



OHIO AUDITOR OF STATE
KEITH FABER



**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY
DECEMBER 31, 2020**

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DECEMBER 31, 2020

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Zanesville Metropolitan Housing Authority
Muskingum County
407 Pershing Road
Zanesville, Ohio 43701

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Zanesville Metropolitan Housing Authority, Muskingum 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 did not audit the financial statements of Coopermill Manor, LP, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the discretely presented component unit, is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

Efficient • Effective • Transparent

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Zanesville Metropolitan Housing Authority, Muskingum County, Ohio, as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may 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 Financial Data Schedules present additional analysis and are not a required part of the basic financial statements.

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

The Schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures 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 26, 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.



Keith Faber
Auditor of State
Columbus, Ohio

August 26, 2021

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**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

The following discussion and analysis of the Zanesville Metropolitan Housing Authority (the Authority) is to provide an introduction to the basic financial statements for the period ended December 31, 2020, with selected comparative information for the period ended December 31, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements, notes to the financial statements and supplementary information found in the report. This information taken collectively is designed to provide readers with an understanding of the Authority's finances.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflow of resources of the Authority exceeded its liabilities and deferred inflow of resources at December 31, 2020 by \$11,051,735 (net position). Of this amount, \$4,553,150 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- Net position decreased by \$166,954, but unrestricted net position increased \$183,120.
- In March 2020, the United States and the State of Ohio declared a state of emergency due to the COVID-19 pandemic. HUD provided additional funds to the Authority's Public Housing and Housing Choice Voucher programs to help the Authority prepare for, prevent, and respond to the coronavirus, which helped the Authority maintain normal operations during the period.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a special purpose governmental entity and accounts for its financial activities as an enterprise fund. The financial statements are prepared on the accrual basis of accounting. Therefore, revenues are recognized when earned and expenses are recognized when incurred. Capital assets, except land, are depreciated over their useful lives. See notes to the financial statements for a summary of the Authority's significant accounting policies and practices.

AUTHORITY ACTIVITY HIGHLIGHTS

The following are the various programs that the Authority operates. These programs are included in the single enterprise fund:

Public Housing Program

The public housing program is designed to provide low-cost housing within the County. Under this program, HUD provides funding via an Annual Contribution Contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Capital Fund Program (CFP)

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development of housing units.

Housing Choice Voucher Program (Section 8)

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons. Under the Program, independent landlords rent units to eligible low-income families and the Authority provides a Housing Assistance Payment to the landlord to make the rental affordable.

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MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)**

HUD provides funding through an Annual Contributions Contract to enable the Authority to structure a lease that sets the participants' rents at about 30 percent of household income.

Resident Opportunity and Supportive Services, and PIH Family Self-Sufficiency Programs

Grants funded by the Department of Housing and Urban Development to be used to enable public housing residents and Section 8 Program participants to move toward self-sufficiency and economic independence, and from welfare to work.

WIA Youth Activities

The Authority uses funding from this grant to work in conjunction with Muskingum County Department of Job and Family Services to help youth of the county overcome obstacles to employment.

Business Activity

The Business Activity Fund was set-up to separate the HUD funded program from non-HUD activities. This fund is mainly used to account for the rental income received from the daycare facility known as Carey Street Day Care Center and the expenses of the maintenance and utilities of the building, and repayment of the construction loan.

Component Unit

The Coopermill Manor Limited Partnership is an Ohio Limited Partnership created by the Authority under HUD's Rental Assistance Demonstration Program for the purpose of providing low-income housing. The 324 units of what was formerly the Authority's Public Housing AMP 1 have been converted to Project Based Rental Assistance units (PBRA) under the oversight of HUD's Office of Multifamily Housing and transferred to Coopermill Manor LP. Coopermill Manor LP owns the units and the Zanesville Metropolitan Housing Authority manages the units.

FINANCIAL POSITION

The statement of net position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net position is the difference between total assets and deferred outflows of resources, and total liabilities and total inflows of resources, and is an indicator of the current fiscal health of the Authority. The following is a summarized comparison at December 31, 2020 and 2019:

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

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

	2020	2019
<u>Assets and Deferred Outflows of Resources</u>		
<u>Assets</u>		
Current Assets	\$ 8,739,567	\$ 8,320,133
Capital Assets	6,721,072	7,061,323
Other Non-Current Assets	403,823	370,633
Deferred Outflows of Resources	581,465	975,101
Total Assets and Deferred Outflows of Resources	\$ 16,445,927	\$ 16,727,190
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
<u>Liabilities</u>		
Current Liabilities	\$ 459,698	\$ 340,129
Long-Term Liabilities	4,222,010	4,955,841
Total Liabilities	4,681,708	5,295,970
Deferred Inflows of Resources	712,484	212,531
<u>Net Position</u>		
Net Investment in Capital Assets	6,375,584	6,700,656
Restricted Net Position	123,001	148,003
Unrestricted Net Position	4,553,150	4,370,030
Total Net Position	11,051,735	11,218,689
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 16,445,927	\$ 16,727,190

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

Current assets increased by more than \$419,000 (about 5%). Part of the reason for the increase is the Authority was advanced CARES Act funding from HUD for its Housing Choice Voucher program to help the Authority prepare for, prevent and respond to COVID-19, and \$76,742 of it was still unspent at year-end. Zanesville MHA has until the end of 2021 to spend that funding. The unspent CARES Act funding advanced the Housing Choice Voucher Program also helps explain the increase in current liabilities over last year of more than \$119,500. Otherwise, the increase in current liabilities is due to normal fluctuation in the timing of when amounts due were paid. The remainder of the increase in current assets is a reflection of favorable operating results in the period also reflected in the increase in unrestricted net position. What contributed to the increase in unrestricted net position will be addressed in the following section about notable changes on the Statement of Revenues, Expenses, and Change in Net Position.

Otherwise, as what is becoming a topic addressed every year in a discussion of significant changes on the Statement of Net Position, were changes to deferred outflow of resources, non-current liabilities, and deferred inflow of resources, due to balances related to pension and postemployment benefits (OPEB) reported in accordance with GASB 68 & GASB 75. GASB 68 and GASB 75 are accounting standards that essentially require Zanesville Metropolitan Housing Authority to report what is estimated to be its share of the unfunded pension and health insurance liability of the pension system, the Ohio Public Employees Retirement System (OPERS). Employees of Zanesville MHA are required by state law to be members of OPERS, and Zanesville MHA is required to make retirement contributions to OPERS for all of its employees. The Net Pension and OPEB Liability is unlike other liabilities the agency has in that these liabilities do not represent invoices to be paid by the agency but rather is an attempt to estimate the extent to which contributions to OPERS would have to increase in order for OPERS to fully fund its pension and

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)

healthcare obligations. Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law. In Ohio there is no legal means to enforce the unfunded liability of the pension/OPEB plan against a public employer like Zanesville MHA. Reporting of the balances has a tremendous effect on unrestricted net position. Unrestricted net position at December 31, 2020 is \$4.5 million but is more than \$3.5 less than what it would be without balances reported in accordance with GASB 68 and GASB 75.

Statement of Revenues, Expenses, and Changes in Net Position

The following is a summary of the results of operations of the Authority for the fiscal years ended December 31, 2020 and 2019.

	2020	2019
<u>Revenues</u>		
Tenant	\$ 978,891	\$ 929,632
Subsidies	6,143,986	6,091,495
Capital Grants	69,809	569,205
Interest	44,878	249,504
Other	753,798	529,575
Total Revenues	<u>7,991,362</u>	<u>8,369,411</u>
<u>Expenses</u>		
Administrative	1,341,671	1,412,592
Tenant Services	424,420	278,716
Utilities	192,413	196,145
Maintenance	1,688,270	1,485,606
Insurance and General	415,393	391,794
HAP	3,570,928	3,651,240
Depreciation	525,221	631,789
Total Expenses	<u>8,158,316</u>	<u>8,047,882</u>
Change in Net Position	(166,954)	321,529
Beginning Net Position	<u>11,218,689</u>	<u>10,897,160</u>
Ending Net Position	<u>\$ 11,051,735</u>	<u>\$ 11,218,689</u>

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

Overall revenues decreased slightly more than \$378,000 (about 4.5%), but the drop in capital grant revenue exceeded the drop in revenues overall by more than \$120,000. That distinction is important because the capital grant revenue represents spending on improvements to the Authority's Public Housing properties using Capital Fund Program funding from HUD. The Capital Fund Program is a reimbursing grant, as funds are spent the income is recognized. This decrease in revenue is not due to a loss of a funding source but rather is the result of a timing of when funds were spent. HUD provides funding on an annual basis via a formula but PHAs typically spend money received in any year over a 4-year period depending on when work projects are planned and resources are in place to fund planned work projects. It is normal for fluctuations in spending from year to year, a result of when planned work items are completed.

Another notable decrease to incomes was in interest earnings (down from the prior year by almost \$205,000). Last year interest earnings were considerably higher than normal related to a correction made by a financial institution at which agency funds have been on deposit over recent years. The financial institution reviewed its own calculations of how much interest should have been paid and concluded ZMHA

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

should have been paid more and corrected the mistake. As a result, the decrease in this period is more a return to normal. And there was an increase in other income of more than \$224,000 which more than offset the reduction in interest earnings. The biggest reason for the increase in other income was a dividend of more than \$135,000 from the state's Bureau of Workers Compensation system in the period, given by the state to help employers respond to the COVID-19 pandemic.

Overall expenses increased very modestly, by just a little more than \$110,000 (about 1.4%). The most significant increase was to maintenance expenses, in large part a result of increased contracting with outside companies to complete maintenance work that typically would be done by Authority staff which is expected to be temporary. Another category of expenses that reflects a larger increase was tenant services which increased close to \$146,000. Part of what gets reported to tenant services this year is the costs of responding to the COVID-19 pandemic. Those costs totaled nearly \$122,000, the largest part of the increase in tenant services.

Housing Units Managed

The following table shows housing units managed by the Authority for the fiscal year ended December 31, 2020:

	2020
Owned by Authority	350
Units Under Vouchers	939
Total Housing Units Managed	1,289

Capital Assets

Capital assets are the largest asset reflected on the Authority's statement of net position. The following is a summary of capital assets owned by the Authority at December 31, 2020 and changes from December 31, 2019:

Table 3 - Capital Assets

	2020
Land and Land Rights	\$ 1,160,622
Buildings and Improvements	27,344,691
Equipment	1,679,646
Accumulated Depreciation	(23,463,887)
Total	\$ 6,721,072
Capital Assets Activity	
Capital Assets, Net at December 31, 2019	\$ 7,061,323
Capital Additions in this Period	184,970
Depreciation Expense	(525,221)
Capital Assets, Net at December 31, 2020	\$ 6,721,072

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

Debt Administration

The Authority obtained a loan in the amount of \$843,000 on June 1, 2002. The proceeds were used for the Zanesville Careytown Preschool building. During 2014, the Authority refinanced this loan, the refinanced amount was \$460,000 on March 18, 2014 and the new monthly installment of \$2,801.99, which began April 18, 2014. Changes in debt in the period is summarized as follows:

Outstanding Principal Balance as of December 31, 2019	\$ 360,667
Less:	
Principal Payments made during the Year	<u>(15,179)</u>
Outstanding Principal Balance as of December 31, 2020	<u>\$ 345,488</u>

Economic Factors

The economic outlook for the Zanesville Metropolitan Housing Authority continues to be uncertain. HUD continues the several year trend of paying admin fees for the Housing Choice Voucher program at proration considerably lower than 100 percent, and paying operating subsidy for the Public Housing program at less than full eligibility. In addition, funding for the Capital Fund Program has also continued to be at levels well below fully funded. These cuts continuing over so many periods present obvious challenges to management to properly administer agency programs and adequately provide services to clients. Unfortunately, primarily due to the Federal budget situation, the forecast for significant improvement in the funding stream is not optimistic for the Public Housing industry. Locally the Authority is being impacted by negative employment factors of stagnant job growth and a sluggish economic market.

Request for Information

The annual financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to Julie Huntsman, Financial Coordinator, and Zanesville Metropolitan Housing Authority, 407 Pershing, Zanesville, Ohio 43701.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government	Component Unit
<u>Assets and Deferred Outflows of Resources</u>		
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 6,880,061	\$ 196,365
Restricted Cash and Cash Equivalents	507,349	2,680,329
Investments	956,391	0
Receivables, Net of Allowance	37,466	26,127
Inventory, Net of Allowance	200,448	0
Prepaid Expenses and Other Assets	157,852	68,501
Total Current Assets	8,739,567	2,971,322
Capital Assets		
Non-Depreciable Capital Assets	1,160,622	0
Depreciable Capital Assets, Net	5,560,450	19,454,730
Total Capital Assets	6,721,072	19,454,730
Non-Current Assets		
Note Receivable	250,350	0
Other Assets	153,473	10,970,201
Total Non-Current Assets	403,823	10,970,201
Deferred Outflows of Resources		
Pension	350,348	0
OPEB	231,117	0
Total Deferred Outflows of Resources	581,465	0
Total Assets and Deferred Outflows of Resources	\$ 16,445,927	\$ 33,396,253
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 114,938	\$ 199,540
Accrued Interest Payable	0	13,730
Accrued Liabilities	95,077	0
Tenant Security Deposits	148,085	84,747
Unearned Revenue	81,944	11,781
Bonds, Notes, and Loans Payable	19,654	154,150
Total Current Liabilities	459,698	463,948
Non-Current Liabilities		
Accrued Compensated Absences - Non-Current	287,189	0
Non-Current Liabilities - Other	159,521	14,957
Net Pension Liability	1,989,613	0
OPEB Liability	1,459,853	0
Long-Term Debt - Notes Payable and Loans	325,834	22,854,834
Total Non-Current Liabilities	4,222,010	22,869,791
Total Liabilities	4,681,708	23,333,739
Deferred Inflows of Resources		
Pension	475,801	0
OPEB	236,683	0
Total Deferred Inflows of Resources	712,484	0
Net Position		
Net Investment in Capital Assets	6,375,584	7,415,947
Restricted Net Position	123,001	2,568,266
Unrestricted Net Position	4,553,150	78,301
Total Net Position	11,051,735	10,062,514
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 16,445,927	\$ 33,396,253

See accompanying notes to the basic financial statements.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PRIMARY GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

Operating Revenues

Government Grants	\$ 6,143,986
Tenant Revenue	978,891
Other Revenue	750,771

Total Operating Revenues	7,873,648
---------------------------------	------------------

Operating Expenses

Administrative	1,341,671
Tenant Services	424,420
Utilities	192,413
Maintenance	1,688,270
Insurance	142,823
General and Protective Services	256,308
Housing Assistance Payments	3,570,928
Depreciation	525,221

Total Operating Expenses	8,142,054
---------------------------------	------------------

Operating Income (Loss)	(268,406)
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Non-Operating Revenues (Expenses)

Interest and Investment Revenue	44,878
Gain on Disposal of Assets	3,027
Interest Expense	(16,262)

Total Non-Operating Revenues (Expenses)	31,643
--	---------------

Income (Loss) Before Capital Grants	(236,763)
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Capital Grants	69,809
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Change in Net Position	(166,954)
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Total Net Position, Beginning of Year	11,218,689
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Total Net Position - End of Year	\$ 11,051,735
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See accompanying notes to the basic financial statements.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2020**

Operating Revenues

Tenant Revenue	\$ 2,518,273
Total Operating Revenues	<u>2,518,273</u>

Operating Expenses

Administrative	391,632
Tenant Services	50,177
Utilities	574,760
Maintenance	512,821
Insurance	63,061
General and Protective Services	185,596
Depreciation	<u>756,276</u>
Total Operating Expenses	<u>2,534,323</u>
Operating Income (Loss)	<u>(16,050)</u>

Non-Operating Revenues (Expenses)

Interest and Investment Revenue	159
Interest and Amortization Expense	(510,388)
Other Non-Operating Revenue	<u>181,625</u>
Total Non-Operating Revenues (Expenses)	<u>(328,604)</u>
Change in Net Position	<u>(344,654)</u>

Total Net Position, Beginning of Year	<u>10,407,168</u>
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Total Net Position - End of Year	<u><u>\$ 10,062,514</u></u>
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See accompanying notes to the basic financial statements.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
STATEMENT OF CASH FLOWS
PRIMARY GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

Cash Flows from Operating Activities

Cash Received from HUD/Other Governments	\$	6,199,512
Cash Received from Tenants		998,619
Cash Payments for Housing Assistance		(3,555,931)
Cash Payments for Administrative Expenses		(1,260,569)
Other Operating Expenses		(2,669,851)
Cash Received - Other		758,037

Net Cash Provided by Operating Activities		469,817
--	--	---------

Cash Flows from Capital and Related Financing Activities

Cash from Capital Asset Sale		3,027
Capital Grants Received		69,809
Acquisition of Capital Assets		(184,970)
Principal Payment on Debt		(15,179)
Interest Paid on Debt		(16,262)

Net Cash (Used for) Capital and Other Related Activities		(143,575)
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Cash Flows from Investing Activities

Interest and Investment Income Received		44,878
Investment Purchase		(3,896)

Net Cash Provided from Investing Activities		40,982
--	--	--------

Net Increase in Cash		367,224
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Cash and Cash Equivalents - Beginning of Year		7,020,186
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Cash and Cash Equivalents - End of Year	\$	7,387,410
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**Reconciliation of Net Operating Income to
Net Cash Provided by Operating Activities**

Net Operating Income (Loss)	\$	(268,406)
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Adjustments to Reconcile Net Income to Net

Cash Provided by Operating Activities:

Depreciation		525,221
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(Increase) Decrease in:

Accounts Receivable		(6,839)
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Inventory, Net of Allowance		5,321
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Prepaid and Other Assets		(79,986)
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Deferred Outflows of Resources		393,636
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Increase (Decrease) in:

Accounts Payable		106,942
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Accrued Liabilities/Unearned Revenue		(4,429)
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Accrued Compensated Absences and Other Non-Current		12,810
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Tenant Security Deposits		14,478
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Deferred Inflows of Resources		499,953
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Accrued Pension and OPEB Liabilities		(728,884)
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Net Cash Provided by Operating Activities	\$	469,817
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See accompanying notes to the basic financial statements.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1: **REPORTING ENTITY**

Introduction

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

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

As required by GAAP, the basic financial statements of the reporting entity include those of the Authority and any component units. Component units are separate legal entities that: elected officials of a primary government are financially accountable for the entity or the nature and significance of the relationship between the entity and primary government are such that to exclude the entity from the financial reporting entity would render the basic financial statements misleading or incomplete. Based upon the application of these criteria, including the criteria set forth in GASB Statement No. 14 *The Financial Reporting Entity* (as amended by GASB Statement No. 61) this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the operating entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria. A summary of each program administered by the Authority included in the financial statements is provided to assist the reader in interpreting the basic financial statements.

Description of Programs

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

A. **Public Housing Program**

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

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

Description of Programs (Continued)

B. Capital Fund Program

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

C. Housing Choice Voucher Program

The Housing Choice Voucher Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

D. Resident Opportunity and Supportive Services, and PIH Family Self-Sufficiency

Grants funded by HUD that are intended to programs help residents work toward self-sufficiency and economic independence and move from welfare to work.

E. Business Activity

The Business Activity Fund was set-up to separate the HUD funded program from non-HUD activities. This fund is mainly used to account for the rental income received from the daycare facility known as Careytown Day Care Center and the expenses of the maintenance and utilities of the building, and repayment of the construction loan.

F. Discretely Presented Component Unit

Coopermill Manor is an Ohio Limited Partnership that was created for the purpose of providing low-income housing. The 324 units have been converted to Project Based Rental Assistance units (PBRA) under the HUD's Office of Housing Multifamily. The Authority staff operates and manages the units.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

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

Basis of Presentation

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

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for its 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.

Proprietary Fund Types

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

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include housing assistance payments and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments such as CDs, with initial maturities of 3 months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

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

Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at cost and the Authority uses the first-in, first-out (FIFO) flow assumption in determining 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 expenditures when used.

Investments

The provisions of the HUD regulations restrict investments. Investments are valued at market value. Interest income earned in the period ending December 31, 2020 totaled \$44,878.

Capital Assets

Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$5000 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Building and Improvements	10 – 40 years
Furniture, Fixtures, and Equipment	3-10 years
Vehicles	5 years

Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

Net Position

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

Income Taxes

No provision for income taxes is recorded as the Authority is a non-profit, tax exempt entity under the Internal Revenue Code.

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.

Capital Contributions

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

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

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee; (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.

Budgets and 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 budget resolution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

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

Pensions/Other Postemployment Benefits (OPEB)

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

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving or receiving equal value in return. GASB Statement No. 33 identifies four classes of nonexchange transactions as follows:

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sale taxes and other assessments on earnings or consumption).
- Imposed nonexchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).
- Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as a government-mandated or voluntary nonexchange transactions.

GASB Statement No. 33 establishes two distinct standards upon the kind of stipulation imposed by the provider.

- Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.
- Purpose restrictions specify the purpose for which resources are required to be used, (i.e., capital grants used for purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHA's that receive resources with purpose restrictions should report resulting net assets, equity, or fund balance as restricted.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

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

Change in Accounting Principle

For fiscal year 2020, the Authority implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the Authority's 2020 financial statements; however, there was no effect on the beginning net position/fund balance.

NOTE 3: **DEPOSITS AND INVESTMENTS**

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

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

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

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

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Authority by the financial institution or the Ohio Pooled Collateral System (OPCS).

Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2020, the Authority was not exposed to custodial risk as discussed below because all of the funds on deposit were covered by federal depository insurance or by collateral held by the Authority's agent. Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits.

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

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

At December 31, 2020, the carrying amount of the Authority's deposits totaled \$8,343,801 and its bank balance was \$8,376,448. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of December 31, 2020, \$221,125 was exposed to custodial risk as discussed below, while \$8,155,323 was covered by the Federal Depository Insurance Corporation.

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

Investments

In accordance with the Ohio Revised Code and HUD investment policy, 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 its 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 of return is based upon 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. However, it is the Authority practice to limit its investments to less than 5 years.

Credit Risk - HUD requires specific collateral on individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation. The Authority depository agreements specifically requires compliance with the HUD requirement.

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.

A reconciliation of cash and investments as shown on the Statement of Net Position at December 31, 2020 to the deposits and investments included in this note is as follows:

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

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

Investments (Continued)

Cash and Cash Equivalents	\$ 6,880,061
Cash - Restricted	507,349
Investments - Unrestricted	956,391
Total	<u>\$ 8,343,801</u>
Carrying Amount of Deposits	<u>\$ 8,343,801</u>
Total	<u>\$ 8,343,801</u>

Restricted Cash

The restricted cash balance of \$507,349 on the financial statements represents the following:

Unspent cash advanced by HUD for HCV Housing Assistance Payments (HAP)	\$ 123,001
Family Self-Sufficiency Escrows	159,521
Unspent HCV CARES Funding	76,742
Tenant Security Deposit Liability	148,085
Total Restricted Cash	<u>\$ 507,349</u>

Discretely Presented Component Unit - Cash and cash equivalents include all cash balances with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Restricted cash of \$2,680,329 includes cash held with financial institutions for tenant security deposits, repairs or improvement to the buildings which extend their useful lives, funding of the working capital reserve, funding of the operating reserve, cash held in the FSS program escrow account, annual insurance payments and funds held in connection with the mortgage, and deposits made to secure a refinance loan.

NOTE 4: **ACCOUNT RECEIVABLES**

As of December 31, 2020, due from tenants and clients was \$59,238, with an allowance for doubtful accounts of \$51,100. In addition, the Authority has a receivable from HUD of \$29,328.

NOTE 5: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Net Pension Liability (Continued)

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

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

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care.

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

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

	State and Local
2019-2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2019-2020 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer’s contribution allocated to health care was 0% for calendar year 2020 for the Traditional and Combined plans. The portion of the employer’s contribution allocated to health care was 4% for the Member-Directed plan for calendar year 2020. The Authority’s contractually required contributions used to fund pension benefits was \$229,213 for fiscal year ending December 31, 2020.

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

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

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Plan</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.010174%	0.033350%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.010066%</u>	<u>0.032824%</u>	
Change in Proportionate Share	<u>-0.000108%</u>	<u>-0.000526%</u>	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,989,613	\$ (68,446)	\$ 1,921,167
Pension Expense	\$ 251,605	\$ 9,017	\$ 260,622

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Changes of assumptions	\$ 106,269	\$ 7,055	\$ 113,324
Changes in proportion and differences between Authority contributions and proportionate share of contributions	0	7,811	7,811
Authority contributions subsequent to the measurement date	208,579	20,634	229,213
Total Deferred Outflows of Resources	<u>\$ 314,848</u>	<u>\$ 35,500</u>	<u>\$ 350,348</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 396,886	\$ 8,879	\$ 405,765
Differences between expected and actual experience	25,155	16,063	41,218
Changes in proportion and differences between Authority contributions and proportionate share of contributions	28,459	359	28,818
Total Deferred Inflows of Resources	<u>\$ 450,500</u>	<u>\$ 25,301</u>	<u>\$ 475,801</u>

\$229,213 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending December 31:			
2021	\$ (69,722)	\$ (3,186)	\$ (72,908)
2022	(133,354)	(3,022)	(136,376)
2023	16,433	(546)	15,887
2024	(157,588)	(3,794)	(161,382)
2025	0	172	172
Thereafter	0	(59)	(59)
Total	<u>\$ (344,231)</u>	<u>\$ (10,435)</u>	<u>\$ (354,666)</u>

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
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NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 1.40 percent, simple through 2020, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 1.40 percent, simple through 2020, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
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	<u>100.00 %</u>	<u>5.61 %</u>

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NOTE 5: **DEFINED BENEFIT PENSION PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

<u>Authority's proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Traditional Pension Plan	\$ 3,281,516	\$ 1,989,613	\$ 828,230
Combined Plan	\$ (41,358)	\$ (68,446)	\$ (87,968)

Changes Between Measurement Date and Report Date

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

NOTE 6: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Liability

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 6: **DEFINED BENEFIT OPEB PLANS** (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.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. During 2019, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In calendar year 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

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

The Authority's contractually required contribution allocated to health care was \$0 for fiscal year 2020.

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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.010676%
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.010569%
Change in Proportionate Share	-0.000107%
Proportionate Share of the Net OPEB Liability	\$ 1,459,853
OPEB Expense	\$ 102,143

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

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$ 38
Changes of assumptions	231,079
Total Deferred Outflows of Resources	\$ 231,117
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 74,335
Differences between expected and actual experience	133,511
Changes in proportion and differences between Authority contributions and proportionate share of contributions	28,837
Total Deferred Inflows of Resources	\$ 236,683

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

	OPERS
Year Ending December 31:	
2021	\$12,691
2022	13,447
2023	61
2024	(31,765)
Total	\$ (5,566)

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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.75 percent
Health Care Cost Trend Rate	10.5 percent initial, 3.50 percent ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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

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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions - OPERS

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. 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 19.70 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 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.

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the Authority’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) 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	\$1,910,452	\$1,459,853	\$1,099,070

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. 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 percent lower or 1.0 percent higher than the current rate.

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NOTE 6: **DEFINED BENEFIT OPEB PLANS** (Continued)

Actuarial Assumptions – OPERS (Continued)

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 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$1,416,774	\$1,459,853	\$1,502,383

Changes Between Measurement Date and Report Date

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

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

NOTE 7: **NON-CURRENT ASSETS**

Note Receivable

On November 1, 2015, the Authority entered into a loan with Coopermill Manor LP (the Partnership) in the amount of \$450,000 to fund the development of the Project (the "Development Loan"). The Development Loan bears an interest rate of 2 percent per annum. Principal and interest payments are due and payable no later than 120 days following the end of each fiscal year for any year in which there has been Cash Flow, as defined in the Partnership Agreement. Any outstanding principal and accrued but unpaid interest shall be due on its maturity date of December 31, 2055. The Development Loan is secured by an Authority funds note and an Authority funds mortgage. As of December 31, 2020, the Development Loan had an outstanding balance of \$192,716, and accrued interest receivable of \$4,186. Due to uncertainty of future principal and interest payments on the Development loan, interest will be recognized when received.

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NOTE 7: **NON-CURRENT ASSETS** (Continued)

Note Receivable (Continued)

Note receivable at December 31, 2020 also includes an amount of \$57,634 due from Parents Group Child Care Council of Zanesville, a non-profit entity that operates a child daycare center in property leased from the Authority

Discretely Presented Component Unit

Contingent Ground Lease

The partnership leases the land and building from the Authority under an operating lease. The lease was reflected on the accompanying balance sheet together with the note payable to the Authority in the amount of \$10,700,000. Due to the uncertainty of future principal and interest payments on the note, the ground lease expense will be recorded consistent with cash payments on the Seller Loan.

Deferred Charges and Amortization

Deferred charges include tax credit fees of \$367,247. Tax credit fees are amortized on a straight-line basis over the 15-year tax credit period (the "Compliance Period"). Amortization expense for the year ended December 31, 2020 was \$24,483. Accumulated amortization as of December 31, 2020 was \$97,046.

NOTE 8: **CAPITAL ASSETS**

The following is a summary of changes in capital assets:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 1,160,622	\$ 0	\$ 0	\$ 1,160,622
Total Capital Assets Not Being Depreciated	1,160,622	0	0	1,160,622
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	27,319,218	25,473	0	27,344,691
Equipment and Vehicles	1,552,769	159,497	(32,620)	1,679,646
Total Capital Assets Being Depreciated	28,871,987	184,970	(32,620)	29,024,337
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(21,514,323)	(481,821)	0	(21,996,144)
Equipment and Vehicles	(1,456,963)	(43,400)	32,620	(1,467,743)
Total Accumulated Depreciation	(22,971,286)	(525,221)	32,620	(23,463,887)
Depreciable Assets, Net	5,900,701	(340,251)	0	5,560,450
Total Capital Assets, Net	\$ 7,061,323	\$ (340,251)	\$ 0	\$ 6,721,072

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NOTE 8: **CAPITAL ASSETS** (Continued)

Discretely Presented Component Unit

The following is a summary of changes in capital assets:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<u>Capital Assets Being Depreciated</u>				
Buildings	\$ 18,733,194	\$ 342,145	\$ 0	\$ 19,075,339
Furniture for Project/Tenant Use	1,893,922	0	0	1,893,922
Miscellaneous Fixed Asests	1,858,840	0	0	1,858,840
Subtotal Capital Assets Being Depreciated	22,485,956	342,145	0	22,828,101
Accumulated Depreciation	(2,617,095)	(756,276)	0	(3,373,371)
Total Depreciable Capital Assets, Net	\$ 19,868,861	\$ (414,131)	\$ 0	\$ 19,454,730

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

Loan Payable - Century National Bank

The Authority has an outstanding note payable with Century National Bank of \$345,488, as of December 31, 2020. The original note was for \$843,000 dated June 1, 2002, to be used for construction of a daycare facility known as Careytown Day Care Center. The note was refinanced in year-end June 30, 2014, an interest rate of 4 percent fixed rate for five years with a variable rate thereafter. The loan is amortized over a 20-year period. The note payable is secured by a first mortgage on the property and an assignment of rents on the property.

In the event of default, the lender may add any unpaid accrued interest to the principal and the sum shall bear interest until paid. The rate on the note shall be increased by an additional 6 percent default rate margin and the 6 percent default rate margin shall be applied each succeeding interest rate change that would have been applied had there been no default. After the note would have matured had there been no default, the default rate margin will continue to apply to the final interest rate described in the note.

Year Ended December 31	Principal	Interest	Total
2021	\$ 19,654	\$ 15,145	\$ 34,799
2022	20,557	14,242	34,799
2023	21,502	13,297	34,799
2024	22,489	12,310	34,799
2025	23,523	11,276	34,799
2026-2030	134,850	39,146	173,996
2031-2034	102,913	13,083	115,996
Totals	\$ 345,488	\$ 118,499	\$ 463,987

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

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

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

	Primary Government				
	Balance at 12/31/2019	Issued	Retired	Balance at 12/31/2020	Due within One Year
<u>Long-Term Liabilities</u>					
Loan Payable	\$ 360,667	\$ 0	\$ (15,179)	\$ 345,488	\$ 19,654
FSS Escrows	144,524	95,131	(80,134)	159,521	0
Accrued Compensated Absences	291,501	185,959	(188,146)	289,314	2,125
Net Pension Liability	2,786,452	0	(796,839)	1,989,613	0
OPEB Liability	1,391,898	67,955	0	1,459,853	0
	<u>\$ 4,975,042</u>	<u>\$ 349,045</u>	<u>\$ (1,080,298)</u>	<u>\$ 4,243,789</u>	<u>\$ 21,779</u>

Discretely Presented Component Unit

Development

On November 1, 2015, the Partnership entered into a loan with Zanesville Metropolitan Housing Authority in the amount of \$450,000 to fund the development of the Project (the “Development Loan”). The Development Loan bears an interest rate of 2 percent per annum. Principal and interest payments are due and payable no later than 120 days following the end of each fiscal year for any year in which there has been Cash Flow, as defined in the Partnership Agreement. Any outstanding principal and accrued but unpaid interest shall be due on its maturity date of December 31, 2055. The Development Loan is secured by an Authority funds note and an Authority funds mortgage. As of December 31, 2020, the Development Loan had an outstanding balance of \$192,716. As of December 31, 2020, accrued interest payable totaled \$4,186. Because payments on this debt is subject to available cash flow, future payments cannot be projected.

Seller Loan

On November 1, 2015, the Partnership entered into a loan with Zanesville Metropolitan Housing Authority in the amount of \$10,700,000 related to ZMHA’s transfer of a leasehold interest in the Project (the “Seller Loan”). The Seller Loan bears an interest rate at of 5 percent per annum, compounding annually, and matures on December 31, 2055. Principal and interest payments shall be due and payable to the extent of available Cash Flow as defined in the Partnership Agreement. Upon maturity, all outstanding principal and accrued but unpaid interest shall be due and payable in full. Due to the uncertainty of future principal and interest payments on the Seller Loan, interest will be expensed when payments are made. The Seller Loan is secured by a leasehold acquisition mortgage, assignment of leases and rents, security agreement, and fixture filing. At December 31, 2020, the principal balance is \$10,700,000 and cumulative unrecorded and unpaid interest is \$3,070,015. Because payments on this debt is subject to available cash flow, future payments cannot be projected.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

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

Discretely Presented Component Unit (Continued)

Permanent Loan

On November 1, 2015, the Partnership entered into an FHA-insured mortgage loan with Red Mortgage in the amount of \$12,030,100 to fund the construction or rehabilitation of the Project on the ground leased land (the “Permanent Loan”). The Permanent Loan bears an interest rate of 3.98 percent, per annum. Beginning December 1, 2015 through July 1, 2017, interest only payments were due and paid monthly. Beginning August 1, 2017, interest and principal payments are due and payable monthly on the 1st day of each month over the term of the Permanent Loan in the amount of \$50,129. Prepayment of the Red Mortgage Loan was allowed, but subject to a prepayment premium of 10 percent, commencing July 31, 2017, and decreasing 1 percent annually thereafter.

On July 1, 2020, the Partnership entered into an FHA-insured mortgage loan with ORIX Real Estate Capital, LLC, in the amount of \$12,030,100 to refinance the Red Mortgage Loan (the “Permanent Loan”). The Permanent Loan bears interest at a rate of 3.40 percent, per annum. Beginning August 1, 2020, interest and principal payments are due and payable monthly over the term of the Permanent Loan in the amount of \$47,707. All unpaid accrued interest and principal are due and payable on the maturity date of July 1, 2057. Prepayment of the Permanent Loan is allowed, but subject to a prepayment premium of 10 percent, commencing September 1, 2020, and decreasing 1 percent annually thereafter.

The Permanent Loan is secured by, among other things, a first mortgage deed to secure debt or deed of trust. For the years ended December 31, 2020, interest incurred on the Permanent Loan and the Red Mortgage Loan was \$467,605.

HDAP Loan

On November 1, 2015, the Partnership entered into a loan with Zanesville MHA and Ohio Housing Finance Agency in the amount of \$750,000 to fund the development of the Project (the “HDAP Loan”). The HDAP Loan bears an interest rate of 2 percent, per annum, compounding semi-annually, and matures on December 31, 2055. Principal and interest payments shall be due and payable to the extent of available Cash Flow as defined in the Partnership Agreement. Upon maturity, all outstanding principal and accrued but unpaid interest shall be due and payable in full. For the year ended December 31, 2020, interest incurred was \$9,544. As of December 31, 2020, accrued interest on the HDAP Loan is \$9,544.

Mortgages payable consists of the following as of December 31, 2020:

Permanent Loan	\$ 11,961,603
HDAP Loan	477,175
Total Principal Balance	<u>12,438,778</u>
Less: Unamortized Debt Issuance Costs	(322,510)
Mortgages Payable, Net of Unamortized Debt Issuance Costs	<u>\$ 12,116,268</u>

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

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

Debt issuance costs are being amortized to interest expense over the term of the mortgages. During 2020, interest expense for debt issuance costs was \$4,895. For the year ended December 31, 2020, the effective interest rate of the Permanent Loan, which includes interest expense and amortization of debt issuance costs, was 3.44 percent.

Future minimum principal payment requirements on the Permanent Loan and HDAP Loan over the next five years and thereafter are as follows:

2021	\$ 154,150
2022	173,726
2023	179,726
2024	185,932
2025	192,354
Thereafter	<u>11,552,890</u>
Total	<u>\$ 12,438,778</u>

NOTE 10: **ECONOMIC DEPENDENCY**

Both the PHA Low Rent Public Housing Program and the Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

NOTE 11: **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 the period ending December 31, 2020, the Authority maintained comprehensive insurance coverage with private carriers for real estate property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The Authority operates a self-insurance program for health insurance, which is administered by MedBen.

The Authority is a member of HARGG, which is a risk retention group operated as a joint venture by its more than 1,000 public housing authority members. Through HARGG, the Authority carries general liability coverage, public officials' liability coverage, and commercial auto coverage.

The Authority is also a member of HAPI, which is a property insurance group operated as a joint venture by its more than 1,000 public housing authority members. Through HAPI, the Authority carries commercial property and fidelity coverage.

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

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

ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 12: CONTINGENCIES/LITIGATIONS AND CLAIMS

In the normal course of operations, the Authority may be subject to litigation and claims. At December 31, 2020, the Authority was not involved in such matters.

NOTE 13: GROUND LEASE AGREEMENT AND SELLER FINANCING

On November 2, 2015, the Authority entered into a loan with the Coopermill Manor Partnership in the amount of \$10,700,000 related to the Authority's transfer of a leasehold interest in the Project (the "Seller Loan"). An operating lease was also reported between the parties so that the entire \$10,700,000 represented a prepaid lease to the Authority. The Seller Loan bears an interest rate at of 5 percent per annum, compounding annually, and matures on December 31, 2055. Principal and interest payments shall be due and payable to the extent of available cash flow as defined in the Partnership Agreement. Upon maturity, all outstanding principal and accrued but unpaid interest shall be due and payable in full. As of December 31, 2020, the Seller Loan had an outstanding balance of \$10,700,000, and the cumulative unrecorded and unpaid interest is \$3,070,015. Due to the uncertainty of future principal and interest payments on the Seller Loan, the note receivable and corresponding prepaid lease are not reported on the financial statements of the Authority, and interest will be recognized when it is received. The component unit's Statement of Net Position contains the Seller Loan payable of \$10,700,000, but this amount is offset by a prepaid ground lease other asset in the same amount.

NOTE 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 may likely impact subsequent periods of the Authority. The investments of the pension and other postemployment benefit plan in which the Authority participants fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS (1)**

Traditional Plan	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.010066%	0.010174%	0.010430%	0.011355%	0.011620%	0.012276%	0.012276%
Authority's Proportionate Share of the Net Pension Liability	\$ 1,989,613	\$ 2,786,452	\$ 1,636,265	\$ 2,578,527	\$ 2,012,729	\$ 1,480,623	\$ 1,447,180
Authority's Covered Payroll	\$ 1,416,336	\$ 1,374,129	\$ 1,356,462	\$ 1,335,950	\$ 1,477,717	\$ 1,526,892	\$ 1,552,031
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.48%	202.78%	120.63%	193.01%	136.21%	96.97%	93.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
Combined Plan	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Asset	0.032824%	0.033350%	0.034827%	0.045827%	0.044480%	0.048646%	0.048646%
Authority's Proportionate Share of the Net Pension (Asset)	\$ (68,446)	\$ (37,293)	\$ (47,411)	\$ (25,506)	\$ (21,644)	\$ (18,730)	\$ (5,104)
Authority's Covered Payroll	\$ 146,121	\$ 142,636	\$ 164,846	\$ 149,525	\$ 161,100	\$ 167,975	\$ 166,723
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	46.84%	26.15%	28.76%	17.06%	13.44%	11.15%	3.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

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

See accompanying notes to the required supplementary information

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PENSION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Contractually Required Contributions</u>										
Traditional Plan	\$ 208,579	\$ 198,287	\$ 192,378	\$ 176,340	\$ 160,314	\$ 177,326	\$ 183,227	\$ 201,764	(1)	(1)
Combined Plan	20,634	20,457	19,969	21,430	17,943	19,332	20,157	21,674	(1)	(1)
Total Required Contributions	\$ 229,213	\$ 218,744	\$ 212,347	\$ 197,770	\$ 178,257	\$ 196,658	\$ 203,384	\$ 223,438	\$ 251,350	\$ 258,747
Contributions in Relation to the Contractually Required Contribution	\$ (229,213)	\$ (218,744)	\$ (212,347)	\$ (197,770)	\$ (178,257)	\$ (196,658)	\$ (203,384)	\$ (223,438)	\$ (251,350)	\$ (258,747)
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Authority's Covered Payroll</u>										
Traditional Plan	\$ 1,489,850	\$ 1,416,336	\$ 1,374,129	\$ 1,356,462	\$ 1,335,950	\$ 1,477,717	\$ 1,526,892	\$ 1,552,031	(1)	(1)
Combined Plan	147,386	146,121	142,636	164,846	149,525	161,100	167,975	166,723	(1)	(1)
Total Covered Payroll	\$ 1,637,236	\$ 1,562,457	\$ 1,516,765	\$ 1,521,308	\$ 1,485,475	\$ 1,638,817	\$ 1,694,867	\$ 1,718,754	\$ 2,513,500	\$ 2,587,470
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Traditional Plan	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%
Combined Plan	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	7.95%	7.95%

(1) – Information prior to 2013 is not available for classification of OPERS contributions by plan. Total contributions reported include any amounts contributed to the Member-Directed Plan.

See accompanying notes to the required supplementary information

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.010569%	0.010676%	0.011100%	0.012400%
Authority's Proportionate share of the Net OPEB Liabili	\$ 1,459,853	\$ 1,391,898	\$ 1,205,378	\$ 1,252,442
Authority's Covered Payroll	\$ 1,596,739	\$ 1,548,526	\$ 1,572,929	\$ 1,485,475
Authority's Proportionate share of the Net OPEB Liabili as a Percentage of its Covered Payroll	91.43%	89.89%	76.63%	84.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years will be displayed as the information becomes available.

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

See accompanying notes to the required supplementary information

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution	\$ 0	\$ 1,371	\$ 1,270	\$ 17,278	\$ 29,710	\$ 32,776	\$ 25,423	\$ 43,298	\$ 98,745	\$ 101,651
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>(1,371)</u>	<u>(1,270)</u>	<u>(17,278)</u>	<u>(29,710)</u>	<u>(32,776)</u>	<u>(25,423)</u>	<u>(43,298)</u>	<u>(98,745)</u>	<u>(101,651)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority Covered Payroll	\$ 1,637,236	\$ 1,596,739	\$ 1,548,526	\$ 1,572,929	\$ 1,485,475	\$ 1,638,817	\$ 1,694,867	\$ 1,718,754	\$ 2,513,500	\$ 2,587,470
Contributions as a Percentage of Covered Payroll	0.00%	0.09%	0.08%	1.10%	2.00%	2.00%	1.50%	2.50%	3.93%	3.93%

See accompanying notes to the required supplementary information

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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%.

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**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2020**

	Project Total	14.PHC Public Housing CARES Act Funding	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	14.CCC Central Office Cost Center CARES Act Funding	17.259 WIA Youth Activities	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	1,659,197	-	196,365	722	-	27,493	3,567,769	314,310	846	-	1,309,724	7,076,426	-	7,076,426
113 Cash - Other Restricted	21,783	-	2,568,266	-	-	-	-	260,739	-	76,742	-	2,927,530	-	2,927,530
114 Cash - Tenant Security Deposits	148,085	-	112,063	-	-	-	-	-	-	-	-	260,148	-	260,148
100 Total Cash	1,829,065	-	2,876,694	722	-	27,493	3,567,769	575,049	846	76,742	1,309,724	10,264,104	-	10,264,104
122 Accounts Receivable - HUD Other Projects	-	-	-	5,037	-	-	-	-	-	-	24,291	29,328	-	29,328
126 Accounts Receivable - Tenants	1,968	-	26,127	-	-	-	-	-	-	-	-	28,095	-	28,095
126.1 Allowance for Doubtful Accounts -Tenants	-1,000	-	-	-	-	-	-	-	-	-	-	-1,000	-	-1,000
126.2 Allowance for Doubtful Accounts - Other	-6,000	-	-	-	-	-	-	-	-	-	-	-6,000	-	-6,000
127 Notes, Loans, & Mortgages Receivable - Current	7,503	-	-	-	-	-	-	-	-	-	-	7,503	-	7,503
128 Fraud Recovery	-	-	-	-	-	-	-	49,767	-	-	-	49,767	-	49,767
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-44,100	-	-	-	-44,100	-	-44,100
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,471	-	26,127	5,037	-	-	-	5,667	-	-	24,291	63,593	-	63,593
131 Investments - Unrestricted	518,629	-	-	-	-	-	437,762	-	-	-	-	956,391	-	956,391
142 Prepaid Expenses and Other Assets	115,950	-	68,501	-	-	-	2,747	17,681	-	-	21,474	226,353	-	226,353
143 Inventories	-	-	-	-	-	-	-	-	-	-	221,948	221,948	-	221,948
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-21,500	-21,500	-	-21,500
150 Total Current Assets	2,466,115	-	2,971,322	5,759	-	27,493	4,008,278	598,397	846	76,742	1,555,937	11,710,889	-	11,710,889
161 Land	1,024,522	-	-	-	-	-	116,100	-	-	-	20,000	1,160,622	-	1,160,622
162 Buildings	19,087,327	-	20,934,179	-	-	-	3,894,557	-	-	-	1,041,408	44,957,471	-	44,957,471
163 Furniture, Equipment & Machinery - Dwellings	226,200	-	1,893,922	-	-	-	-	-	-	-	200,412	2,320,534	-	2,320,534
164 Furniture, Equipment & Machinery - Administration	172,302	-	-	-	-	-	412,804	630	-	-	667,298	1,253,034	-	1,253,034
165 Leasehold Improvements	2,985,159	-	-	-	-	-	323,790	-	-	-	12,450	3,321,399	-	3,321,399
166 Accumulated Depreciation	-18,618,511	-	-3,373,371	-	-	-	-3,358,559	-630	-	-	-1,486,187	-26,837,258	-	-26,837,258
160 Total Capital Assets, Net of Accumulated Depreciation	4,876,999	-	19,454,730	-	-	-	1,388,692	-	-	-	455,381	26,175,802	-	26,175,802
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	250,350	-	-	-	-	250,350	-	250,350
173 Grants Receivable - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-
174 Other Assets	9,583	-	10,970,201	-	-	-	9,582	9,582	-	-	124,726	11,123,674	-	11,123,674
180 Total Non-Current Assets	4,886,582	-	30,424,931	-	-	-	1,648,624	9,582	-	-	580,107	37,549,826	-	37,549,826
200 Deferred Outflow of Resources	81,405	-	-	-	-	-	81,405	81,405	-	-	337,250	581,465	-	581,465
290 Total Assets and Deferred Outflow of Resources	7,434,102	-	33,396,253	5,759	-	27,493	5,738,307	689,384	846	76,742	2,473,294	49,842,180	-	49,842,180
312 Accounts Payable <= 90 Days	33,545	-	199,540	-	-	-	61,739	17,525	16	-	2,113	314,478	-	314,478
321 Accrued Wage/Payroll Taxes Payable	5,190	-	-	5,759	-	698	-	1,782	830	-	28,292	42,551	-	42,551
322 Accrued Compensated Absences - Current Portion	-	-	-	-	-	-	2,125	-	-	-	-	2,125	-	2,125
325 Accrued Interest Payable	-	-	13,730	-	-	-	-	-	-	-	-	13,730	-	13,730
341 Tenant Security Deposits	148,085	-	84,747	-	-	-	-	-	-	-	-	232,832	-	232,832
342 Unearned Revenue	5,202	-	11,781	-	-	-	-	-	-	76,742	-	93,725	-	93,725
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	154,150	-	-	-	19,654	-	-	-	-	173,804	-	173,804
345 Other Current Liabilities	-	-	-	-	-	-	33,965	-	-	-	-	33,965	-	33,965
346 Accrued Liabilities - Other	16,436	-	-	-	-	-	-	-	-	-	-	16,436	-	16,436
310 Total Current Liabilities	208,458	-	463,948	5,759	-	698	117,483	19,307	846	76,742	30,405	923,646	-	923,646
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	22,854,834	-	-	-	325,834	-	-	-	-	23,180,668	-	23,180,668
353 Non-current Liabilities - Other	21,783	-	14,957	-	-	-	-	137,738	-	-	-	174,478	-	174,478
354 Accrued Compensated Absences - Non Current	44,298	-	-	-	-	-	63,013	50,302	-	-	129,576	287,189	-	287,189
357 Accrued Pension and OPEB Liabilities	482,925	-	-	-	-	-	482,925	482,925	-	-	2,000,691	3,449,466	-	3,449,466
350 Total Non-Current Liabilities	549,006	-	22,869,791	-	-	-	871,772	670,965	-	-	2,130,267	27,091,801	-	27,091,801
300 Total Liabilities	757,464	-	23,333,739	5,759	-	698	989,255	690,272	846	76,742	2,160,672	28,015,447	-	28,015,447
400 Deferred Inflow of Resources	99,748	-	-	-	-	-	99,748	99,748	-	-	413,240	712,484	-	712,484
508.4 Net Investment in Capital Assets	4,876,999	-	7,415,947	-	-	-	1,043,204	-	-	-	455,381	13,791,531	-	13,791,531
511.4 Restricted Net Position	-	-	2,568,266	-	-	-	-	123,001	-	-	-	2,691,267	-	2,691,267

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2020**

	Project Total	14.PHC Public Housing CARES Act Funding	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	14.CCC Central Office Cost Center CARES Act Funding	17.259 WIA Youth Activities	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
512.4 Unrestricted Net Position	1,699,891	-	78,301	-	-	26,795	3,606,100	-223,637	-	-	-555,999	4,631,451	-	4,631,451
513 Total Equity - Net Assets / Position	6,576,890	-	10,062,514	-	-	26,795	4,649,304	-100,636	-	-	-100,618	21,114,249	-	21,114,249
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	7,434,102	-	33,396,253	5,759	-	27,493	5,738,307	689,384	846	76,742	2,473,294	49,842,180	-	49,842,180

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

	Project Total	14.PHC Public Housing CARES Act Funding	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	14.CCC Central Office Cost Center CARES Act Funding	17.259 WIA Youth Activities	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	923,555	-	2,486,033	-	-	-	-	-	-	-	-	3,409,588	-	3,409,588
70400 Tenant Revenue - Other	55,336	-	32,240	-	-	-	-	-	-	-	-	87,576	-	87,576
70500 Total Tenant Revenue	978,891	-	2,518,273	-	-	-	-	-	-	-	-	3,497,164	-	3,497,164
70600 HUD PHA Operating Grants	1,579,174	91,539	-	235,320	-	-	-	3,988,701	62,496	134,867	-	6,092,097	-	6,092,097
70610 Capital Grants	69,809	-	-	-	-	-	-	-	-	-	-	69,809	-	69,809
70710 Management Fee	-	-	-	-	-	-	-	-	-	-	443,029	443,029	-443,029	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-	-	-	42,000	42,000	-42,000	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-	-	-	103,672	103,672	-103,672	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	898,626	898,626	-898,626	-
70750 Other Fees	-	-	-	-	-	-	-	-	-	-	269,764	269,764	-	269,764
70700 Total Fee Revenue	-	-	-	-	-	-	-	-	-	-	1,757,091	1,757,091	-1,487,327	269,764
70800 Other Government Grants	-	-	-	-	-	51,889	-	-	-	-	-	51,889	-	51,889
71100 Investment Income - Unrestricted	25,145	-	159	-	-	-	18,073	1,660	-	-	-	45,037	-	45,037
71400 Fraud Recovery	-	-	-	-	-	-	-	18,007	-	-	-	18,007	-	18,007
71500 Other Revenue	41,125	-	181,625	-	-	-	236,112	44,547	-	-	141,216	644,625	-	644,625
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-	3,027	3,027	-	3,027
70000 Total Revenue	2,694,144	91,539	2,700,057	235,320	-	51,889	254,185	4,052,915	62,496	134,867	1,901,334	12,178,746	-1,487,327	10,691,419
91100 Administrative Salaries	96,397	57,843	115,779	-	-	26,212	-	33,754	-	53,370	373,279	756,634	-	756,634
91200 Auditing Fees	3,810	-	23,345	-	-	-	-	4,014	-	-	5,988	37,157	-	37,157
91300 Management Fee	326,641	-	148,910	-	-	-	-	116,388	-	-	-	591,939	-443,029	148,910
91310 Book-keeping Fee	30,930	-	-	-	-	-	-	72,742	-	-	-	103,672	-103,672	-
91400 Advertising and Marketing	-	-	27	-	-	-	-	-	-	-	-	27	-	27
91500 Employee Benefit contributions - Administrative	124,715	-	49,630	-	-	12,320	-	40,720	-	34,976	241,704	504,065	-	504,065
91600 Office Expenses	42,520	-	37,937	-	-	3,623	-	31,300	-	21,409	24,726	161,515	-	161,515
91700 Legal Expense	2,164	-	5,864	-	-	-	-	86	-	-	798	8,912	-	8,912
91800 Travel	7,993	-	972	-	-	-	-	2,631	-	-	9,569	21,165	-	21,165
91900 Other	22,982	-	684	-	-	498	13,493	45,375	-	-	3,402	86,434	-	86,434
91000 Total Operating - Administrative	658,152	57,843	383,148	-	-	42,653	13,493	347,010	-	109,755	659,466	2,271,520	-546,701	1,724,819
92000 Asset Management Fee	42,000	-	8,484	-	-	-	-	-	-	-	-	50,484	-42,000	8,484
92100 Tenant Services - Salaries	-	-	33,045	162,507	42,388	-	-	-	37,077	-	-	275,017	-	275,017
92300 Employee Benefit Contributions - Tenant Services	-	-	14,551	72,813	6,549	-	-	-	17,628	-	-	111,541	-	111,541
92400 Tenant Services - Other	4,200	33,696	2,581	-	14,074	-	585	-	7,791	25,112	-	88,039	-	88,039
92500 Total Tenant Services	4,200	33,696	50,177	235,320	63,011	-	585	-	62,496	25,112	-	474,597	-	474,597
93100 Water	16,239	-	84,936	-	-	-	573	858	-	-	1,228	103,834	-	103,834
93200 Electricity	103,587	-	133,914	-	-	-	2,184	1,366	-	-	8,596	249,647	-	249,647
93300 Gas	8,039	-	143,131	-	-	-	1,275	306	-	-	11,040	163,791	-	163,791
93600 Sewer	30,414	-	212,779	-	-	-	857	2,149	-	-	3,702	249,901	-	249,901
93000 Total Utilities	158,279	-	574,760	-	-	-	4,889	4,679	-	-	24,566	767,173	-	767,173
94100 Ordinary Maintenance and Operations - Labor	1,457	-	209,107	-	-	-	-	-	-	-	524,837	735,401	-	735,401
94200 Ordinary Maintenance and Operations - Materials and Other	92,429	-	114,908	-	-	-	5,800	-	-	-	128,338	341,475	-	341,475
94300 Ordinary Maintenance and Operations Contracts	981,292	-	82,695	-	-	-	79,662	-	-	-	11,808	1,155,457	-898,626	256,831
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	89,636	-	-	-	-	-	-	-	350,838	440,474	-	440,474
94000 Total Maintenance	1,075,178	-	496,346	-	-	-	85,462	-	-	-	1,015,821	2,672,807	-898,626	1,774,181
95100 Protective Services - Labor	34,990	-	20,789	-	-	-	-	-	-	-	-	55,779	-	55,779
95200 Protective Services - Other Contract Costs	4,943	-	-	-	-	-	-	-	-	-	275	5,218	-	5,218
95500 Employee Benefit Contributions - Protective Services	27,130	-	8,911	-	-	-	-	-	-	-	-	36,041	-	36,041
95000 Total Protective Services	67,063	-	29,700	-	-	-	-	-	-	-	275	97,038	-	97,038
96110 Property Insurance	66,259	-	55,233	-	-	-	2,440	-	-	-	7,977	131,909	-	131,909
96120 Liability Insurance	28,371	-	3,836	-	-	-	-	10,149	-	-	365	42,721	-	42,721
96130 Workmen's Compensation	3,211	-	2,594	-	-	-	-	1,104	-	-	7,084	13,993	-	13,993
96140 All Other Insurance	6,932	-	1,398	-	-	-	-	-	-	-	8,931	17,261	-	17,261
96100 Total Insurance Premiums	104,773	-	63,061	-	-	-	2,440	11,253	-	-	24,357	205,884	-	205,884
96200 Other General Expenses	25,512	-	117,662	-	-	-	135,547	866	-	-	10,543	290,130	-	290,130

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

	Project Total	14.PHC Public Housing CARES Act Funding	6.1 Component Unit - Discretely Presented	14.896 PIH Family Self-Sufficiency Program	14.CCC Central Office Cost Center CARES Act Funding	17.259 WIA Youth Activities	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
96300 Payments in Lieu of Taxes	-	-	690	-	-	-	-	-	-	-	-	690	-	690
96400 Bad debt - Tenant Rents	16,502	-	37,544	-	-	-	-	-	-	-	-	54,046	-	54,046
96000 Total Other General Expenses	42,014	-	155,896	-	-	-	135,547	866	-	-	10,543	344,866	-	344,866
96710 Interest of Mortgage (or Bonds) Payable	-	-	485,905	-	-	-	16,262	-	-	-	-	502,167	-	502,167
96730 Amortization of Bond Issue Costs	-	-	24,483	-	-	-	-	-	-	-	-	24,483	-	24,483
96700 Total Interest Expense and Amortization Cost	-	-	510,388	-	-	-	16,262	-	-	-	-	526,650	-	526,650
96900 Total Operating Expenses	2,151,659	91,539	2,271,960	235,320	63,011	42,653	258,678	363,808	62,496	134,867	1,735,028	7,411,019	-1,487,327	5,923,692
97000 Excess of Operating Revenue over Operating Expenses	542,485	-	428,097	-	-63,011	9,236	-4,493	3,689,107	-	-	166,306	4,767,727	-	4,767,727
97100 Extraordinary Maintenance	403,981	-	-	-	-	-	-	-	-	-	-	403,981	-	403,981
97200 Casualty Losses - Non-capitalized	6,454	-	16,475	-	-	-	-	-	-	-	-	22,929	-	22,929
97300 Housing Assistance Payments	-	-	-	-	-	-	-	3,562,871	-	-	-	3,562,871	-	3,562,871
97350 HAP Portability-In	-	-	-	-	-	-	-	8,057	-	-	-	8,057	-	8,057
97400 Depreciation Expense	397,245	-	756,276	-	-	-	94,139	-	-	-	33,837	1,281,497	-	1,281,497
90000 Total Expenses	2,959,339	91,539	3,044,711	235,320	63,011	42,653	352,817	3,934,736	62,496	134,867	1,768,865	12,690,354	-1,487,327	11,203,027
10010 Operating Transfer In	180,028	-	-	-	63,011	-	-	-	-	-	-	243,039	-243,039	-
10020 Operating transfer Out	-180,028	-	-	-	-	-	-	-	-	-	-63,011	-243,039	243,039	-
10100 Total Other financing Sources (Uses)	-	-	-	-	63,011	-	-	-	-	-	-63,011	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-265,195	-	-344,654	-	-	9,236	-98,632	118,179	-	-	69,458	-511,608	-	-511,608
11020 Required Annual Debt Principal Payments	-	-	137,612	-	-	-	15,179	-	-	-	-	152,791	-	152,791
11030 Beginning Equity	6,842,085	-	10,407,168	-	-	17,559	4,747,936	-218,815	-	-	-170,076	21,625,857	-	21,625,857
11170 Administrative Fee Equity	-	-	-	-	-	-	-	-223,637	-	-	-	-223,637	-	-223,637
11180 Housing Assistance Payments Equity	-	-	-	-	-	-	-	123,001	-	-	-	123,001	-	123,001
11190 Unit Months Available	4,200	-	3,888	-	-	-	-	11,268	-	-	-	19,356	-	19,356
11210 Number of Unit Months Leased	4,124	-	3,652	-	-	-	-	9,699	-	-	-	17,475	-	17,475

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs</i>		
Public and Indian Housing	14.850	\$ 887,175
Public and Indian Housing - CARES Act	14.850	<u>91,539</u>
<i>Total CFDA #14.850</i>		<u>978,714</u>
Resident Opportunity and Support Services - Service Coordinators	14.870	<u>62,496</u>
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	3,988,701
Section 8 Housing Choice Vouchers - CARES Act	14.871	<u>134,867</u>
Total Housing Voucher Cluster		<u>4,123,568</u>
Public Housing Capital Fund	14.872	<u>761,808</u>
PIH Family Self-Sufficiency	14.896	<u>235,320</u>
Total U.S. Department of Housing and Urban Development		<u>6,161,906</u>
<u>U.S. Department of Labor</u>		
<i>Direct Programs</i>		
<i>WIOA Cluster:</i>		
WIA Youth Activities	17.259	51,889
<i>Total WIOA Cluster</i>		<u>51,889</u>
Total U.S. Department of Labor		<u>51,889</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 6,213,795</u>

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

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Zanesville Metropolitan Housing Authority under programs of the Federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Zanesville Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Zanesville Metropolitan Housing Authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

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

OHIO AUDITOR OF STATE KEITH FABER



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

Zanesville Metropolitan Housing Authority
Muskingum County
407 Pershing Road
Zanesville, Ohio 43701

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 business-type activities and the discretely presented component unit of the Zanesville Metropolitan Housing Authority, Muskingum 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 and have issued our report thereon dated August 26, 2021 wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority. Our report refers to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

August 26, 2021

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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

Zanesville Metropolitan Housing Authority
Muskingum County
407 Pershing Road
Zanesville, Ohio 43701

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited the Zanesville Metropolitan Housing Authority's, Muskingum County, Ohio (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 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 Zanesville Metropolitan Housing Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended 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.



Keith Faber
Auditor of State
Columbus, Ohio

August 26, 2021

**ZANESVILLE METROPOLITAN HOUSING AUTHORITY
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
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)?	No
(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): <ul style="list-style-type: none"> • Housing Voucher Cluster, CFDA #14.871 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



ZANESVILLE METROPOLITAN HOUSING AUTHORITY

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/9/2021

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

This report is a matter of public record and is available online at
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