liabilities		
Bonds, notes and loans payable		2,987,331
Accrued compensated absences non-current		15,871
Net pension liability		753,570
TOTAL NONCURRENT LIABILITIES		3,756,772
Deferred inflow of resources - Pension		325,241
Deferred inflow of resources - OPEB		258,020
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES		5,014,587
NET POSITION		
Invested in capital assets, net of related debt		2,821,277
Restricted net position		
Unrestricted net position		1,201,584
TOTAL NET POSITION	$	4,022,861

See accompanying notes to the financial statements

HOCKING METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
Year Ended December 31, 2021

OPERATING REVENUES		
Tenant revenue	$	918,991
Government operating grants		2,699,135
Other revenue		832,922
TOTAL OPERATING REVENUES		4,451,048
OPERATING EXPENSES		
Administrative		1,219,216
Tenant services		701
Utilities		237,464
Maintenance		639,489
Insurance		105,058
General		127,178
Housing assistance payments		1,673,248
Depreciation and amortization		344,711
TOTAL OPERATING EXPENSES		4,347,065
OPERATING PROFIT (LOSS)		103,983
NON-OPERATING REVENUES (EXPENSES)		
Capital grants		78,581
Interest and investment revenue		66,167
Interest expense		(128,774)
TOTAL NON-OPERATING REVENUE (EXPENSE)		15,974
EXCESS OF TOTAL EXPENSES OVER TOTAL REVENUES		119,957
NET POSITION - BEGINNING OF YEAR		3,902,904
NET POSITION - END OF YEAR	$	4,022,861

See accompanying notes to the financial statements

HOCKING METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$ 2,532,019
Tenant revenue received	918,507
Other revenue received	505,181
General and administrative expenses paid	(2,137,311)
Housing assistance payments	(1,673,248)
NET CASH PROVIDED BY OPERATING ACTIVITIES	145,148
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned and received	441
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Capital grants received	78,581
Property and equipment purchased	(32,525)
Principal payments on debt	(223,318)
Interest payments	(128,774)
NET CASH (USED) BY CAPITAL AND RELATED ACTIVITIES	(306,036)
CHANGE IN CASH AND CASH EQUIVALENTS	160,447
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	466,891
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 306,444

See accompanying notes to the financial statements

HOCKING METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS - CONTINUED
Year Ended December 31, 2021

RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating profit (loss)	$	103,983
Adjustment to reconcile operating losss to net cash used by operating activities		
- Depreciation and amortization		344,711
(Increases) decreases in:		
- Accounts receivables, net		(153,567)
- Prepaid assets		56,013
- Deferred outflow of resources		90,865
Increases (decreases) in:		
- Accounts payable		71,345
- Accrued liabilities		(220)
- Accrued compensated absence payable		11,062
- Intergovernmental payables		36,676
- Tenant security deposits		(1,576)
- Unearned revenue		4,462
- Accrued pension and OPEB liabilities		(741,442)
- Deferred inflow of resources		322,836
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	145,148

See accompanying notes to the financial statements

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation
The Authority's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows.

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

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

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

Fund Accounting
The Authority uses the enterprise fund to report on its financial position and results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The enterprise fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise Fund
The Authority uses the proprietary fund to report on its financial position and the results of its operations for the Section 8 and Public Housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

The Authority's programs that are consolidated into a single enterprise fund are as follows:

Projects (PH & CF) – 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% 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 improvement. Funds are allocated by a formula allocation and based on size and age of the Authority's units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Housing Choice Vouchers – 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%, and the Housing Authority subsidizes the balance.

Business Activities (OBA) – Hocking Metropolitan Housing Authority operates several other business activities not related to the major federal housing programs. At present the Authority owns 15 open market apartments. Some of the units are rented to voucher holders. The Authority also provides lead inspection and clearance services to other PHA's and non-profit organizations. The Authority also performs property management services to other community agencies servicing special needs populations. Properties developed under this program are developed to be available to low and moderate-income families. The rent does not exceed 30% of income for families at 50% of median income for Hocking County. The Authority homeownership and home development for sale is also included in this activity.

Shelter Plus Care Program and Continuum of Care Program
Hocking Metropolitan Housing Authority was awarded a Shelter Plus Care Grant in June of 2006. The Shelter Plus Care Program provides rental assistance to disabled individuals that have been identified as homeless. The Authority provides housing services in cooperation with other community service agencies that provide case management services.

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting and Reporting for Non-exchange Transactions - continued

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

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

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

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

Use of Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Receivables – net of allowance
Total receivables at December 31, 2021 are $185,908. This amount is net of the allowance for doubtful accounts of $4,210. Bad debts are provided on the allowance method based on management's evaluation of the probability of collecting the outstanding tenant receivable balances at the end of the year.

Prepaid Expenses
Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The capitalization policy amount is $5,000.

Property and Equipment - continued

Useful Lives:	Buildings	27.5 – 40 years
	Buildings and Leasehold Improvements	15
	Furniture and Equipment	7
	Autos	5

Depreciation is recorded on the straight-line method.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ended December 31, 2021 totaled $66,167.

Net Position

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

Operating Revenues and Expenses

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

Capital Contributions

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

Budgetary Accounting

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

Inventories

The Authority's inventory is comprised of maintenance materials and supplies. Inventories are stated at cost. The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expense when used. The allowance for obsolete inventory was $0 at December 31, 2021.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

The following is a summary of changes in the compensated absence liability:

	Beginning Balance 12/31/20	Earned	Used	Ending Balance 12/31/21	Due in One Year
Compensated Absences Payable	$ 38,344	$ 33,672	$(22,610)	$ 49,406	$ 33,535

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

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the government-wide statement of net position for pension and other post-employment benefits. The deferred outflows of resources related to pension and other post-employment benefits 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 other post- employment benefits. Deferred inflows of resources related to pension and other post- employment benefits are reported in Notes 7 and 8.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pensions/Other Postemployment Benefits (OPEB)
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB Plans. 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.

2. DEPOSITS AND INVESTMENTS

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

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

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

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

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

The carrying amount of the Authority's deposits was $306,444 including $100 petty cash, at December 31, 2021. The corresponding bank balances were $316,134. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," as of December 31, 2021, $316,134 was covered by federal depository insurance, while $-0- was exposed to custodial risk.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

2. DEPOSITS AND INVESTMENTS - CONTINUED

Deposits - continued

Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository banks and pledged as a pool of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments

In accordance with the Ohio Revised Code and HUD regulations, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority's depository agreement and investment policy specifically requires compliance with HUD requirements.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority's practice to do business with more than one depository.

The Authority's non-negotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB Statement No. 3 purposes. Therefore, the categories described above do not apply.

3. RESTRICTED CASH

Restricted cash balances as of December 31, 2021 of $96,411 are made up of the following

Restricted cash and cash equivalents:	
Tenant security deposits - Public Housing	$ 43,042
Tenant security deposits - Other Business Activities	600
Housing Assistance Deposits - Housing Choice Vouchers	985
Replacement Reserves - Other Business Activities	42,113
Modernization and Development - Public Housing	9,671
Total Restricted Cash and Cash Equivalents	$ 96,411

4. CAPITAL ASSETS

A summary of capital assets at December 31, 2021, is as follows:

	Balance 12/31/20	Restatement	Balance 12/31/20 (Restated)	Additons	Disposals/Reclasses	Balance 12/31/21
CAPITAL ASSETS, NOT BEING DEPRECIATED						
Land	$ 1,474,593	$ -	$ 1,474,593	$ -	$ -	$ 1,474,593
Construction in progess	394,052	(394,052)	-	22,000	-	22,000
Total	1,868,645	(394,052)	1,474,593	22,000	-	1,496,593
CAPITAL ASSETS, BEING DEPRECIATED						
Building and improvements	13,012,103	394,052	13,406,155	10,525	-	13,416,680
Furniture and equipment	220,430	-	220,430	-	-	220,430
Leasehold improvements	1,469,351	-	1,469,351	-	-	1,469,351
Total	14,701,884	394,052	15,095,936	10,525	-	15,106,461
ACCUMULATED DEPRECIATION						
Buildings and improvements	(8,566,764)	-	(8,566,764)	(327,404)	634	(8,893,534)
Furniture and equipment	(195,466)	-	(195,466)	(12,800)	-	(208,266)
Leasehold improvements	(1,461,937)	-	(1,461,937)	(4,507)	-	(1,466,444)
Total	(10,224,167)	-	(10,224,167)	(344,711)	634	(10,568,244)
TOTAL CAPITAL ASSETS, NET	6,346,362	-	6,346,362	(312,186)	634	6,034,810

5. OTHER NON-CURRENT ASSETS

These assets consist of the following:

Description		Balance 12/31/20	Additions	Decrease	Balance 12/31/21
Note Receivable - Pine Ridge Apts		$ 1,288,000	$ -	$ -	$ 1,288,000
Accrued interest receivable - Note receivable - Pine Ridge Apts		877,313	64,400	-	941,713
Loan costs		10,133	-	633	9,500
	Totals	$ 2,175,446	$ 64,400	$ 633	$ 2,239,213

The loan costs were incurred in connection with a major refinancing of debt that occurred on December 29, 2016 and will be amortized over the twenty-year life of the new loan.

6. LONG-TERM DEBT

Hocking Metropolitan Housing Authority has several outstanding mortgages as of December 31, 2021. These loans were obtained to purchase property with the Board Funds and also to obtain an interest in the Pine Ridge Development to lease some of the units to public housing tenants.

	Original Balance	Interest Rate	Maturity Date	12/31/2020 Balance	Additions	Deletions	12/31/2021 Balance	Due in One Year
Chase:								
Pine Ridge Loan	$ 900,000	6.86%	March 2027	$ 404,511		56,581	347,930	61,693
Mental Health Property	100,000	0.00%	2047	100,000	-	-	100,000	-
Merchants Bank:								
477-481 Henrietta Ave.	63,600	5.08%	May 2039	60,622		2,097	58,525	2,162
5545 Bauman Hill Rd.	175,000	5.00%	September 2029	48,753		4,455	44,298	4,724
FCN:								
Energy Performance	1,416,383	4.00%	May 2028	931,340		98,541	832,799	106,536
Vinton County Bank								
Youthbuild HMHA Rentals	728,000	4.25%	March 2033	493,774		30,119	463,655	30,534
Century National Bank:								
Refinancing of old debt	400,000	3.375%	December 2026	336,765		16,375	320,390	17,031
1651 Quail Meadow Drive	15,000	4.00%	May 2024	7,833		2,187	5,646	2,281
Fairfiled Board of Development Disabilities:								
2550 Lancaster-Thornville Rd.	161,292	0.00%	September 2031	161,292	-	-	161,292	-
1651 Quail Meadow Drive	143,640	0.00%	March 2032	143,640	-	-	143,640	-
1892 Frank Drive	117,283	0.00%	November 2033	117,283	-	-	117,283	-
5545 Bauman Hill Rd.	155,643	0.00%	September 2034	155,643	-	-	155,643	-
1790 Sugar Grove Rd.	160,000	3.00%	March 2035	43,395	-	12,963	30,432	1,241
FF County Loan Sugar Grove Rd.	144,000	0.00%	March 2035	144,000	-	-	144,000	-
Other:								
Pine Ridge	288,000	0.00%	2026	288,000	-	-	288,000	-
			Totals	3,436,851	-	223,318	3,213,533	226,202

Maturities of the debt are as follows:

Years	Principal	Interest	Total
2022	238,444	79,348	317,792
2023	254,186	68,328	322,514
2024	257,768	56,738	314,506
2025	270,705	44,808	315,513
2026	569,895	32,095	601,990
2027-2031	718,421	59,890	778,311
2032-2036	792,956	9,538	802,494
2037-2041	11,157	738	11,895
2042-2046	-	-	-
2047-2051	100,000	-	100,000
Totals:	$3,213,533	$351,483	$3,565,015

7. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

The net pension liability represents the Authority's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually
Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 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 ach plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – The Authority's employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administer 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.

7. DEFINED BENEFIT PENSION PLAN - CONTINUED

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

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 the 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 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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 District’s contractually required contribution for the periods ended December 31, 2021, 2020 and 2019 were $98,714, $97,417 and $85,153. 100% has been contributed for 2021, 2020, and 2019.

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

The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District '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:

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

Net Pension Liability	Traditional
Proportionate Share of the Net Pension Liability/Asset Prior Measurement Date	$ 854,470
Proportionate Share of the Net Pension Liability/Asset Current Measurement Date	753,570
Change in Proportionate Share	$ (100,900)
Proportion of the Net Pension Liability/Asset	0.005089%
Pension Expense	$ 13,859

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

Deferred Outflows of Resources		
Changes in proportion and differences between contributions and proportionate share of contributions	$	0
Net difference between projected and actual earnings on pension plan investments		0
Difference between expected and actual experience		0
Changes in assumptions		0
Authority contributions subsequent to the measurement date		98,715
Total Deferred Outflows of Resources	$	98,715
Deferred Inflows of Resources		
Difference between expected and actual experience	$	31,521
Net difference between projected and actual earnings on pension plan investments	$	293,720
Total Deferred Inflows of Resources	$	325,241

$98,715 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

Fiscal Year Ending December 31:	OPERS
2022	(123,991)
2023	(41,461)
2024	(119,730)
2025	(40,059)
Total	(325,241)

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 calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2020, are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension		
Actuarial Information	Traditional Pension Plan	Combined Pension Plan
Valuation Date	December 31, 2020	December 31, 2020
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2021, then 2.15% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple Post - 1/7/2013 Retirees: 3/00% Simple through 2021, then 2.15% Simple

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.

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

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 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 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 for 2020	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%, post experience study results, for the Traditional Pension Plan. 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 statutorily required rates as actuarially determined.

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit 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.

Actuarial Assumptions – OPERS - continued

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

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Authority's proportionate share of the net pension liability	$ 1,437,439	$ 753,570	$ 184,934

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

At December 31, 2021, the Authority reported a liability of $753,570 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation for December 31, 2020 and estimates for 2021.

The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

Changes Between Measurement Date and Report Date

Subsequent to December 31, 2021, the global economy continued to be impacted by the COVID-19 pandemic and market volatility continued and it is likely that 2022 investment market conditions and other economic factors will be negatively impacted.

8. DEFINED BENEFIT OPEB Plan

Net OPEB Liability/Asset

The net OPEB liability/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.

8. DEFINED BENEFIT OPEB Plan - CONTINUED

The net OPEB liability/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 pension plan's fiduciary net position. The net OPEB 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/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 the liability/asset 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 receipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/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 unfunded benefits is presented as a long-term *net OPEB liability/asset.* Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *accrued liabilities*.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

8. DEFINED BENEFIT OPEB Plan - CONTINUED

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.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

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

The Authority's contractually required contribution was $0 for fiscal 2021.

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

The net OPEB asset and total OPEB liability 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 liability (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:

	Health Care Plan
Proportionate Share of Net OPEB Liability (Asset) – Prior Measurement Date	$556,095
Proportion Share of Net OPEB Liability (Asset) – Current Measurement Date	(84,447)
Change in Proportionate Share	(640,542)
Change in Proportion from Prior Measurement date	0.004740%
OPEB Expense (Income)	$348,355

8. DEFINED BENEFIT OPEB Plan - CONTINUED

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

	Health Care Plan
Deferred Outflows of Resources	
Assumption Changes	$41,515
Change in proportionate share and difference between Employer contributions and proportionate share of contribution	0
Total Deferred Outflows of Resources	$41,515
Deferred Inflows of Resources	
Net Difference between projected and actual earning on pension plan investments	$0
Assumption Changes	0
Difference between expected and actual experience	$258,020
Total Deferred Inflows of Resources	$258,020

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

Year Ending December 31:	
2022	(95,486)
2023	(80,289)
2024	(35,431)
2025	(5,299)
Total	(216,505)

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.

8. DEFINED BENEFIT OPEB Plan - CONTINUED

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 (asset) 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:

Actuarial Information	
Wage Inflation	3.25%
Future Salary Increases, including inflation 3.25%	3.25 – 10.75%
Single Discount Rate:	
Current measurement rate	6.00%
Prior measurement date	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.00%
Health Care Cost Trend Rate	8.5% initial, 3.5% ultimate in 2035
Actuarial Cost Method	Individual entry age

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

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

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

During 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.

8. DEFINED BENEFIT OPEB Plan - CONTINUED

Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio.

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:

Asset Class	**Target Allocation**	**Weighted Average Long-Term Expected Real Rate of Return**
Fixed Income	34.00%	1.07%
Domestic Equities	25.00%	5.64%
REITs	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 6.0 percent was used to measure the OPEB liability (asset) on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability (asset) 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 Liability (Asset) to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

8. DEFINED BENEFIT OPEB Plan - CONTINUED

	1% Decrease (5.0%)	**Current Discount Rate (6.0%)**	**1% Increase (7.0%)**
Authority's proportionate share of the net OPEB liability (asset)	($20,998)	($84,447)	($136,607)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability (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 liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each ear, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	**Current Health Care Cost Trent Rate Assumption**	**1% Increase**
Authority's proportionate share of the net OPEB liability (asset)	($86,505)	($84,447)	($82,144)

Changes Between Measurement Date and Report Date
Subsequent to December 31, 2019, the global economy as impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2022 investment market conditions and other economic factors will be negatively impacted; however, the on the OPERS investment portfolio and funding position is unknown at this time.

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

9. NET PENSION AND OPEB LIABILITIES (ASSETS) AT DECEMBER 31, 2021

The following is a summary of changes in the net pension and OPEB liabilities (Assets) during 2021:

	Beginning Balance 12/31/2020	Additions	Reductions	Ending Balance 12/31/2021	Amounts Due in One Year
Net OPEB Liability (Asset)	$556,095	$	$ 640,542	$ (84,447)	$ -
Net Pension Liability	854,470	0	100,900	753,570	
Total Long-Term Obligations	$ 1,410,565	$ 0	$ 741,442	$ 669,123	$ -

10. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2021, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis.

11. ECONOMIC DEPENDENCY

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

12. INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2021 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

13. CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the Federal government. Grantors may require refunding any disallowed cost 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 recapture amounts would not have a material adverse effect on the overall financial position at December 31, 2021.

14. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The pension and other employee benefit plans in which the Authority participates fluctuate with market conditions and, due to market volatility, the amounts of gains or 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.

15. Subsequent Events

On September 28, 2022, the Authority closed on the Logan Village bond, construction, and tax credit financing in the amount of $ 6,107,863.00 for the redevelopment and playground rehab project.

As a result of the project close, the 48 unit of Logan Village were transferred from the direct ownership of the Authority as Public Housing Units to the ownership of Logan Village Apartment LP, a for profit entity of which the Authority's nonprofit subsidiary Logan Village Apartments is the managing member and Merchant's Bank is the investor member through Marble Cliff Financing. The Authority as the sole member of the managing member maintains functional control of the affordable housing and provides property management and maintenance under contract to Logan Village Apartments LP.

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

	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability (Asset)	0.47400%	0.004026%	0.003849%	0.003580%	0.003580%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ (84,447)	$ 556,095	$ 501,819	$ 388,762	$ 361,592
Authority's Covered Payroll	$ 695,840	$ 608,237	$ 558,282	$ 508,225	$ 429,962
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-12.14%	91.43%	89.89%	76.49%	84.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.57%	47.80%	46.33%	98.37%	n/a

(1) Information prior to 2017 is not availabile. 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.

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

	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability (Asset)	0.005089%	0.004323%	0.004133%	0.003481%	0.003308%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ 753,570	$ 854,470	$1,131,945	$ 602,578	$ 781,187
Authority's Covered Payroll	$ 695,840	$ 608,237	$ 558,282	$ 508,225	$ 429,962
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	108.30%	140.48%	202.76%	118.57%	181.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	86.88%	82.17%	74.70%	84.66%	77.25%

(1) Information prior to 2017 is not availabile. 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.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ 5,082	$ 8,599	$ 7,216	$ 7,239	$ 6,970	$ 6,527
Contributions in Relation to the Contractually Required Contributions	-	-	-	-	(5,082)	(8,599)	(7,216)	(7,239)	(6,970)	(6,527)
Contributions Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 705,100	$ 695,840	$ 608,237	$ 558,282	$508,225	$ 429,962	$ 360,824	$ 361,951	$ 348,500	$326,370
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%

See accompanying notes to the required supplementary information.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution										
Traditional Plan	$ 98,714	$ 97,417	$ 85,153	$ 78,069	$ 66,069	$ 51,595	$ 43,299	$ 43,434	$ 41,820	$ 39,164
Total Required Contributions	98,714	97,417	85,153	78,069	66,069	51,595	43,299	43,434	41,820	39,164
Contributions in Relation to the Contractually Required Contributions	-	-	-	-	-	-	-	-	-	-
Contributions Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll										
Traditional Plan	$ 705,100	$ 695,840	$ 608,237	$ 558,282	$508,225	$ 429,962	$ 360,824	$ 361,951	$ 348,500	$ 326,370
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	12.00%	12.00%

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.

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HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Program		
Shelter Plus Care	14.238	$274,062
Continuum of Care Program	14.267	290,694
Public and Indian Housing	14.850	499,616
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	1,361,436
Public Housing Capital Fund	14.872	326,699
Total U.S. Department of Housing and Urban Development		2,752,507
Total Expenditures of Federal Awards		**$2,752,507**

The accompanying notes are an integral part of this Schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2 CFR 200.510(b)(6) FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Hocking Metropolitan Housing Authority, Hocking County (the Authority) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

Hocking Metropolitan Housing Authority
Financial Data Schedule
Entity Wide Balance Sheet Summary

	Project Total	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$44,201	$33,981				$64,204	$81,088	$223,474	-$13,441	$210,033
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted	$9,671	$42,113			$985			$52,769		$52,769
114 Cash - Tenant Security Deposits	$43,042	$600						$43,642		$43,642
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	$96,914	$76,694	$0	$0	$985	$64,204	$81,088	$319,885	-$13,441	$306,444
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects	$39,881					$120,920		$160,801		$160,801
124 Accounts Receivable - Other Government				$12,017				$12,017		$12,017
125 Accounts Receivable - Miscellaneous	$1,953						$403	$2,356		$2,356
126 Accounts Receivable - Tenants	$11,489	$3,455						$14,944		$14,944
126.1 Allowance for Doubtful Accounts -Tenants	-$4,210	$0						-$4,210		-$4,210
126.2 Allowance for Doubtful Accounts - Other	$0			$0		$0	$0	$0		$0
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery					$30,959			$30,959		$30,959
128.1 Allowance for Doubtful Accounts - Fraud					-$30,959			-$30,959		-$30,959
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	$49,113	$3,455	$0	$12,017	$0	$120,920	$403	$185,908	$0	$185,908
131 Investments - Unrestricted	$10,000						$18,200	$28,200		$28,200
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	$9,838	$963					$7,395	$18,196		$18,196
143 Inventories										
143.1 Allowance for Obsolete Inventories										
144 Inter Program Due From	$16,903	$38,410					$144,933	$200,246	-$200,246	$0
145 Assets Held for Sale										
150 Total Current Assets	$182,768	$119,522	$0	$12,017	$985	$185,124	$252,019	$752,435	-$213,687	$538,748
161 Land	$973,519	$487,574					$13,500	$1,474,593		$1,474,593
162 Buildings	$ 10,602,494	$ 2,688,529					$ 125,657	$ 13,416,680		$ 13,416,680
163 Furniture, Equipment & Machinery - Dwellings	$34,988	$19,895					$13,715	$68,598		$68,598
164 Furniture, Equipment & Machinery - Administration	$27,792	$35,244			$22,796		$66,000	$151,832		$151,832
165 Leasehold Improvements	$1,459,634	$9,717						$1,469,351		$1,469,351
166 Accumulated Depreciation	-$9,624,880	-$822,144			-$22,796		-$98,424	-$10,568,244		-$10,568,244
167 Construction in Progress	$ 22,000	$ -					$ -	$ 22,000		$ 22,000
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	$ 3,495,547	$ 2,418,815	$0	$0	$0	$0	$ 120,448	$ 6,034,810	$0	$6,034,810
171 Notes, Loans and Mortgages Receivable - Non-Current	$2,229,713							$2,229,713		$2,229,713
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										
173 Grants Receivable - Non Current										
174 Other Assets		$9,500						$9,500		$9,500
176 Investments in Joint Ventures										
180 Total Non-Current Assets	$5,725,260	$2,428,315	$0	$0	$0	$0	$120,448	$8,274,023	$0	$8,274,023
200 Deferred Outflow of Resources	$48,099	$18,791			$19,352		$53,988	$140,230		$140,230
290 Total Assets and Deferred Outflow of Resources	$5,956,127	$2,566,628	$0	$12,017	$20,337	$185,124	$426,455	$9,166,688	-$213,687	$8,953,001
311 Bank Overdraft				$1,506	$11,935			$13,441	-$13,441	$0
312 Accounts Payable <= 90 Days	$41,802	$21,275			$4,835		$6,506	$74,418		$74,418
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	$20,369	$2,661			$11,588		$17,488	$52,106		$52,106
322 Accrued Compensated Absences - Current Portion	$610	$2,153		$1,221	$4,884	$611	$24,056	$33,535		$33,535

Hocking Metropolitan Housing Authority
Financial Data Schedule
Entity Wide Balance Sheet Summary

324 Accrued Contingency Liability										
325 Accrued Interest Payable	$8,152							$8,152		$8,152
331 Accounts Payable - HUD PHA Programs										
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government	$70,053							$70,053		$70,053
341 Tenant Security Deposits	$45,320	$17,494						$62,814		$62,814
342 Unearned Revenue	$3,830	$1,816		$13,183		$44,912		$63,741		$63,741
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$161,996	$64,206						$226,202		$226,202
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities	$74,972						$8,561	$83,533		$83,533
346 Accrued Liabilities - Other										
347 Inter Program - Due To	$147,781	$52,465						$200,246	-$200,246	$0
348 Loan Liability - Current										
310 Total Current Liabilities	$574,885	$162,070	$0	$15,910	$33,242	$45,523	$56,611	$888,241	-$213,687	$674,554
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$1,306,734	$1,680,597						$2,987,331		$2,987,331
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other										
354 Accrued Compensated Absences - Non Current	$4,552	$2,056		$318	$1,700	$260	$6,985	$15,871		$15,871
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities	$229,510	$89,662			$92,339		$257,612	$669,123		$669,123
350 Total Non-Current Liabilities	$1,540,796	$1,772,315	$0	$318	$94,039	$260	$264,597	$3,672,325	$0	$3,672,325
300 Total Liabilities	$2,115,681	$1,934,385	$0	$16,228	$127,281	$45,783	$321,208	$4,560,566	-$213,687	$4,346,879
400 Deferred Inflow of Resources	$200,059	$78,156			$80,490		$224,556	$583,261		$583,261
508.4 Net Investment in Capital Assets	$2,026,817	$674,012	$0	$0	$0	$0	$120,448	$2,821,277		$2,821,277
511.4 Restricted Net Position	$0	$0	$0	$0	$0	$0	$0	$0		$0
512.4 Unrestricted Net Position	$1,613,570	-$119,925	$0	-$4,211	-$187,434	$139,341	-$239,757	$1,201,584		$1,201,584
513 Total Equity - Net Assets / Position	$3,640,387	$554,087	$0	-$4,211	-$187,434	$139,341	-$119,309	$4,022,861	$0	$4,022,861
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$5,956,127	$2,566,628	$0	$12,017	$20,337	$185,124	$426,455	$9,166,688	-$213,687	$8,953,001

Hocking Metropolitan Housing

Financial Data Schedule

Entity Wide Revenue and Expense Summary

	Project Total	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$515,225	$355,788						$871,013		$871,013
70400 Tenant Revenue - Other	$46,144	$1,834						$47,978		$47,978
70500 Total Tenant Revenue	$561,369	$357,622	$0	$0	$0	$0	$0	$918,991	$0	$918,991
70600 HUD PHA Operating Grants	$747,734			$290,694	$1,361,436	$274,062		$2,673,926		$2,673,926
70610 Capital Grants	$78,581							$78,581		$78,581
70710 Management Fee							$144,222	$144,222	-$144,222	$0
70720 Asset Management Fee										
70730 Book Keeping Fee							$14,228	$14,228	-$14,228	$0
70740 Front Line Service Fee										
70750 Other Fees		$64,377					$230,629	$295,006		$295,006
70700 Total Fee Revenue							$389,079	$389,079	-$158,450	$230,629
70800 Other Government Grants		$21,459		$3,750				$25,209		$25,209
71100 Investment Income - Unrestricted	$65,895	$66			$155		$51	$66,167		$66,167
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery				$3,389	$8,853	$2,851		$15,093		$15,093
71500 Other Revenue	$97,481	$137,275		$29,000	$10,792		$248,275	$522,823		$522,823
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted										
70000 Total Revenue	$1,551,060	$580,799	$0	$326,833	$1,381,236	$276,913	$637,405	$4,754,246	-$158,450	$4,595,796
91100 Administrative Salaries	$113,645	$39,029		$9,000	$103,839	$7,500	$276,970	$549,983		$549,983
91200 Auditing Fees	$6,687	$2,513		$2,537	$7,610	$692	$3,091	$23,130		$23,130
91300 Management Fee	$144,222							$144,222	-$144,222	$0
91310 Book-keeping Fee	$14,228							$14,228	-$14,228	$0
91400 Advertising and Marketing	$334	$40					$582	$956		$956
91500 Employee Benefit contributions - Administrative	$43,690	$4,854		$4,803	$4,995	$4,025	$52,198	$114,565		$114,565
91600 Office Expenses	$31,705	$6,386			$11,596	$1,063	$23,648	$74,398		$74,398
91700 Legal Expense	$8,197	$1,503		$90	$90		$666	$10,546		$10,546
91800 Travel				$98			$107	$205		$205
91810 Allocated Overhead										
91900 Other	$150,437	$145,191	$1	$17,507	$91,119	$5,707	$35,471	$445,433		$445,433
91000 Total Operating - Administrative	$513,145	$199,516	$1	$34,035	$219,249	$18,987	$392,733	$1,377,666	-$158,450	$1,219,216
92000 Asset Management Fee										
92100 Tenant Services - Salaries										
92200 Relocation Costs										
92300 Employee Benefit Contributions - Tenant Services										
92400 Tenant Services - Other	$701							$701		$701
92500 Total Tenant Services	$701	$0	$0	$0	$0	$0	$0	$701	$0	$701
93100 Water	$53,998	$19,201					$794	$73,993		$73,993
93200 Electricity	$78,434	$42,247					$3,932	$124,613		$124,613
93300 Gas	$9,521	$25,827						$35,348		$35,348
93400 Fuel										
93500 Labor										
93600 Sewer	$3,510							$3,510		$3,510
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense										
93000 Total Utilities	$145,463	$87,275	$0	$0	$0	$0	$4,726	$237,464	$0	$237,464
94100 Ordinary Maintenance and Operations - Labor	$179,546	$8,100					$12,981	$200,627		$200,627

Hocking Metropolitan Housing
Financial Data Schedule
Entity Wide Revenue and Expense Summary

94200 Ordinary Maintenance and Operations - Materials and Other	$137,289	$29,176					$13,796	$180,261		$180,261
94300 Ordinary Maintenance and Operations Contracts	$124,039	$75,186				$694	$12,430	$212,349		$212,349
94500 Employee Benefit Contributions - Ordinary Maintenance	$37,694						$508	$38,202		$38,202
94000 Total Maintenance	$478,568	$112,462	$0	$0	$0	$694	$39,715	$631,439	$0	$631,439
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs										
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance										
96120 Liability Insurance										
96130 Workmen's Compensation										
96140 All Other Insurance	$48,116	$35,073					$21,869	$105,058		$105,058
96100 Total insurance Premiums	$48,116	$35,073	$0	$0	$0	$0	$21,869	$105,058	$0	$105,058
96200 Other General Expenses	$5,285	$16,627			$461		$8,060	$30,433		$30,433
96210 Compensated Absences	$114	$826			$4,105		$10,009	$15,054		$15,054
96300 Payments in Lieu of Taxes	$36,676							$36,676		$36,676
96400 Bad debt - Tenant Rents	$44,359	$656						$45,015		$45,015
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	$86,434	$18,109	$0	$0	$4,566	$0	$18,069	$127,178	$0	$127,178
96710 Interest of Mortgage (or Bonds) Payable	$90,860	$37,914						$128,774		$128,774
96720 Interest on Notes Payable (Short and Long Term)										
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	$90,860	$37,914	$0	$0	$0	$0	$0	$128,774	$0	$128,774
96900 Total Operating Expenses	$1,363,287	$490,349	$1	$34,035	$223,815	$19,681	$477,112	$2,608,280	-$158,450	$2,449,830
97000 Excess of Operating Revenue over Operating Expenses	$187,773	$90,450	-$1	$292,798	$1,157,421	$257,232	$160,293	$2,145,966	$0	$2,145,966
97100 Extraordinary Maintenance	$8,050							$8,050		$8,050
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments				$303,556	$1,199,473	$160,171		$1,663,200		$1,663,200
97350 HAP Portability-In					$10,048			$10,048		$10,048
97400 Depreciation Expense	$236,043	$103,594			$111		$4,963	$344,711		$344,711
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	$1,607,380	$593,943	$1	$337,591	$1,433,447	$179,852	$482,075	$4,634,289	-$158,450	$4,475,839
10010 Operating Transfer In	$215,711							$215,711	-$215,711	$0
10020 Operating transfer Out	-$215,711							-$215,711	$215,711	$0
10030 Operating Transfers from/to Primary Government										
10040 Operating Transfers from/to Component Unit										
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)										
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										

Hocking Metropolitan Housing
Financial Data Schedule

Entity Wide Revenue and Expense Summary

10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$56,320	-$13,144	-$1	-$10,758	-$52,211	$97,061	$155,330	$119,957	$0	$119,957
11020 Required Annual Debt Principal Payments	$151,430	$63,006	$0	$0	$0	$0	$0	$214,436		$214,436
11030 Beginning Equity	$3,696,707	$567,231	$1	$6,547	-$135,223	$42,280	-$274,639	$3,902,904		$3,902,904
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors										
11050 Changes in Compensated Absence Balance										
11060 Changes in Contingent Liability Balance										
11070 Changes in Unrecognized Pension Transition Liability										
11080 Changes in Special Term/Severance Benefits Liability										
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										
11100 Changes in Allowance for Doubtful Accounts - Other										
11170 Administrative Fee Equity					-$187,434			-$187,434		-$187,434
11180 Housing Assistance Payments Equity					$0			$0		$0
11190 Unit Months Available	2148	0	0	480	3672	360	0	6660		6660
11210 Number of Unit Months Leased	2064	0	0	480	3318	360	0	6222		6222
11270 Excess Cash	-$517,816							-$517,816		-$517,816
11610 Land Purchases	$0						$0	$0		$0
11620 Building Purchases	$22,000						$0	$22,000		$22,000
11630 Furniture & Equipment - Dwelling Purchases	$0						$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0						$0	$0		$0
11650 Leasehold Improvements Purchases	$0						$0	$0		$0
11660 Infrastructure Purchases	$0						$0	$0		$0
13510 CFFP Debt Service Payments	$79,685						$0	$79,685		$79,685
13901 Replacement Housing Factor Funds	$0						$0	$0		$0

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OHIO AUDITOR OF STATE
KEITH FABER

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

Hocking Metropolitan Housing Authority
Hocking County
33601 Pine Ridge Dr.
Logan, Ohio 43138

To the Board of Commissioners:

We have audited, 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, the financial statements of the business-type activities of the Hocking Metropolitan Housing Authority, Hocking County, Ohio (the Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 19, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Corrective Action Plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Keith Faber
Auditor of State
Columbus, Ohio

December 19, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Hocking Metropolitan Housing Authority
Hocking County
33601 Pine Ridge Dr.
Logan, Ohio 43138

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Hocking Metropolitan Housing Authority's, Hocking County, Ohio (the Authority), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Hocking Metropolitan Housing Authority's major federal program for the year ended December 31, 2021. Hocking Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying Schedule of Findings as item 2021-002. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Corrective Action Plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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**.** We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2021-002 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Corrective Action Plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

December 19, 2022

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HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	Yes
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):** • Housing Voucher Cluster AL #14.871	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

FINDING NUMBER 2021-001

Material Weakness- Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

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

FINDING NUMBER 2021-001 (Continued)

Material Weakness- Financial Reporting (Continued)

The Authority's financial statements misclassified certain capital assets as construction in progress when the buildings were completed in prior years. As a result, an adjustment was required to decrease Land and Construction in Progress and increase Building and Equipment- Net of Accumulated Depreciation by $394,052.

In addition, the Authority's Notes to the Basic Financial Statements also required material adjustment. These misstatements were the result of an oversight. These adjustments with which the Authority's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

To ensure the Authority's financial statements and notes to the financial statements are complete and accurate, the Executive Director should review Capital Assets periodically and at year end to ensure amounts have been properly recorded. Further, the Authority should review the basic financial statements compiled by their contracted Independent Public Accounting firm prior to filing those statements in the Hinkle System.

Official's Response: Hocking MHA staff and Fee accountant have implemented steps to address this item.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Housing Quality Standards Inspections

Finding Number:	**2021-002**
Assistance Listing Number and Title:	**AL # 14.871- Section 8 Housing Choice Vouchers/ Housing Voucher Cluster**
Federal Award Identification Number / Year:	**2021**
Federal Agency:	**U.S. Department of Housing and Urban Development**
Compliance Requirement:	**Special Tests & Provisions—Housing Quality Standards Inspections**
Pass-Through Entity:	**N/A**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Significant Deficiency

24 CFR 982.405(a) provides that the Public Housing Authority (PHA) must inspect the unit leased to a family prior to the initial term of the lease, at least biennially during assisted occupancy, and at other times as needed, to determine if the unit meets the Housing Quality Standards (HQS).

Further, the Authority passed Resolution 2020-09 which provided that the Housing Authority may utilize a 24-month inspection cycle for recertifying units.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2021-002 (Continued)

Noncompliance and Significant Deficiency (Continued)

The Authority did not perform Housing Quality Inspections within the required time frame for 2.5 percent of the current tenant files tested for the Housing Choice Voucher program. The failure to perform Housing Quality Inspections could lead to future questioned costs, reduced future federal funding, and the requirement to repay the U.S. Department of Housing and Urban Development.

The Executive Director and Housing Choice Voucher employees should ensure all Housing Quality Inspections are completed within the 24 month requirement.

Official's Response: Hocking MHA staff have implemented additional safe guards to ensure this item is addressed.

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to a Finding for Recovery. This issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2021-003

Finding for Recovery

The Hocking Metropolitan Housing Authority (Authority) paid Cardaras Funeral Home $6,341 on September 10, 2021 for the funeral expenses of an Authority employee who passed away, Kevin McGill. At the time of his death, the employee held life insurance through the Authority. The Authority expected to receive the life insurance proceeds to reimburse this expense because no beneficiary was listed. However, the life insurance proceeds were properly paid to a relative of the deceased employee. As such, the Authority was unable to recoup the amount expended.

Executive Director Nathan Blatchley and Board President Julie Mogavero signed the check for the expense. The Board approved the payment in the minutes dated September 21, 2021.

As a creature of statute, a Metropolitan Housing Authority has only those powers expressly granted by statute, and those necessarily implied or incident thereto. See 1941 Op. Att'y Gen. No. 3650, p. 226. There is nothing in R.C. Chapter 3735 that supports the payment of an employee's funeral expenses.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Estate of Kevin McGill, in the amount of $6,341 and in favor of the Authority's Proprietary Fund in the amount of $6,341.

Officials' Response: HMHA has initiated a claim against the Estate of Kevin McGill to recover funds spent on behalf of the Estate (with the expectation that Insurance claims would cover the expenses), and has notified the SHARP insurance pool of the potential for an Errors and Omissions Claim to recover the funds as indicated in the finding. Additionally, HMHA has obtained legal counsel if there is additional actions needed.

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Hocking
Metropolitan
Housing
Authority

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness – Financial Reporting errors.	Not Corrected.	This occurrence is a separate item not an ongoing issue. See the response provided related to 2021-001 for planned corrective action. The Hocking MHA continues to work with the Fee accountant to address any weaknesses in reporting. The Hocking MHA's 2020 Audit finding was reflective of the changes that needed addressed from the sudden transfer from one fee accountant to another. The current item is a specific correction related to Capital Assets. The Hocking MHA is working with its Fee accountant to ensure that new staff are addressing these items correctly.

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Hocking Metropolitan Housing Authority

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EQUAL HOUSING OPPORTUNITY

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2021

Finding Number: 2021-001
Planned Corrective Action: HMHA staff are aware of this issue and, due to the current changes in staff, are working with our Fee accountant to ensure we correct it going forward.
Anticipated Completion Date: 12/31/2022
Responsible Contact Person: T. Nathan Blatchley

Finding Number: 2021-002
Planned Corrective Action: HMHA staff are aware of this issue and, due to the current changes in staff, are working with our Fee accountant to ensure we correct it going forward.
Anticipated Completion Date: 12/31/2022
Responsible Contact Person: T. Nathan Blatchley

Finding Number: 2021-003
Planned Corrective Action: HMHA staff are aware of this issue and, due to the current changes in staff, are working with our Fee accountant to ensure we correct it going forward.
Anticipated Completion Date: 12/31/2022
Responsible Contact Person: T. Nathan Blatchley

OHIO AUDITOR OF STATE
KEITH FABER

HOCKING METROPOLITAN HOUSING AUTHORITY

HOCKING 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 12/22/2022

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