Certified Public Accountants, A.C.

HOCKING METROPOLITAN HOUSING AUTHORITY
HOCKING COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020

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Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
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Wheeling, WV 26003
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OHIO AUDITOR OF STATE
KEITH FABER

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(800) 282-0370

Board of Commissioners
Hocking Metropolitan Housing Authority
33601 Pine Ridge Drive
Logan, Ohio 43138

We have reviewed the *Independent Auditor's Report* of the Hocking Metropolitan Housing Authority, Hocking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2021

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HOCKING METROPOLITAN HOUSING AUTHORITY

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Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR'S REPORT

August 27, 2021

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

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Hocking Metropolitan Housing Authority**, Hocking County, Ohio (the Authority), as of and for the year ended December 31, 2020, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hocking Metropolitan Housing Authority, Hocking County as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing 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 and Other Information

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

The supplemental financial data schedule presented on pages 55 through 57 is presented for additional analysis as required by the U.S. Department of Housing and Urban Development and is 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2021, 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.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

HOCKING METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2020
(UNAUDITED)

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

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

FINANCIAL HIGHLIGHTS

- Net position was $3,902,904 and $3,988,546 for 2020 and 2019, respectively. The Authority-wide statements reflect a decrease in total net position of $85,642 (or 2%), during 2020. This decrease is reflective of the year's activities.

- The revenues increased by $808,877 (or 20.5%) during 2020, and were $4,747,235 and $3,938,358 for 2020 and 2019, respectively.

- The total expenses of all Authority programs increased by $547,400 (or 13%) during 2020. Total expenses were $4,832,877 and $4,285,477 for 2020 and 2019, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report:

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

Authority-Wide Financial Statements

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

Authority-Wide Financial Statements - continued

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

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

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

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

Unrestricted: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted". This account resembles the old operating reserves account.

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

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

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

Fund Financial Statements

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

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

The Authority's Programs

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy to enable the PHA to provide the housing at a rent that is based upon 30% of adjusted gross household income.

The Authority's Programs - continued

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

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

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

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

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

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

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

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

The Authority's Programs - continued

Other Business (HMHA Rentals) - continued

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

In September 2016, the Housing Authority began the process of managing a number of other rental properties located in Middleport, McArthur, and Logan, Ohio on behalf of those properties' present owners. The management of these properties resulted in net revenues in 2020 and 2019.

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

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

Hocking County Development Disabilities Board - The Authority entered into contract to serve as the Hocking County Disability Housing Provider. This project included the maintenance and property management of the six homes in Hocking County that serve as housing for Developmentally Disabled Adults. The project includes all aspects of housing management and maintenance. It is funded from rent collection and subsidy received from the Hocking Development Disabilities Board. HMHA first entered into a maintenance services contract starting in January of 2013, and this was converted to a full property management contract in July 2013. The six properties in the project are owned by Vinton Count Metropolitan Housing Authority.

This contract expired at the end of 2018, and was not renewed by the Hocking County Development Disabilities Board. A total of $10,675 had been set aside at December 31, 2018 as payment due to the Hocking County Development Disabilities Board to settle up between the Authority program and the Board, and this amount was paid in July 2019 by the Authority Program.

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

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

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

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

The Authority's Programs - continued

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

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

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

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

GASB Pronouncements

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

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

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

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

2. Minus plan assets available to pay these benefits

GASB Pronouncements – continued

GASB 68 - continued

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

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

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

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

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

GASB 75

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

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

GASB Pronouncements – continued

GASB 75 - continued

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

AUTHORITY-WIDE STATEMENT

Statement of Net Position

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

STATEMENTS OF NET POSITION

	2020	2019
Current Assets and Other	$ 601,641	$ 676,170
Capital Assets, Net	6,346,362	6,255,823
Notes, Loans & Mortgages Receivable - Non-Current	2,175,446	2,111,678
Deferred Outflow of Resources	231,095	438,649
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	9,354,544	9,482,320
Current Liabilities	539,106	588,363
Non-Current Liabilities	4,652,109	4,889,187
Deferred Inflow of Resources	260,425	16,224
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	5,451,640	5,493,774
Net Position:		
Net Investment in Capital Assets	2,909,511	3,554,518
Restricted	19,789	199,553
Unrestricted	973,604	234,475
TOTAL NET POSITION	$ 3,902,904	$ 3,988,546

Major Factors Affecting the Statement of Net Position

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

CHANGES IN NET POSITION

Table 2 presents details on the change in Net Position:

	Unrestricted	Restricted	Net Investment in Capital Assets
Beginning Balance - January 1, 2020	$ 234,475	$ 199,553	$ 3,554,518
Results of Operations	58,544	(111,004)	(33,182)
Adjustments:			
Reclassification	759,093	(66,582)	(692,511)
Current year depreciation expense	340,426	-	(340,426)
Capital expenditures and CIP	(430,965)	-	430,965
Change in loan activity	9,853	-	(9,853)
Change in restricted HAP	2,178	(2,178)	-
Ending Balance - December 31, 2020	$ 973,604	$ 19,789	$ 2,909,511

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

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STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

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

	2020	2019
Revenues		
Tenant revenue - rents and other	$ 881,511	$ 810,825
Operating subsidies and grants	3,033,965	2,595,229
Capital grants	290,569	212,577
Investment income/other revenues	541,190	319,727
TOTAL REVENUE	4,747,235	3,938,358
Expenses		
Administration	1,364,817	987,472
Tenant services	146,971	628
Utilities	194,074	198,509
Maintenance	746,214	805,978
General/PILOT/Insurance	154,501	154,245
Housing assistance payments	1,771,576	1,685,500
Depreciation and amortization	340,426	339,786
Interest expense	114,298	113,359
TOTAL EXPENSES	4,832,877	4,285,477
EXCESS OF TOTAL REVENUE OVER TOTAL EXPENSES (TOTAL EXPENSES OVER TOTAL REVENUE)	(85,642)	(347,119)
NET POSITION - BEGINNING OF YEAR	3,988,546	4,335,665
NET POSITION - END OF YEAR	$ 3,902,904	$ 3,988,546

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

During 2020, the Housing Authority continued to manage properties located in Hocking, Meigs, and McArthur Counties for which substantial funds are received from the owners of these properties for property management fees and repairs and maintenance of those properties.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had $6,346,362 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase (additions, deductions and depreciation) of $90,539, from the end of last year.

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	2020	2019
Land and land rights	$ 1,474,593	$ 1,416,294
Buildings	13,012,103	12,874,702
Equipment	220,430	224,930
Leasehold improvements	1,469,351	1,469,351
Construction in progress	394,052	155,371
Accumulated depreciation	(10,224,167)	(9,884,825)
TOTAL	$ 6,346,362	$ 6,255,823

CHANGES IN CAPITAL ASSETS

The following reconciliation summarizes the change in capital assets:

Beginning balance - January 1, 2020	$ 6,255,823
Capital asset additions	434,381
Capital asset disposals	(3,416)
Depreciation	(340,426)
Ending balance - December 31, 2020	$ 6,346,362

CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED

Debt Administration

The following is the debt activity during 2020:

Beginning balance - January 1, 2020	$	3,446,704
Current year loan additions		304,000
Current year loan retirements		(313,853)
Ending balance - December 31, 2020	$	3,436,851

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

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

FINANCIAL CONTACT

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

HOCKING METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
December 31, 2020

ASSETS		
Current assets		
Cash and cash equivalents	$	382,712
Cash and cash equivalents - restricted		84,179
Investments		28,200
Receivables, net		32,341
Prepaid expenses and other assets		74,209
TOTAL CURRENT ASSETS		601,641
Noncurrent assets		
Capital assets:		
Land and construction in progress		1,868,645
Building and equipment - net of accumulated depreciation		4,477,717
Other noncurrent assets		2,175,446
TOTAL NONCURRENT ASSETS		8,521,808
Deferred outflow of resources - Pension		143,056
Deferred outflow of resources - OPEB		88,039
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$	9,354,544

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

HOCKING METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION - CONTINUED
December 31, 2020

LIABILITIES		
Current liabilities		
Accounts payable	$	55,179
Accrued liabilities		83,753
Accrued compensated absences		11,741
Intergovernmental payables		33,377
Tenant security deposits		64,390
Unearned revenue		59,279
Accrued interest payable		9,477
Bonds, notes, and loans payable		221,910
TOTAL CURRENT LIABILITIES		539,106
Noncurrent liabilities		
Bonds, notes and loans payable		3,214,941
Accrued compensated absences non-current		26,603
Net pension liability		854,470
Net OPEB liability		556,095
TOTAL NONCURRENT LIABILITIES		4,652,109
Deferred inflow of resources - Pension		181,251
Deferred inflow of resources - OPEB		79,174
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES		5,451,640
NET POSITION		
Invested in capital assets, net of related debt		2,909,511
Restricted net position		19,789
Unrestricted net position		973,604
TOTAL NET POSITION	$	3,902,904

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

HOCKING METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
Year Ended December 31, 2020

OPERATING REVENUES		
Tenant revenue	$	881,511
Government operating grants		3,033,965
Other revenue		474,979
TOTAL OPERATING REVENUES		4,390,455
OPERATING EXPENSES		
Administrative		1,364,817
Tenant services		146,971
Utilities		194,074
Maintenance		746,214
Insurance		73,919
General		80,582
Housing assistance payments		1,771,576
Depreciation and amortization		340,426
TOTAL OPERATING EXPENSES		4,718,579
OPERATING (LOSS)		(328,124)
NON-OPERATING REVENUES (EXPENSES)		
Capital grants		290,569
Interest and investment revenue		66,211
Interest expense		(114,298)
TOTAL NON-OPERATING REVENUE (EXPENSE)		242,482
EXCESS OF TOTAL EXPENSES OVER TOTAL REVENUES		(85,642)
NET POSITION - BEGINNING OF YEAR		3,988,546
NET POSITION - END OF YEAR	$	3,902,904

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

HOCKING METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Operating grants received	$	3,085,522
Tenant revenue received		882,996
Other revenue received		500,360
General and administrative expenses paid		(2,411,526)
Housing assistance payments		(1,771,576)
NET CASH PROVIDED BY OPERATING ACTIVITIES		285,776
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned and received		2,352
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES		
Capital grants received		290,569
Property and equipment purchased		(434,381)
Proceeds from issuance of debt		304,000
Principal payments on debt		(313,853)
Interest payments		(104,821)
NET CASH (USED) BY CAPITAL AND RELATED ACTIVITIES		(258,486)
CHANGE IN CASH AND CASH EQUIVALENTS		29,642
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		437,249
CASH AND CASH EQUIVALENTS - END OF YEAR	$	466,891

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

HOCKING METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS - CONTINUED
Year Ended December 31, 2020

RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating (loss)	$	(328,124)
Adjustment to reconcile operating loss to net cash used by operating activities		
- Depreciation and amortization		340,426
- Loss on disposal of fixed assets		3,416
(Increases) decreases in:		
- Accounts receivables, net		92,858
- Inventory, net		25,257
- Prepaid assets		(13,853)
- Deferred outflow of resources		207,554
Increases (decreases) in:		
- Accounts payable		(55,728)
- Accrued liabilities		6,161
- Accrued compensated absence payable		(385)
- Intergovernmental payables		(931)
- Tenant security deposits		(2,192)
- Unearned revenue		(9,685)
- Accrued pension and OPEB liabilities		(223,199)
- Deferred inflow of resources		244,201
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	285,776

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Basis of Presentation

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

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

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

Measurement Focus

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

Fund Accounting

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

Enterprise Fund

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting and Reporting for Non-exchange Transactions - continued

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Receivables – net of allowance
Total receivables at December 31, 2020 are $32,341. This amount is net of the allowance for doubtful accounts of $23,139. Bad debts are provided on the allowance method based on management's evaluation of the probability of collecting the outstanding tenant receivable balances at the end of the year.

Prepaid Expenses
Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

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

Property and Equipment - continued

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

Depreciation is recorded on the straight-line method.

Investments
The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ended December 31, 2020 totaled $66,211.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Position

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

Operating Revenues and Expenses

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

Capital Contributions

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

Budgetary Accounting

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

Inventories

The Authority's inventory is comprised of maintenance materials and supplies. Inventories are stated at cost. The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expense when used. The allowance for obsolete inventory was $0 at December 31, 2020.

Compensated Absences

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences - continued

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

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

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

	Beginning Balance 12/31/19	Earned	Used	Ending Balance 12/31/20	Due in One Year
Compensated absences payable	$ 38,729	$ 38,972	$ (39,357)	$ 38,344	$ 11,741

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

2. DEPOSITS AND INVESTMENTS

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

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

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

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

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by a letter of credit at Federal Home Loan Bank.

2. DEPOSITS AND INVESTMENTS - CONTINUED

Deposits - continued

The carrying amount of the Authority's deposits and investments was $495,091 including $100 petty cash, at December 31, 2020. The corresponding bank balances were $611,862. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," as of December 31, 2020, $306,661 was covered by federal depository insurance, while $305,201 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, in the Authority's name.

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

Investments

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

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

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

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

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

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

3. RESTRICTED CASH

Restricted cash balances as of December 31, 2020 of $84,179 are made up of the following:

Restricted cash and cash equivalents:	
Tenant security deposits - Public Housing	$ 47,857
Tenant security deposits - Other Business Activities	17,000
Housing Assistance Deposits - Housing Choice Vouchers	2,546
Reserve for Replacement – Business Activities	2,113
Modernization and Development - Public Housing	14,663
TOTAL RESTRICTED CASH AND CASH EQUIVALENTS	$ 84,179

4. CAPITAL ASSETS

A summary of capital assets at December 31, 2020, is as follows:

	Balance 12/31/19	Restatement	Restated Balance 12/31/19	Additions	Disposals	Balance 12/31/20
CAPITAL ASSETS, NOT BEING DEPRECIATED						
Land	$ 1,416,294	$ -	$ 1,416,294	$ 58,299	$ -	$ 1,474,593
Construction in progress	155,371	-	155,371	238,681	-	394,052
Total	1,571,665	-	1,571,665	296,980	-	1,868,645
CAPITAL ASSETS, BEING DEPRECIATED						
Buildings and improvements	12,831,714	42,988	12,874,702	137,401		13,012,103
Furniture and equipment	229,053	(4,123)	224,930	-	(4,500)	220,430
Leasehold improvements	1,508,216	(38,865)	1,469,351	-		1,469,351
Total	14,568,983	-	14,568,983	137,401	(4,500)	14,701,884
ACCUMULATED DEPRECIATION						
Buildings and improvements	(8,242,705)	(725)	(8,243,430)	(323,334)		(8,566,764)
Furniture and equipment	(177,220)	(6,689)	(183.909)	(12,641)	1,084	(195,466)
Leasehold improvements	(1,464,900)	7,414	(1,457,486)	(4,451)	-	(1,461,937)
Total	(9,884,825)	-	(9,884,825)	(340,426)	1,084	(10,224,167)
TOTAL CAPITAL ASSETS, NET	$ 6,255,823	$ -	$ 6,255,823	$ 93,955	$ (3,416)	$ 6,346,362

Restatements were made to the capital asset accounts to agree to the FDS.

5. OTHER NON-CURRENT ASSETS

These assets consist of the following:

Description	Balance 12/31/19	Additions	Decrease	Balance 12/31/20
Note Receivable - Pine Ridge Apts	$ 1,288,000	$ -	$ -	$ 1,288,000
Accrued interest receivable - Note receivable - Pine Ridge Apts	812,913	64,400	-	877,313
Loan costs	10,765	-	632	10,133
Totals	$ 2,111,678	$ 64,400	$ 632	$ 2,175,446

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

6. LONG-TERM DEBT

Hocking Metropolitan Housing Authority has several outstanding mortgages as of December 31, 2020. These loans were obtained to purchase property with the Board Funds and also to obtain an interest in the Pine Ridge Development to lease some of the units to public housing tenants.

	Original Balance	Interest Rate	Maturity Date	12/31/2020 Balance
Chase:				
Pine Ridge Loan	$ 900,000	6.86%	March 2027	$ 404,511
Mental Health Property	100,000	0.00%	2047	100,000
Merchants Bank:				
477-481 Henrietta Ave.	63,600	5.08%	May 2039	60,622
5545 Bauman Hill Rd.	175,000	5.00%	September 2029	48,753
FCN:				
Energy Performance	1,416,383	4.00%	May 2028	931,340
Vinton County Bank:				
Youthbuild, HMHA Rentals	728,000	4.25%	March 2033	493,774
Century National Bank:				
Refinancing of old debt	400,000	3.375%	December 2026	336,765
1651 Quail Meadow Drive	15,000	4.00%	May 2024	7,833
Fairfield Board of Developmental Disabilities:				
2550 Lancaster-Thornville Rd.	161,292	0.00%	September 2031	161,292
1651 Quail Meadow Drive	143,640	0.00%	March 2032	143,640
1892 Frank Drive	117,283	0.00%	November 2033	117,283
5545 Bauman Hill Rd.	155,643	0.00%	September 2034	155,643
1790 Sugar Grove RD	160,000	3.00%	March, 2035	43,395
FF County Loan Sugar Grove Rd	144,000	0.00%	March 2035	144,000
Other:				
Pine Ridge	288,000	0.00%	2026	288,000
Total Outstanding Mortgages:				3,436,851
Less: Current Portion				221,910
Total Non-Current Mortgages Payable				$ 3,214,941

6. LONG-TERM DEBT - CONTINUED

The following is a summary of changes in long-term debt for the year ended December 31, 2020:

Description	Balance 12/31/19	Additions	Retired	Balance 12/31/20	Due Within One Year
Loans payable	$ 3,446,704	$ 304,000	$ 313,853	$ 3,436,851	$ 221,910

Maturities of the debt are as follows:

Years	Principal	Interest	Total
2021	221,910	100,911	322,821
2022	238,457	89,967	328,424
2023	254,199	78,364	332,563
2024	259,354	66,116	325,470
2025	270,705	53,612	324,317
2026-2030	1,054,815	119,215	1,174,030
2031-2035	1,001,267	30,130	1,031,397
2036-2040	36,144	1,793	37,937
2041-2045	-	-	-
2046-2050	100,000	-	100,000
Totals	$ 3,436,851	$ 540,108	$ 3,976,959

7. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

Net Pension Liability - continued

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

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

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

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

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

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

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

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

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2019 Actual Contribution Rates	
Employer	
Pension	14.0%
Post-employment Health Care Benefits	0.0%
Total Employer	14.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution for the periods ended December 31, 2020, 2019 and 2018, were $97,417, $85,153 and $78,069. 100% has been contributed for 2020, 2019, and 2018.

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

The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

Net Pension Liability	Traditional
Proportionate Share of the Net Pension Liability Prior Measurement Date	$ 1,131,945
Proportionate Share of the Net Pension Liability Current Measurement Date	854,470
Change in Proportionate Share	$ (277,475)
Proportion of the Net Pension Liability	0.0043230%
Pension Expense	$ 139,720

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources		
Changes in assumptions	$	45,639
Authority contributions subsequent to the measurement date		97,417
Total Deferred Outflows of Resources	$	143,056
Deferred Inflows of Resources		
Difference between expected and actual experience	$	10,803
Net difference between projected and actual earnings on pension plan investments		170,448
Total Deferred Inflows of Resources	$	181,251

$97,417 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

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

Fiscal Year Ending December 31:	OPERS
2021	$ (19,947)
2022	(55,048)
2023	7,062
2024	(67,679)
Thereafter	-
Total	$ (135,612)

Actuarial Assumptions - OPERS

OPERS' total pension asset and liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, 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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions – OPERS - continued

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2019, are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2019
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	7.20%
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 1.40% Simple through 2020, then 2.15% Simple

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

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

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

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions – OPERS - continued

During 2019 OPERS manage investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan. Within the defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first on the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was at a loss of 17.2% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation for 2018	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00%	1.83%
Domestic Equities	19.00%	5.75%
Real Estate	10.00%	5.20%
Private Equity	12.00%	10.70%
International Equities	21.00%	7.66%
Other Investments	13.00%	4.98%
Total	100.00%	5.61%

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

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions – OPERS - continued

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

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Authority's proportionate share of the net pension liability	$ 1,409,298	$ 854,470	$ 355,696

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

At December 31, 2020, the Authority reported a liability of $854,470 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation for December 31, 2019 and estimates for 2020.

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

8. OTHER POST EMPLOYMENT BENEFIT PLAN

Plan Description

Authority employees participate in the Ohio Public Employees Retirement System of Ohio (OPERS), which is a cost-sharing, multiple-employer retirement plan. 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.

Funding Policy – Ohio Revised Code Chapter 145 authorizes OPERS to offer the Plan and gives the OPERS Board of Trustees discretionary authority over how much, if any, of the health care costs will be absorbed by OPERS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the year ended December 31, 2019. OPERS allocated 0.0% of employer contributions to post-employment health care.

Net OPEB Liability

For fiscal year 2019, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective.

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.

8. OTHER POST EMPLOYMENT BENEFIT PLAN - CONTINUED

Net OPEB Liability-continued

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 Plan is included in the report of OPERS which can be obtained by visiting www.opers.org or by calling (800) 222-7377.

The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on The Authority's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

8. OTHER POST EMPLOYMENT BENEFIT PLAN - CONTINUED

Net OPEB Liability-continued

Net OPEB Liability		Traditional
Proportionate Share of the Net OPEB Liability Prior Measurement Date	$	501,819
Proportionate Share of the Net OPEB Liability Current Measurement Date		556,095
Change in Proportionate Share	$	54,276
Proportion of the Net OPEB Liability		0.004026%
OPEB Expense	$	79,654

8. OTHER POST EMPLOYMENT BENEFIT PLAN - CONTINUED

Net OPEB Liability-continued

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources		
Changes in assumptions	$	88,024
Difference between expected and actual experience		15
Total Deferred Outflows of Resources	$	88,039
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	$	28,316
Difference between expected and actual experience		50,858
Total Deferred Inflows of Resources	$	79,174

Fiscal Year Ending December 31:		OPEB
2021	$	14,262
2022		6,678
2023		24
2024		(12,099)
Thereafter		-
Total	$	8,865

Actuarial Assumptions – OPEB

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

8. OTHER POST EMPLOYMENT BENEFIT PLAN - CONTINUED

Actuarial Assumptions – OPEB - continued

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Actuarial Information	
Valuation Date	December 31, 2018
Rolled-forward measurement date	December 31, 2019
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age normal
Actuarial Assumptions:	
Single Discount Rate	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate	2.75%
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006.

The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

8. OTHER POST EMPLOYMENT BENEFIT PLAN - CONTINUED

Actuarial Assumptions – OPEB - continued

A single discount rate of 3.16% as used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

The following table presents the OPEB liability calculated using the single discount rate of 3.96%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease 2.16%	Current Discount Rate 3.16%	1% Increase 4.16%
Authority's proportionate share of the net OPEB liability	$ 727,740	$ 556,095	$ 418,664

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% 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 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation.

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

8. OTHER POST EMPLOYMENT BENEFIT PLAN - CONTINUED

Actuarial Assumptions – OPEB – continued

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$ 539,685	$ 556,095	$ 572,296

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. The table below displays the Board-approved asset allocation policy for 2017 and the long- term expected real rates of return.

Asset Class	Target Allocation for 2018	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00%	1.53%
Domestic Equities	21.00%	5.75%
REITs	6.00%	5.69%
International Equities	23.00%	7.66%
Other Investments	14.00%	4.90%
Total	100.00%	4.55%

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members.

8. OTHER POST EMPLOYMENT BENEFIT PLAN – CONTINUED

Actuarial Assumptions – OPEB - continued

Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio.

The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 19.7% for 2019.

9. NET PENSION AND OPEB LIABILITIES AT DECEMBER 31, 2020

The following is a summary of changes in the net pension and OPEB liabilities during 2020:

	Beginning Balance 12/31/2019	Additions	Reductions	Ending Balance 12/31/2020	Amounts Due in One Year
Net OPEB Liability	$ 501,819	$ 54,276	$ -	$ 556,095	$ -
Net Pension Liability	1,131,945	-	277,475	854,470	-
Total Long-Term Obligations	$ 1,633,764	$ 54,276	$ 277,475	$ 1,410,565	$ -

10. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2020, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis.

11. ECONOMIC DEPENDENCY

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

12. INSURANCE AND RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending December 31, 2020 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

13. CONTINGENCIES

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the Federal government. Grantors may require refunding any disallowed cost or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recapture amounts would not have a material adverse effect on the overall financial position at December 31, 2020.

14. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

HOCKING METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND NET OPEB LIABILITY
Year Ended December 31, 2020

Traditional Pension Plan

	2019	2018	2017	2016
Authority's Proportion of the Net Pension Liability	0.004323%	0.004133%	0.003841%	0.003308%
Authority's Proportionate Share of the Net Pension Liability	$854,470	$1,131,945	$602,578	$781,187
Authority's Covered Payroll	$608,237	$558,282	$508,225	$429,962
Authority's Proportionate Share of the Net Pension Liability As a Percentage of its Covered Employee Payroll	140.48%	202.76%	118.57%	181.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%

OPEB Plan

	2019	2018	2017	2016
Authority's Proportion of the Net OPEB Liability	0.004026%	0.003849%	0.003580%	0.003580%
Authority's Proportionate Share of the Net OPEB Liability	$556,095	$501,819	$388,762	$361,592
Authority's Covered Payroll	$608,237	$558,282	$508,225	$429,962
Authority's Proportionate Share of the Net OPEB Liability As a Percentage of its Covered Employee Payroll	91.43%	89.89%	76.49%	84.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	98.37%	N/A

HOCKING METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S OHIO PUBLIC
EMPLOYEES RETIREMENT SYSTEM CONTRIBUTIONS
LAST TEN FISCAL YEARS

Traditional Plan	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required employer contribution	$97,417	$85,153	$78,069	$66,069	$51,595	$43,299	$43,434	$41,820	$39,164	$43,920
Contributions in Relation to the Contractually Required Contribution	(97,417)	(85,153)	(78,069)	(66,069)	(51,595)	(43,299)	(43,434)	(41,820)	(39,164)	(43,920)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Authority Covered Payroll	$695,840	$608,237	$558,282	$508,225	$429,962	$360,824	$361,951	$348,500	$326,370	$366,000
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

OPEB Plan	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required employer contribution	$ -	$ -	$ -	$5,082	$8,599	$7,216	$7,239	$6,970	$6,527	$7,320
Contributions in Relation to the Contractually Required Contribution	-	-	-	(5,082)	(8,599)	(7,216)	(7,239)	(6,970)	(6,527)	(7,320)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Authority Covered Payroll	$695,840	$608,237	$558,282	$508,225	$429,962	$360,824	$361,951	$348,500	$326,370	$366,000
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Ohio Public Employees' Retirement System

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2020.

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.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2020.

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%.

HOCKING METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

Federal Grantor / Pass Through Grantor Program Title	Pass-Through Number	Federal CFDA Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs			
Shelter Plus Care	N/A	14.238	$ 299,624
Continuum of Care Program	N/A	14.267	364,011
Public and Indian Housing	N/A	14.850	481,614
Public and Indian Housing – CARES Act	N/A	14.850	74,116
Total Public and Indian Housing			555,730
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	1,364,328
Section 8 Housing Choice Vouchers – CARES Act	N/A	14.871	72,355
Total Public and Indian Housing			1,436,683
Total Housing Voucher Cluster			1,436,683
Public Housing Capital Fund	N/A	14.872	544,529
Total Expenditures of Federal Awards			$ 3,200,577

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Hocking Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended December 31, 2020. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOCKING METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$25,867		$66,583		$21,316	$69,055	$88,715		$112,413	$383,949	-$1,237	$382,712
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted	$14,663		$2,113			$2,546				$19,322		$19,322
114 Cash - Tenant Security Deposits	$47,857		$17,000							$64,857		$64,857
115 Cash - Restricted for Payment of Current Liabilities												
100 Total Cash	$88,387	$0	$85,696	$0	$21,316	$71,601	$88,715	$0	$112,413	$468,128	-$1,237	$466,891
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects												
124 Accounts Receivable - Other Government				$1,240						$1,240		$1,240
125 Accounts Receivable - Miscellaneous			$635			$50			$21,206	$21,891		$21,891
126 Accounts Receivable - Tenants	$11,786		$2,674							$14,460		$14,460
126.1 Allowance for Doubtful Accounts -Tenants	-$5,250		$0							-$5,250		-$5,250
126.2 Allowance for Doubtful Accounts - Other	$0		$0	$0		$0			$0	$0		$0
127 Notes, Loans, & Mortgages Receivable - Current												
128 Fraud Recovery	$2,440			$1,502	$430	$12,873	$644			$17,889		$17,889
128.1 Allowance for Doubtful Accounts - Fraud	-$2,440			-$1,502	-$430	-$12,873	-$644			-$17,889		-$17,889
129 Accrued Interest Receivable												
120 Total Receivables, Net of Allowances for Doubtful Accounts	$6,536	$0	$3,309	$1,240	$0	$50	$0	$0	$21,206	$32,341	$0	$32,341
131 Investments - Unrestricted	$10,000								$18,200	$28,200		$28,200
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets	$46,301		$10,305			$3,956			$13,647	$74,209		$74,209
143 Inventories												
143.1 Allowance for Obsolete Inventories												
144 Inter Program Due From	$30,163		$33,587			$101			$47,429	$111,280	-$111,280	$0
145 Assets Held for Sale												
150 Total Current Assets	$181,387	$0	$132,897	$1,240	$21,316	$75,708	$88,715	$0	$212,895	$714,158	-$112,517	$601,641
161 Land	$973,519		$487,574						$13,500	$1,474,593		$1,474,593
162 Buildings	$10,364,815		$2,620,414						$26,874	$13,012,103		$13,012,103
163 Furniture, Equipment & Machinery - Dwellings	$34,988		$19,895						$13,715	$68,598		$68,598
164 Furniture, Equipment & Machinery - Administration	$27,792		$35,244			$22,796			$66,000	$151,832		$151,832
165 Leasehold Improvements	$1,459,634		$9,717							$1,469,351		$1,469,351
166 Accumulated Depreciation	-$9,388,837		-$719,183			-$22,685			-$93,462	-$10,224,167		-$10,224,167
167 Construction in Progress	$237,679		$57,590						$98,783	$394,052		$394,052
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	$3,709,590	$0	$2,511,251	$0	$0	$111	$0	$0	$125,410	$6,346,362	$0	$6,346,362
171 Notes, Loans and Mortgages Receivable - Non-Current	$2,165,313									$2,165,313		$2,165,313
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due												
173 Grants Receivable - Non Current												
174 Other Assets			$10,133							$10,133		$10,133
176 Investments in Joint Ventures												
180 Total Non-Current Assets	$5,874,903	$0	$2,521,384	$0	$0	$111	$0	$0	$125,410	$8,521,808	$0	$8,521,808
200 Deferred Outflow of Resources	$79,266		$30,967			$31,891			$88,971	$231,095		$231,095
290 Total Assets and Deferred Outflow of Resources	$6,135,556	$0	$2,685,248	$1,240	$21,316	$107,710	$88,715	$0	$427,276	$9,467,061	-$112,517	$9,354,544
311 Bank Overdraft				$1,237						$1,237	-$1,237	$0
312 Accounts Payable <= 90 Days	$13,763		$3,343			$1,244			$7,459	$25,809		$25,809
313 Accounts Payable >90 Days Past Due												
321 Accrued Wage/Payroll Taxes Payable	$12,734					$3,524			$13,112	$29,370		$29,370
322 Accrued Compensated Absences - Current Portion	$3,522		$1,174		$1,174	$1,174	$1,174		$3,523	$11,741		$11,741
324 Accrued Contingency Liability												
325 Accrued Interest Payable	$9,477									$9,477		$9,477
331 Accounts Payable - HUD PHA Programs												
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government	$33,377									$33,377		$33,377
341 Tenant Security Deposits	$47,390		$17,000							$64,390		$64,390
342 Unearned Revenue	$903		$231		$13,183	$50	$44,912			$59,279		$59,279
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$150,123		$71,787							$221,910		$221,910
344 Current Portion of Long-term Debt - Operating Borrowings												
345 Other Current Liabilities	$83,753									$83,753		$83,753
346 Accrued Liabilities - Other												
347 Inter Program - Due To	$32,847		$55,918		$275	$5,040	$220		$16,980	$111,280	-$111,280	$0
348 Loan Liability - Current	$0									$0		$0
310 Total Current Liabilities	$387,889	$0	$149,453	$1,237	$14,632	$11,032	$46,306	$0	$41,074	$651,623	-$112,517	$539,106
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$1,473,727		$1,741,214							$3,214,941		$3,214,941
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other												
354 Accrued Compensated Absences - Non Current	$4,084		$3,437	$2	$137	$1,305	$129		$17,509	$26,603		$26,603
355 Loan Liability - Non Current	$0									$0		$0
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities	$483,823		$189,016			$194,658			$543,068	$1,410,565		$1,410,565
350 Total Non-Current Liabilities	$1,961,634	$0	$1,933,667	$2	$137	$195,963	$129	$0	$560,577	$4,652,109	$0	$4,652,109
300 Total Liabilities	$2,349,523	$0	$2,083,120	$1,239	$14,769	$206,995	$46,435	$0	$601,651	$5,303,732	-$112,517	$5,191,215
400 Deferred Inflow of Resources	$89,326		$34,897			$35,938			$100,264	$260,425		$260,425
508.4 Net Investment in Capital Assets	$3,017,079	$0	$698,250	$0	$0	$111	$0	$0	$125,410	$3,840,850		$3,840,850
511.4 Restricted Net Position	$0	$0		$0	$0	$1,561	$0	$0	$0	$1,561		$1,561
512.4 Unrestricted Net Position	$679,628	$0	-$131,019	$1	$6,547	-$136,895	$42,280	$0	-$400,049	$60,493		$60,493
513 Total Equity - Net Assets / Position	$3,696,707	$0	$567,231	$1	$6,547	-$135,223	$42,280	$0	-$274,639	$3,902,904	$0	$3,902,904
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$6,135,556	$0	$2,685,248	$1,240	$21,316	$107,710	$88,715	$0	$427,276	$9,467,061	-$112,517	$9,354,544

HOCKING METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
For the Year Ended December 31, 2020

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$450,277		$338,115							$788,392		$788,392
70400 Tenant Revenue - Other	$53,289		$39,830							$93,119		$93,119
70500 Total Tenant Revenue	$503,566	$0	$377,945	$0	$0	$0	$0	$0	$0	$881,511	$0	$881,511
70600 HUD PHA Operating Grants	$735,574	$74,116			$364,011	$1,364,328	$299,624	$72,355		$2,910,008		$2,910,008
70610 Capital Grants	$290,569									$290,569		$290,569
70710 Management Fee									$162,746	$162,746	-$162,746	$0
70720 Asset Management Fee												
70730 Book Keeping Fee									$14,618	$14,618	-$14,618	$0
70740 Front Line Service Fee												
70750 Other Fees									$112,471	$112,471		$112,471
70700 Total Fee Revenue									$289,835	$289,835	-$177,364	$112,471
70800 Other Government Grants			$120,900	$557	$2,500					$123,957		$123,957
71100 Investment Income - Unrestricted	$65,831		$69			$106			$205	$66,211		$66,211
71200 Mortgage Interest Income												
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery					$805	$7,421	$901			$9,127		$9,127
71500 Other Revenue	$42,077		$2,687	$1		$5,558			$307,108	$357,431		$357,431
71600 Gain or Loss on Sale of Capital Assets	-$4,050									-$4,050		-$4,050
72000 Investment Income - Restricted												
70000 Total Revenue	$1,633,567	$74,116	$501,601	$558	$367,316	$1,377,413	$300,525	$72,355	$597,148	$4,924,599	-$177,364	$4,747,235
91100 Administrative Salaries	$110,095		$17,350	$320	$13,566	$46,451	$9,274		$236,129	$433,185		$433,185
91200 Auditing Fees					$273				$21	$294		$294
91300 Management Fee	$162,746									$162,746	-$162,746	$0
91310 Book-keeping Fee	$14,618									$14,618	-$14,618	$0
91400 Advertising and Marketing	$436		$38							$474		$474
91500 Employee Benefit contributions - Administrative	$150,187		$42,433	$237	$3,391	$58,862	$2,328		$173,619	$431,057		$431,057
91600 Office Expenses	$22,502		$5,038		$188	$8,675	$957		$11,895	$49,255		$49,255
91700 Legal Expense	$3,595		$1,140			$342			$1,041	$6,118		$6,118
91800 Travel									$31	$31		$31
91810 Allocated Overhead												
91900 Other	$203,097		$104,365		$13,924	$72,746	$4,210		$46,061	$444,403		$444,403
91000 Total Operating - Administrative	$667,276	$0	$170,364	$557	$31,342	$187,076	$16,769	$0	$468,797	$1,542,181	-$177,364	$1,364,817
92000 Asset Management Fee												
92100 Tenant Services - Salaries		$10,672						$11,687		$22,359		$22,359
92200 Relocation Costs												
92300 Employee Benefit Contributions - Tenant Services												
92400 Tenant Services - Other	$500	$63,444						$60,668		$124,612		$124,612
92500 Total Tenant Services	$500	$74,116	$0	$0	$0	$0	$0	$72,355	$0	$146,971	$0	$146,971
93100 Water	$45,258		$14,823						$667	$60,748		$60,748
93200 Electricity	$67,546		$33,661						$3,817	$105,024		$105,024
93300 Gas	$3,706		$21,599							$25,305		$25,305
93400 Fuel												
93500 Labor												
93600 Sewer	$2,997									$2,997		$2,997
93700 Employee Benefit Contributions - Utilities												
93800 Other Utilities Expense												
93000 Total Utilities	$119,507	$0	$70,083	$0	$0	$0	$0	$0	$4,484	$194,074	$0	$194,074
94100 Ordinary Maintenance and Operations - Labor	$170,587		$11,629						$67,404	$249,620		$249,620
94200 Ordinary Maintenance and Operations - Materials and Other	$129,703		$34,371			$198			$11,989	$176,261		$176,261
94300 Ordinary Maintenance and Operations Contracts	$146,969		$80,741				$3,637		$14,903	$246,250		$246,250
94500 Employee Benefit Contributions - Ordinary Maintenance	$58,528		$3,204						$12,351	$74,083		$74,083
94000 Total Maintenance	$505,787	$0	$129,945	$0	$0	$198	$3,637	$0	$106,647	$746,214	$0	$746,214
95100 Protective Services - Labor												
95200 Protective Services - Other Contract Costs												
95300 Protective Services - Other												
95500 Employee Benefit Contributions - Protective Services												
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance												
96120 Liability Insurance												
96130 Workmen's Compensation												
96140 All Other Insurance	$57,195		$12,847			$1,490			$2,387	$73,919		$73,919
96100 Total insurance Premiums	$57,195	$0	$12,847	$0	$0	$1,490	$0	$0	$2,387	$73,919	$0	$73,919
96200 Other General Expenses	$335		$24,054			$1,901			$557	$26,847		$26,847
96210 Compensated Absences	$997		$273			$197			$2,320	$3,787		$3,787
96300 Payments in Lieu of Taxes	$33,377									$33,377		$33,377
96400 Bad debt - Tenant Rents	$16,571									$16,571		$16,571
96500 Bad debt - Mortgages												
96600 Bad debt - Other												
96800 Severance Expense												
96000 Total Other General Expenses	$51,280	$0	$24,327	$0	$0	$2,098	$0	$0	$2,877	$80,582	$0	$80,582
96710 Interest of Mortgage (or Bonds) Payable	$69,973		$44,252						$73	$114,298		$114,298
96720 Interest on Notes Payable (Short and Long Term)												
96730 Amortization of Bond Issue Costs												
96700 Total Interest Expense and Amortization Cost	$69,973	$0	$44,252	$0	$0	$0	$0	$0	$73	$114,298	$0	$114,298

HOCKING METROPOLITAN HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
For the Year Ended December 31, 2020

96900 Total Operating Expenses	$1,471,518	$74,116	$451,818	$557	$31,342	$190,862	$20,406	$72,355	$585,265	$2,898,239	-$177,364	$2,720,875
97000 Excess of Operating Revenue over Operating Expenses	$162,049	$0	$49,783	$1	$335,974	$1,186,551	$280,119	$0	$11,883	$2,026,360	$0	$2,026,360
97100 Extraordinary Maintenance												
97200 Casualty Losses - Non-capitalized												
97300 Housing Assistance Payments					$329,427	$1,199,568	$237,839			$1,766,834		$1,766,834
97350 HAP Portability-In						$4,742				$4,742		$4,742
97400 Depreciation Expense	$238,334		$99,187			$484			$2,421	$340,426		$340,426
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												
97800 Dwelling Units Rent Expense												
90000 Total Expenses	$1,709,852	$74,116	$551,005	$557	$360,769	$1,395,656	$258,245	$72,355	$587,686	$5,010,241	-$177,364	$4,832,877
10010 Operating Transfer In	$304,268									$304,268	-$304,268	$0
10020 Operating transfer Out	-$304,268									-$304,268	$304,268	$0
10030 Operating Transfers from/to Primary Government												
10040 Operating Transfers from/to Component Unit												
10050 Proceeds from Notes, Loans and Bonds												
10060 Proceeds from Property Sales												
10070 Extraordinary Items, Net Gain/Loss												
10080 Special Items (Net Gain/Loss)												
10091 Inter Project Excess Cash Transfer In												
10092 Inter Project Excess Cash Transfer Out												
10093 Transfers between Program and Project - In												
10094 Transfers between Project and Program - Out												
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$76,285	$0	-$49,404	$1	$6,547	-$18,243	$42,280	$0	$9,462	-$85,642	$0	-$85,642
11020 Required Annual Debt Principal Payments	$52,890	$0	$71,787	$0	$0	$0	$0	$0	$0	$124,677		$124,677
11030 Beginning Equity	$3,772,992	$0	$616,635	$0	$0	-$116,980	$0	$0	-$284,101	$3,988,546		$3,988,546
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors												
11050 Changes in Compensated Absence Balance												
11060 Changes in Contingent Liability Balance												
11070 Changes in Unrecognized Pension Transition Liability												
11080 Changes in Special Term/Severance Benefits Liability												
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents												
11100 Changes in Allowance for Doubtful Accounts - Other												
11170 Administrative Fee Equity						-$136,784				-$136,784		-$136,784
11180 Housing Assistance Payments Equity						$1,561				$1,561		$1,561
11190 Unit Months Available	2148	0	0	0	480	3672	360	0	0	6660		6660
11210 Number of Unit Months Leased	2121	0	0	0	480	3365	360	0	0	6326		6326
11270 Excess Cash	$1,784,038									$1,784,038		$1,784,038
11610 Land Purchases	$0								$0	$0		$0
11620 Building Purchases	$237,679								$0	$237,679		$237,679
11630 Furniture & Equipment - Dwelling Purchases	$0								$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0								$0	$0		$0
11650 Leasehold Improvements Purchases	$0								$0	$0		$0
11660 Infrastructure Purchases	$0								$0	$0		$0
13510 CFFP Debt Service Payments	$83,376								$0	$83,376		$83,376
13901 Replacement Housing Factor Funds	$0								$0	$0		$0

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

August 27, 2021

Hocking Metropolitan Housing Authority
33601 Pine Ridge Drive
Logan, Ohio 43138

To the Board of Commissioners:

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 **Hocking Metropolitan Housing Authority,** Hocking County, (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 27, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures will impact the 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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 communication is not suitable for any other purpose.

Perry & Associates CPA's A.C.

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

August 27, 2021

Hocking Metropolitan Housing Authority
3526 Lake Avenue
Hocking, Ohio 44004

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited **Hocking 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 the Authority's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of audit 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, the 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 December 31, 2020.

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.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

HOCKING METROPOLITAN HOUSING AUTHORITY
SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING 2020-001

Material Weakness

Financial Reporting

When designing the Authority's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

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

FINDING 2020-001 (Continued)

Financial Reporting (Continued)

The following conditions existed in the Authority's financial reporting:

- Net position amounts were miscalculated, causing Invested in Capital Assets, Net of Related Debt to be overstated and Restricted Net Position and Unrestricted Net Position to be understated in the financial statements;
- Certain amounts in the Management's Discussion and Analysis did not agree to the financial statements or to the prior year audited financial statements;
- The Statement of Cash Flows was not prepared properly and had some footing issues; and
- The Authority's footnotes and RSI required adjustments to agree to the Authority's financial statements.

The Authority made all of the adjustments noted above to its financial statements, required supplementary information and footnotes. There were additional errors noted that were not corrected on the financial statements as the amounts were immaterial in nature.

Failure to complete accurate financial reporting could result in inaccurate information being used in decision-making by the Board, management or outside parties.

We recommend due care be exercised when posting entries to the financial records and financial statement and note preparation to prevent errors and assist in properly reflecting the Authority's financial activity in the underlying accounting records to assist in properly presenting all activities in the financial statements and notes.

Officials' Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None

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Metropolitan
Housing
Authority

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
FOR THE YEAR ENDED DECEMBER 31, 2020

Please find the below corrective action plan to address the material weakness identified in the 2020 Financial Audit.

The fee accountant and the staff of the Housing Authority are taking proactive steps to ensure that the calculations, adjusting entries and balances related to the GASB 68 and 75 are calculated and completed properly prior to the submission of the Hinkle financial statements in May of 2022.

Furthermore, additional attention will be made to ensure the notes accurately reflect the results of the calculations mention above.

This includes obtaining copies of the drafts of the Collective OPERS and OPEB reports from the Auditor of State's office for 2021 as soon as they are available.

In addition we will be more proactively in monitoring and implementing any new pronouncements that may effect financial reporting in the future.

If you have any questions regarding this plan, its adoption by HMHA, or to suggest additional items, please contact me via email at nathan@hockingmha.org

Sincerely,

T. Nathan Blatchley
Executive Director

EQUAL HOUSING OPPORTUNITY

If you are a person with disabilities and require accommodations to access of fully utilize the

OHIO AUDITOR OF STATE
KEITH FABER

HOCKING METROPOLITAN HOUSING AUTHORITY

HOCKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 11/4/2021

88 East Broad Street, Columbus, Ohio 43215
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