



OHIO AUDITOR OF STATE
KEITH FABER



**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Marion Metropolitan Housing Authority
Marion County
117 N Greenwood St, Ste 12
Marion, Ohio 43302

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Marion Metropolitan Housing Authority, Marion County, Ohio (the Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

We did not subject the financial data schedules to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 7, 2022

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**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Marion 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, and (d) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 11).

FINANCIAL HIGHLIGHTS

- During fiscal year 2021, the Authority’s net position increased by \$147,379 (or 89.68%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net positions were \$164,338 and \$311,717 for fiscal year 2021 and fiscal year 2020, respectively.
- The revenue decreased by \$427 (or less than 1%) during fiscal year 2021 and was \$3,554,287 and \$3,545,860 for fiscal year 2020 and fiscal year 2021, respectively.
- Total expenses decreased by \$100,860 (or 2.88%) during fiscal year 2021 and were \$3,499,341 and \$3,398,481 for fiscal year 2020 and fiscal year 2021, respectively.

USING THIS ANNUAL REPORT

The Report includes the following sections:

MD&A ~ Management’s Discussion and Analysis ~
Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~
Other Required Supplementary Information ~ Required Supplementary Information (Pension and OPEB Schedules) ~
Supplementary and Other Information ~ Financial Data Schedules ~ ~ Schedule of Federal Awards Expenditures ~

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

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

Basic Financial Statements

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

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

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

Investment in Capital Assets: This component of Net Position consists of all Capital Assets, net of accumulated depreciation, 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. The Authority does not have any outstanding debt.

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 do not meet the definition of "Investment in Capital Assets", or "Restricted".

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

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

Finally, 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.

The Authority's Fund

The Authority consists of exclusively an Enterprise Fund. The Enterprise fund utilizes the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized in the private sector. The fund maintained by the Authority is required by the Department of Housing and Urban Development (HUD).

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

Business-Type Activities:

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of adjusted household income. CARES Act Funding is also included in this program. The CARES Act provided additional funding to PHAs to prevent, prepare for, and respond to the coronavirus pandemic, including to maintain normal operations during the period the program was impacted by coronavirus.

Other Grant Programs– In addition to the major program above, the Authority also maintains the following non-major funds. Non-major funds are defined as funds that have assets, liabilities, revenues, or expenses of at least 5% or more of the Authority's total assets, liabilities, revenues, or expenses.

Home Investment Partnership Program-grant monies are received from local sources to administer this program in a manner similar to the Housing Choice Voucher Program.

Community Development Block Grants-grant monies are received from local sources to administer this program in a manner similar to the Housing Choice Voucher Program.

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior fiscal year.

STATEMENT OF NET POSITION

	<u>2021</u>	<u>2020</u>
Current and Other Assets	\$ 794,269	\$ 680,744
Capital Assets	43,742	29,365
Total Assets	838,011	710,109
Deferred Outflows of Resources	17,045	30,296
Current Liabilities	364,521	330,683
Non-Current Liabilities	107,257	209,162
Total Liabilities	471,778	539,845
Deferred Inflows of Resources	71,561	36,222
Net position:		
Investment in Capital Assets	43,742	29,365
Restricted	63,327	75,005
Unrestricted	204,648	59,968
Total Net Position	\$311,717	\$164,338

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

Major Factors Affecting the Statement of Net Position

Current and other assets (primarily cash and investments) were increased by \$113,525 or 16.68%. CARES Act Admin Funding and HUD Prepaid July Advance were the major reasons for the increases. Total liabilities were decreased by \$68,067 or 12.61%. GASB 68 & 75 adversely affected the liabilities and the net position of the Authority

The Capital Assets had a net increase of \$14,377 the net from additions or purchases and current fiscal year's depreciation. For more detail see "Capital Assets and Debt Administration" below.

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

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net position July 1, 2020		\$ 59,968
Results of Operations	136,107	
Adjustments:		
Depreciation (1)	10,526	
Reclassification to Balance (2)	<u>22,950</u>	
Adjusted Results from Operations		169,583
Capital Expenditures		<u>(24,903)</u>
Unrestricted Net position as of June 30, 2021		<u><u>\$ 204,648</u></u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

(2) Balance to HUD reconciliation report of RNP funds for Mainstream.

CHANGE OF RESTRICTED NET POSITION

Restricted Net position July 1, 2020		\$ 75,005
Results of Operations		
HAP unspent to reserves	8,784	
Reclassify to Balance to HUD (2)	(22,950)	
Recovery Payments	<u>2,488</u>	
Adjusted Results from Operations		<u>(11,678)</u>
Restricted Net position as of June 30, 2021		<u><u>\$ 63,327</u></u>

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

STATEMENT OF REVENUES, EXPENSES AND CHANGES 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.

	<u>2021</u>	<u>2020</u>
Revenues		
Governmental Operating Grants	\$3,459,099	\$3,527,878
Interest Revenue	572	527
Other Revenues	21,318	15,296
Fraud Recovery	4,975	7,376
Gain on sale of auto	-	3,210
Total Revenue	<u>3,485,964</u>	<u>3,554,287</u>
Expenses		
Administrative	358,100	355,290
Tenant Services	16,355	0
Maintenance	3,931	4,206
Protective Services	906	1,513
General	8,351	7,867
Housing Assistance Payments	2,994,687	3,121,550
Pension & OPEB Expense	(54,271)	-
Depreciation	10,526	8,915
Total Expenses	<u>3,338,585</u>	<u>3,499,341</u>
Net Increase/(Decrease)	147,379	54,946
Net Position Beginning of Fiscal Year	164,338	109,392
Net Positon End of Fiscal Year	<u>\$ 311,717</u>	<u>\$ 164,338</u>

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

HUD PHA Operating Grants decreased by \$68,779 or 1.95% due to decreases in grant funding allocated to the Authority. There were also decreases in leasing; fiscal year 2021 had 7,234-unit months leased compared to 7,672 in fiscal year 2020. (5.71% decrease) This also had the effect of decreases in Housing Assistance Payments by \$126,863 or 4.06% from fiscal year 2020. Other revenues represent income from providing services to other housing authorities, revenues from tenant fraud recovery, and service fees from other housing authorities. These revenues tend to fluctuate slightly between fiscal years.

Administrative expenses include salaries and related benefits, along with other administrative expense such as audit fees and office expenses. The Authority attempts to control these expenses to reduce spending as much as possible; these expenses fluctuate slightly between fiscal years. Fluctuations in the pension and OPEB expenses are the result of recording GASB 68 and 75 accruals (in prior years these amounts were reflected within administrative expenses).

The net increase for fiscal year 2021 should be broken into HAP funds & PHA funds as follows: \$11,272 increase to the Restricted HAP (RNP) and \$136,107 increase to the Authority's funds (UNP).

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the Authority had \$43,742 invested in capital assets as reflected in the following schedule, which represents a net increase (addition, deductions, and depreciation).

**CAPITAL ASSETS AT FISCAL YEAR-END
(NET OF ACCUMULATED DEPRECIATION)**

	<u>2021</u>	<u>2020</u>
	<u>Business-type Activities</u>	
Furniture & Equipment	\$ 52,872	\$ 27,969
Vehicles	23,994	23,994
Accumulated Depreciation	<u>(33,124)</u>	<u>(22,598)</u>
Total	<u>\$ 43,742</u>	<u>\$ 29,365</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 4 of the notes to the basic financial statements.

CHANGE IN CAPITAL ASSETS

	<u>Business Type Activities</u>
Beginning Balance, July 1, 2020	\$29,365
Additions	24,903
Depreciation	<u>(10,526)</u>
Ending Balance, June 30, 2021	<u>\$43,742</u>

This year's additions: \$3,399 - 5 Dell Computers. \$12,139 New Desks, credenza, etc. \$9,365 upgrades to security including cameras & intercom & door releases. All purchased with CARES Act Admin funding.

Debt Outstanding

As of the fiscal year-end, the Authority has no outstanding debt (bonds, notes, etc.).

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the demand for housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.
- Unknown financial and operational impacts as well as impacts to federal programs as the result of the COVID-19 pandemic.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Bondrian M. Virden; Finance Manager for the Marion Metropolitan Housing Authority, at (419) 526-1622. Specific requests may be submitted to the Authority at 117 North Greenwood Street, Suite 12, Marion OH 43302.

MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents - unrestricted	\$ 389,563
Cash and cash equivalents - restricted	385,099
Receivables - net of allowance	1,005
Prepaid items	8,233
TOTAL CURRENT ASSETS	<u>783,900</u>
NON-CURRENT ASSETS	
CAPITAL ASSETS	
Depreciable capital assets, net	43,742
TOTAL CAPITAL ASSETS	<u>43,742</u>
Net OPEB asset	10,369
TOTAL ASSETS	<u>838,011</u>
DEFERRED OUTFLOWS OF RESOURCES	
Net Pension liability	11,966
Net OPEB liability/asset	5,079
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>17,045</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 855,056</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 15,167
Accrued compensated absences - current	1,403
Unearned Revenue	347,951
TOTAL CURRENT LIABILITIES	<u>364,521</u>
LONG-TERM LIABILITIES	
Accrued compensated absences - non-current	14,856
Net Pension liability	92,401
TOTAL LONG-TERM LIABILITIES	<u>107,257</u>
TOTAL LIABILITIES	<u>471,778</u>
DEFERRED INFLOWS OF RESOURCES	
Net Pension liability	39,880
Net OPEB liability/asset	31,681
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>71,561</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>543,339</u>
NET POSITION	
Investment in capital assets	43,742
Restricted	63,327
Unrestricted	204,648
TOTAL NET POSITION	<u>311,717</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 855,056</u>

See accompanying notes to the basic financial statements.

MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OPERATING REVENUES	
Government operating grants	\$ 3,459,099
Fraud recovery	4,975
Other revenues	<u>21,318</u>
TOTAL OPERATING REVENUES	<u>3,485,392</u>
OPERATING EXPENSES	
Administrative	358,100
Tenant services	16,355
Maintenance	3,931
Protective services	906
General	8,351
Housing assistance payments	2,994,687
Pension expense	5,625
OPEB expense	(59,896)
Depreciation	<u>10,526</u>
TOTAL OPERATING EXPENSES	<u>3,338,585</u>
OPERATING INCOME	146,807
NON-OPERATING REVENUES/(EXPENSES)	
Interest revenue	<u>572</u>
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>572</u>
CHANGE IN NET POSITION	147,379
NET POSITION BEGINNING OF FISCAL YEAR	<u>164,338</u>
NET POSITION END OF FISCAL YEAR	<u>\$ 311,717</u>

See accompanying notes to the basic financial statements.

MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from HUD	\$ 3,494,350
Cash received from other revenue	26,293
Cash payments for housing assistance payments	(2,994,687)
Cash payments for administrative and other operating expenses	<u>(383,380)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>142,576</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	<u>(24,903)</u>
NET CASH (USED) BY CAPITAL AND FINANCING ACTIVITIES	<u>(24,903)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest	<u>572</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>572</u>
CHANGE IN CASH AND CASH EQUIVALENTS	118,245
CASH AND CASH EQUIVALENTS, BEGINNING	<u>656,417</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 774,662</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 146,807
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	10,526
(Increase) decrease in:	
Receivables - net of allowance	17,196
Prepaid expenses	(2,107)
Net OPEB asset	(10,369)
Deferred outflows of resources	13,251
Increase (decrease) in:	
Accounts payable	(979)
Accrued compensated absences	1,403
Unearned revenue	35,251
Accrued pension and OPEB liabilities	(103,742)
Deferred inflows of resources	<u>35,339</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 142,576</u></u>

See accompanying notes to the basic financial statements.

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 39, Determining Whether Organizations are Component Units (as amended by GASB Statement No. 61), in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable. Based on the above criteria, the Authority has no component units.

Fund Accounting

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

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Proprietary Fund Types:

Proprietary funds are used to account for the Authority's ongoing activities which are similar to those found in the private sector. The following is the Authority's only proprietary fund type:

Enterprise Fund – The Authority is accounted for on a flow of economic resources measurement focus. With this 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 revenues, expenses and 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 cash flow needs.

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Measurement Focus/Basis of Accounting

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis. GASB Statement No. 34 (as amended by GASB Statement No. 63) requires the following, which collectively make up the Authority's basic financial statements:

Basic Financial Statements:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to the Basic Financial Statements

Accounting and Reporting for Nonexchange Transactions

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

Government-mandated nonexchange 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).

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounting and Reporting for Nonexchange Transactions (continued)

Voluntary nonexchange 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).

Authority's grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

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 nonexchange 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 nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting Net Position, equity, or fund balance as restricted.

The Authority 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.

The Authority 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.

The Authority receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

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.

Accounts Receivable

Management considers all accounts receivable (excluding the fraud recovery receivable) to be collected in full.

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are recorded as prepaid items via 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Capital Assets

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

<u>Description</u>	<u>Estimated Useful Life – Years</u>
Furniture	7
Equipment	7
Computer hardware	3
Computer software	3
Vehicles	5

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Housing Assistance Payment equity balances of \$63,327.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. 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. 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 current liability.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as a receivable or revenue, or unearned revenue of the current fiscal period.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Pensions/Other Postemployment Benefits (OPEB)

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

Deferred Inflow/Outflow of Resources

In addition to assets, the statements of financial 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 will not be recognized as an outflow of resources (expenses/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 5 and 6.

In addition to liabilities, the statements of financial position report 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 include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the basic statement of net position. The deferred inflows of resources related to pension and OPEB are explained in Note 5 and 6.

Net Position

Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. The investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did report restricted net position for HAP reserves of \$63,327 as of June 30, 2021.

Estimates

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as non-operating revenues.

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2. CASH AND CASH EQUIVALENTS

The provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

A. Deposits

State statues classify monies held by the Authority into three categories.

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

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

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

At fiscal year end, the carrying amount of the Authority's deposits was \$774,662 and the bank balance was \$786,561.

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. The financial institution collateral pool that insures public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of the fiscal year-end deposits totaling \$250,000 was covered by Federal Depository and \$536,561 was covered by pledged securities collateral held by a third party trustee.

B. Investments

HUD, State Statue, and Board resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investment to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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2. CASH AND CASH EQUIVALENTS -CONTINUED

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The Authority's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools* and records all its investments at fair value. However, at June 30, 2021, the Authority investments were limited to certificates of deposits which are reported at cost.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires those funds which are not operating reserve funds to be invested in investments with a maximum term of one year or the Authority's operating cycle. For investments of the Authority's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

Generally, the Authority places no limit on the amount it may invest in any one insurer. However, the investment policy limits the investment of HUD – approved mutual funds to no more than 20 percent of the Authority's available investment funds. The Authority's deposits in financial institutions represent 100 percent of its deposits.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of the year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.12(M) (2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee."

3. RESTRICTED CASH

The Authority had \$385,099 in restricted cash as of June 30, 2021. Restricted cash is the unspent HAP funding provided for the Housing Choice Voucher, Mainstream programs, and unspent CARES Act Admin funding.

**MARION METROPOLITAN HOUSING AUTHORITY
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4. RISK MANAGEMENT

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

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limits</u>
General Liability	\$5,000	\$2,000,000 (Per occurrence)
Transportation	\$2,000	\$ 500,000

5. CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2021:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2021</u>
Capital Assets Depreciated				
Vehicles	\$ 23,994	\$ 0	\$ (0)	\$ 23,994
Furniture, Equipment, and Machinery	<u>27,969</u>	<u>24,903</u>	<u>(0)</u>	<u>52,872</u>
Total Capital Assets Depreciated	<u>51,963</u>	<u>24,903</u>	<u>(0)</u>	<u>76,866</u>
Accumulated Depreciation				
Vehicles	(2,400)	(4,799)	0	(7,199)
Furniture, Equipment and Machinery	<u>(20,198)</u>	<u>(5,727)</u>	<u>0</u>	<u>(25,925)</u>
Total Accumulated Depreciation	<u>(22,598)</u>	<u>(10,526)</u>	<u>0</u>	<u>(33,124)</u>
Total Capital Assets Depreciated, Net	<u>29,365</u>	<u>14,377</u>	<u>0</u>	<u>43,742</u>
Total Capital Assets, Net	<u>\$ 29,365</u>	<u>\$ 14,377</u>	<u>\$ 0</u>	<u>\$ 43,742</u>

5. 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

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5. DEFINED BENEFIT PENSION PLAN-CONTINUED

average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

Plan Description – All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined pension plan.
2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides age and service retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 145. OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. That report can be obtained by visiting the OPERS website at www.opers.org.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Authority is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the PERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the contribution rate consistent across all three plans.

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5. DEFINED BENEFIT PENSION PLAN-CONTINUED

The Authority's contractually required pension contribution to OPERS was \$12,573 for fiscal year 2021. Of this amount \$0 is reported within accounts payable.

Pension Liabilities, Pension Expense, and 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 Authority's proportion of the net pension liability was based on the Authority's share of the contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS Traditional Plan</u>
Proportionate Share of the Net Pension Liability	\$92,401
Proportion of the Net Pension Liability	0.0006240%
Change in Proportion from Prior Measurement Date	0.000023%
Pension Expense	\$1,699

The Authority's employees have only participated in the Traditional Plan.

At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total Deferred <u>Outflows</u>
Changes of assumptions	\$ 5,342
Authority contributions subsequent to the measurement date	<u>6,624</u>
Total Deferred Outflows of Resources	<u>\$11,966</u>
	Total Deferred <u>Inflows</u>
Difference between expected and actual experience	\$ 3,865
Net difference between projected and actual investment earnings on pension plan investments	<u>36,015</u>
Total Deferred Inflows of Resources	<u>\$ 39,880</u>

The \$6,624 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 fiscal year ending June 30, 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:

Fiscal Year Ending June 30:	
2022	(\$ 7,676)
2023	(7,676)
2024	(6,918)
2025	(6,135)
2026	<u>(6,133)</u>
Total	<u>(\$34,538)</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

5. DEFINED BENEFIT PENSION PLAN-CONTINUED

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the 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 was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requires of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

Actuarial Information	Traditional Pension Plan	Combined Plan	Member-Directed Plan
Measurement & Valuation Date	December 31, 2020	December 31, 2020	December 31, 2020
Experience Study	5-Year Period Ended December 31, 2015	5-Year Period Ended December 31, 2015	5-Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age	Individual entry age
Actuarial Assumptions			
Investment Rate of Return	7.20%	7.20%	7.20%
Wage Inflation	3.25%	3.25%	3.25%
Projected Salary increases	3.25%-10.75% (Includes wage inflation at 3.25%)	3.25%-8.25% (Includes wage inflation at 3.25%)	3.25%-8.25% (Includes wage inflation at 3.25%)
Cost of living Adjustments	3.00% Simple	3.00% Simple	3.00% Simple

Special tables are used for the period after disability retirement and post-retirement mortality. The most recent experience study was completed December 31, 2020. The long-term return expected rate of return on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Allocation	Real Rate of Return
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%

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5. DEFINED BENEFIT PENSION PLAN-CONTINUED

Actuarial Methods and Assumptions(continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.2 percent. The projection of cash flows used to determine the discount rate assumed the employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability calculated using the discount rate of 7.2% and the expected net pension liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher 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	\$176,255	\$92,401	\$22,676

Plan Fiduciary Net Position Detailed information about the Plan’s fiduciary net position is available in the separately issued OPERS’s financial report.

6. OTHER POST EMPLOYMENT BENEFITS

Net OPEB Liability/Asset

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

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

Ohio Revised Code limits the Authority’s obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including OPEB. GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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6. OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

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 on the accrual basis of accounting. Any liability/asset for the contractually required OPEB contribution outstanding at the end of the fiscal year is included in accounts payable on the accrual bases of accounting.

Plan Description – OPERS

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS). OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member directed plan is a defined contribution plan and the combined plan is a cost sharing, multiple employers defined benefit plan with defined contribution features.

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service was required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting www.opers.org, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

6. OTHER POST-EMPLOYMENT BENEFITS-CONTINUED

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2021, Authority contributed at a rate of 14 percent of earnable salary.

The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage.

The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was zero for 2020 and 2021.

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

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

Proportionate Share of the Net OPEB Asset	\$ (10,369)
Proportion of the Net OPEB Asset	0.00058200%
Change in Proportion from Prior Measurement date	0.0000220 %
OPEB Income	\$ (62,751)

At June 30, 2021, The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Total Deferred
	<u>Outflows</u>
Changes of assumptions	<u>\$ 5,079</u>
Total Deferred Outflows of Resources	<u>\$ 5,079</u>
	Total Deferred
	<u>Inflows</u>
Net difference between projected and actual investment earnings on OPEB plan investments	<u>\$ 31,681</u>
Total Deferred Inflows of Resources	<u>\$ 31,681</u>

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

6. OTHER POST-EMPLOYMENT BENEFITS-CONTINUED

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

Fiscal Year Ending June 30:	
2022	(\$ 8,945)
2023	(8,945)
2024	(6,498)
2025	(1,105)
2026	<u>(1,109)</u>
Total	<u>(\$26,602)</u>

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 health care costs for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% 3.25 - 10.75%
Single Discount Rate	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.00%
Health Care Cost Trend Rate	8.5% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employee’s 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 were 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 the above-described tables.

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit.

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

6. OTHER POST-EMPLOYMENT BENEFITS-CONTINUED

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	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%

A single discount rate of 6.0% was used to measure the OPEB liability/asset on the measurement date of December 31, 2020. 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% and a municipal bond rate of 2.00%. 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 OPEB plan's fiduciary net position and future contributions were sufficient to finance the health care costs through the year 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.

The following table presents the Authority's proportionate share of the net OPEB liability/asset calculated using the current period discount rate assumption of 6.0 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 (5.0 percent) or one percentage-point higher (7.0 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB liability/(asset)	\$(2,578)	\$(10,369)	\$(16,773)

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% lower or 1.0% 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%. 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

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

6. OTHER POST EMPLOYMENT BENEFITS-CONTINUED

decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Cost Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability/(asset)	\$(10,622)	\$(10,369)	\$(10,086)

7. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities at June 30, 2021:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2021</u>	<u>Due in One Year</u>
Compensated Absences	\$ 14,857	\$ 3,240	(\$ 1,838)	\$ 16,259	\$1,403
Net OPEB (Asset)	77,351	-	(87,720)	(10,369)	-
Net Pension Liability	<u>118,792</u>	<u>-</u>	<u>(26,391)</u>	<u>92,401</u>	<u>-</u>
TOTAL	<u>\$211,000</u>	<u>\$ 3,240</u>	<u>(\$115,949)</u>	<u>\$ 98,291</u>	<u>\$1,403</u>

See Note 5 for information on the Authority's net pension liability and Note 6 for information on the Authority's net OPEB asset.

8. CONTINGENT LIABILITIES

A. 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 costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at June 30, 2021.

B. Litigation

The Authority is unaware of any outstanding lawsuits or other contingencies.

9. 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 investments of the pension and other employee benefit plan in which the Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of Net Pension Liability	.0006240%	.0006010%	.0006610%	.0006520%	.0005850%	.0006130%	.0006690%	.0006690%
Authority's Proportionate Share of the Net Pension Liability	\$ 92,401	\$ 118,792	\$ 181,034	\$ 102,286	\$ 132,844	\$ 106,179	\$ 80,688	\$ 78,866
Authority's Covered Employee Payroll	\$ 89,807	\$ 84,613	\$ 90,899	\$ 86,880	\$ 85,767	\$ 70,413	\$ 73,065	\$ 96,236
Authority's Proportionate Share of the Net Pension Liability as a percent of covered employee payroll	102.89%	140.39%	199.16%	117.73%	154.89%	150.79%	110.43%	81.95%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	89.19%

- (1) The amounts presented for each year were determined as of the calendar year-end that occurred within the fiscal year.
- (2) Information prior to 2014 is not available

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST FIVE FISCAL YEARS**

	2021	2020	2019	2018	2017
Authority's Proportion of Net OPEB Liability/(Asset)	.0005820%	.0005600%	.0006150%	.0006100%	.0005850%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$(10,369)	\$77,351	\$80,181	\$66,242	\$132,844
Authority's Covered Employee Payroll	\$89,807	\$84,613	\$90,899	\$86,880	\$85,767
Authority's Proportionate Share of the Net OPEB Liability/(Asset) as a percent of covered employee payroll	(11.55%)	91.42%	88.21%	76.25%	154.89%
Plan Fiduciary Net Position as a percentage of the total OPEB Liability/(Asset)	115.57%	47.80%	43.33%	54.14%	68.52%

- 1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.
- 2) Information prior to 2017 is not available.

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
LAST TEN YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required employer contributions:										
Pension	\$12,573	\$11,406	\$12,253	\$11,711	\$10,738	\$8,450	\$8,768	\$12,511	\$9,298	\$11,089
OPEB	\$ 0	\$440	\$ 473	452	1,269	1,408	1,461	962	3,719	1,848
Contributions in relation to the contractually required contributions	\$ (12,573)	\$ (11,456)	\$ (12,726)	(12,163)	(12,007)	(9,858)	(10,229)	(13,473)	(13,017)	(12,937)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority covered-employee payroll	\$89,807	\$84,613	\$90,899	\$86,880	\$85,767	\$70,413	\$73,065	\$92,236	\$92,979	\$92,407
Contributions as a percentage of covered-employee payroll										
Pension	14.00%	13.48%	13.48%	13.48%	12.52%	12.00%	12.00%	13.00%	10.00%	12.00%
OPEB	.00%	.52%	.52%	0.52%	1.49%	2.00%	2.00%	1.00%	4.00%	2.00%

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Ohio Public Employees' Retirement System

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% to 0.5% simple through 2021, then 2.15% simple.

Net OPEB Liability/(Asset)

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/(asset) since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00%, (b) municipal bond rate changed from 2.75% to 2.00%, (c) the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

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Financial Data Schedule - MARION MHA 06/30/21
BALANCE SHEET

<u>Line item</u>	<u>Account Description</u>	<u>VCH Amount</u>	<u>VCH COVID</u>	<u>DV (5yr mnst) Amount</u>	<u>Ms5 COVID</u>	<u>Business Amount</u>	<u>PHA TOTALS</u>
111	Cash - Unrestricted	352,028.60		37,534.47		0.00	389,563.07
115	Cash - Restricted -current liab	246,169.00		36,263.00			282,432.00
114	Cash - Restricted	<u>61,457.11</u>	<u>39,339.54</u>	<u>1,870.00</u>	<u>0.00</u>	<u>0.00</u>	<u>102,666.65</u>
100	Total Cash	659,654.71	39,339.54	75,667.47	0.00	0.00	774,661.72
122	Acct Rec-HUD	0.00		467.00			467.00
125	Acct Rec-other	537.50					537.50
	Acct Rec-ports	-1,837.60					-1,837.60
126.2	Allow Doubtful Accts	0.00					0.00
128	Fraud Recovery	18,768.00					18,768.00
128.1	Allow Doubtful Accts	-18,768.00					-18,768.00
129	Accrued Inter Rec	0.00		<u>0.00</u>			<u>0.00</u>
120	Net Total Receivables	-1,300.10		467.00			-833.10
131	Investments-Unrestricted	0.00		0.00		0.00	0.00
	Investments-Restricted	0.00					0.00
142	Prepaid Expenses	8,233.06					8,233.06
144	Interprogram Due From	<u>0.00</u>		<u>0.00</u>			<u>0.00</u>
150	Total Current Assets	8,233.06	0.00	0.00			8,233.06
161	Land			0.00			0.00
162	Buildings			0.00			0.00
164	F/E/M Admin	76,866.45		0.00			76,866.45
165	Leasehold Improv	0.00					0.00
166	Accum Depreciation	<u>-33,124.65</u>		<u>0.00</u>			<u>-33,124.65</u>
160	Net Fixed Assets	43,741.80		0.00			43,741.80
	Other Assets - Gasb 75	10,369.00					10,369.00
200	Deferred Outflows-OPERS	17,045.00					17,045.00
190	TOTAL ASSETS	737,743.47	39,339.54	76,134.47	0.00	0.00	853,217.48
312	A/P <= 90 days	13,328.51					13,328.51
321	Accrued Wage/Taxes Payable	-0.01					-0.01
322	Accrued Comp Abs - current	1,402.82		0.00			1,402.82
331	A/P Hud	0.00		0.00			0.00
342	Deferred Revenue	272,348.00	39,339.54	36,263.00	0.00		347,950.54
347	Inter Program due to	<u>0.00</u>		<u>0.00</u>			<u>0.00</u>
310	Total Current Liabilities	287,079.32	39,339.54	36,263.00	0.00		362,681.86
354	Accrued Comp Abs - Noncurrent	14,856.30					14,856.30
355	Loan liability	0.00					0.00
357	Accrued Pension	92,401.00					92,401.00
400	Deferred inflow of resources	71,561.00					71,561.00
	TOTAL Liabilities	465,897.62	39,339.54	36,263.00	0.00		541,500.16
508.1	Invested in Capital Assets Net	43,741.80		0.00			43,741.80
511.1	Restricted Net Assets	61,457.11		1,870.00			63,327.11
512.1	Unrestricted Net Assets	<u>166,646.94</u>	<u>0.00</u>	<u>38,001.47</u>	<u>0.00</u>		<u>204,648.41</u>
513	TOTAL Equity/Net Assets	271,845.85		39,871.47			311,717.32
600	TOTAL LIAB & EQUITY	737,743.47	39,339.54	76,134.47	0.00	0.00	853,217.48

**Financial Data Schedule - MARION MHA
INCOME STATEMENT -**

<u>Line item</u>	<u>Account Description</u>	<u>VCH Amount</u>	<u>VCH COVID</u>	<u>Maintream Amount</u>	<u>Maintream COVID</u>	<u>Business Amount</u>	<u>PHA TOTALS</u>
	HAP	2,633,031.00	0.00	361,230.00			2,994,261.00
	ADMIN	<u>310,614.00</u>	<u>70,828.05</u>	<u>59,516.00</u>	<u>23,880.00</u>		<u>464,838.05</u>
706	HUD PHA Operating Grants	2,943,645.00	70,828.05	420,746.00	23,880.00		3,459,099.05
711	Investment Income - PHA	521.19		50.91			572.10
	Investment Income - HUD			0.00			0.00
714	Fraud Recovery - PHA	2,487.00					2,487.00
	Fraud Recovery - HUD	2,488.00					2,488.00
715	Port In fee/hap	10,280.10					10,280.10
715	Other Revenue-Gasb 75/Service lincom	59,896.00		0.00		11,037.50	70,933.50
	G/L sale of Equipment	<u>0.00</u>		<u>0.00</u>		<u>0.00</u>	<u>0.00</u>
700	TOTAL REVENUE	3,019,317.29	70,828.05	420,796.91	23,880.00	11,037.50	3,545,859.75
911	Admin Salaries	25,452.99	29,570.32	4,877.07	23,880.00	7,947.00	91,727.38
912	Audit	3,453.90		661.80			4,115.70
	Bookkeeping			0.00			0.00
913	Management Fees						0.00
914	Advertisement & Marketing	80.98		15.52			96.50
915	Emp Benefits	40,393.30		9,304.04		2,538.62	52,235.96
916	Office Expenses	79,438.20	0.00	15,221.23		0.00	94,659.43
917	Legal Exp	855.98		164.02		0.00	1,020.00
918	Travel	152.99		135.06		551.88	839.93
	Other (inspect/dmha)	<u>99,889.13</u>		<u>19,139.86</u>		<u>0.00</u>	<u>119,028.99</u>
	Ttl Operating- Admin	249,717.47	29,570.32	49,518.60	23,880.00	11,037.50	363,723.89
924	Tenant Services		16,354.96	0.00			16,354.96
942	Ordinary Maint	<u>3,299.03</u>	<u>0.00</u>	<u>632.13</u>	<u>0.00</u>		<u>3,931.16</u>
	Ttl Maint	3,299.03	0.00	632.13	0.00	0.00	3,931.16
9520	Protective services	760.06		145.64		0.00	905.70
961	Insurance - Property Ins						
	Insurance - Liab Ins	5,831.37		1,117.36			6,948.73
	Insurance - Workmens Comp	0.00					0.00
	Insurance - All other	<u>0.00</u>		<u>0.00</u>			<u>0.00</u>
	Ttl Insurance	5,831.37		1,117.36		0.00	6,948.73
962	Other General Exp	0.00					0.00
96210	Comp Abs	1,402.82		0.00		0.00	1,402.82
964	Bad Debt						
967	Interest Expense	<u>0.00</u>		<u>0.00</u>			<u>0.00</u>
	TOTAL OPER EXP	261,010.75	45,925.28	51,413.73	23,880.00	11,037.50	393,267.26
970	Excess Oper Rev over Exp						
973	HAP	2,602,862.00		382,615.00		0.00	2,985,477.00
	HAP - port in	9,210.00		0.00			9,210.00
974	Depreication Exp	<u>10,526.46</u>		<u>0.00</u>		<u>0.00</u>	<u>10,526.46</u>
900	TOTAL EXPENSES	2,883,609.21	45,925.28	434,028.73	23,880.00	11,037.50	3,398,480.72
1000	NET	135,708.08	24,902.77	-13,231.82	0.00	0.00	147,379.03

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass Through Grantor Program/Cluster Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	\$ 2,943,645
COVID-19 - Section 8 Housing Choice Vouchers	N/A	14.871	70,828
Mainstream Vouchers	N/A	14.879	420,746
COVID-19 - Mainstream Vouchers	N/A	14.879	23,880
Total Housing Voucher Cluster			<u>3,459,099</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,459,099</u></u>

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

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Marion Metropolitan Housing Authority (the Authority) under programs of the federal government for the fiscal year ended June 30, 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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.



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

Marion Metropolitan Housing Authority
Marion County
117 N Greenwood St, Ste 12
Marion, Ohio 43302

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Marion Metropolitan Housing Authority, Marion County, (the Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 7, 2022 wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 7, 2022



**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**

Marion Metropolitan Housing Authority
Marion County
117 N Greenwood St, Ste 12
Marion, Ohio 43302

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited Marion Metropolitan Housing Authority's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Marion Metropolitan Housing Authority's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Marion Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

September 7, 2022

**MARION METROPOLITAN HOUSING AUTHORITY
MARION COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
June 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

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OHIO AUDITOR OF STATE KEITH FABER



MARION METROPOLITAN HOUSING AUTHORITY

MARION COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/15/2022

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

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