



OHIO AUDITOR OF STATE
KEITH FABER



**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY
MARCH 31, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Harrison Metropolitan Housing Authority
Harrison County
82450 Cadiz-Jewett Road
Cadiz, Ohio 43907

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority, Harrison County, Ohio (the Authority), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority, Harrison County, Ohio as of March 31, 2022, 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.

Basis for Opinions

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

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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Other Post-employment Benefit Assets/Liabilities and Pension and Other Post-employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 12, 2022

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**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

The management of the Harrison Metropolitan Housing Authority’s (the “Authority” or Primary Government) offers the readers of the Authority’s financial statements this narrative overview and analysis of the Authority’s financial activities for the fiscal year ended March 31, 2022. This discussion and analysis are designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position, and (d) identify individual account issues or concerns.

The Management’s Discussion and Analysis (MD&A) is designed to focus on the fiscal year ended March 31, 2022 activities, resulting changes, and currently known facts. Please read it in conjunction with the Authority’s financial statements (beginning on page 13). In accordance with GASB Statement No. 34, paragraph 10, the financial information and discussion presented below focuses on the primary government.

FINANCIAL HIGHLIGHTS

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

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

- Net position for the primary government was \$1,066,620 and \$903,143 for the fiscal years ended March 31, 2022 and 2021, respectively. The Authority’s net position increased by \$163,477 or 18.10 percent during 2022.
- Revenues for the primary government increased by \$22,833 or 1.49 percent during 2022, and were \$1,553,486 and \$1,530,653 for 2022 and 2021, respectively.
- Expenses increased by \$211,999 or 18.00 percent during 2022 and were \$1,390,009 and \$1,178,010 for 2022 and 2021, respectively.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

USING THIS ANNUAL REPORT

The following outlines the format of this report:

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

FINANCIAL STATEMENTS BY MAJOR FUND

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

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

THE AUTHORITY’S PROGRAMS

Business Type Programs

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

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

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

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

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

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

AUTHORITY-WIDE STATEMENTS

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

Table 1

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

	2022	2021
<u>Assets</u>		
Current Assets	\$ 843,953	\$ 823,965
Capital Assets	791,016	905,029
Non-Current Assets	416,316	321,881
Deferred Outflows of Resources	51,589	31,358
Total Assets and Deferred Outflows of Resources	2,102,874	2,082,233
<u>Liabilities</u>		
Current Liabilities	98,868	177,615
Long-Term Liabilities	682,546	764,961
Deferred Inflows of Resources	254,840	236,514
Total Liabilities and Deferred Inflows of Resources	1,036,254	1,179,090
<u>Net Position</u>		
Net Investment in Capital Assets	237,853	338,488
Restricted	59,737	49,713
Unrestricted	769,030	514,942
Total Net Position	1,066,620	903,143
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,102,874	\$ 2,082,233

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Current assets changed only minimally from last fiscal year-end. Total assets were virtually unchanged from the prior fiscal year-end, with changes in capital assets offsetting changes in other assets. Changes in capital assets are summarized later in this MD&A. The change in noncurrent assets is largely due to changes in balances reported in accordance with GASB 68 and GASB 75.

Current liabilities were reduced by nearly \$79,000 from the prior fiscal year-end, reversing an increase noted in this balance last year. Last year current liabilities included a liability of \$79,400 for a PPP loan the Authority obtained shortly after the emergence of the COVID-9 pandemic. As was expected, the Authority received forgiveness to repay the PPP loan in this current fiscal period, causing the reduction in current liabilities. The reduction in noncurrent liabilities is largely due to balances reported in accordance with GASB 68 and GASB 75.

GASB 68 is an accounting standard that essentially requires Harrison Metropolitan Housing Authority to report financial balances for what is estimated to be its share of the unfunded pension liability, the net pension liability (NPL), and balances caused by changes in the pension liability of the of the pension system, the Ohio Public Employees Retirement System (PERS). And GASB 75 is an accounting standard that essentially requires Harrison MHA to report financial balances for what is estimated to be its share of the other postemployment benefits (OPEB) asset and balances caused by changes in the OPEB liability/asset of the of the pension system, the Ohio Public Employees Retirement System (PERS). OPEB refers to the healthcare plan of the pension system, and actuaries have concluded the healthcare plan has surplus funding as of the measurement date applicable to this Harrison MHA financial report and so the balance to be reported at this fiscal year-end is an OPEB asset. Deferred outflows of resources and deferred inflows of resources are caused by changes in the NPL and OPEB liability/asset. Some changes in the NPL and OPEB balances are amortized over a five-year period and those amortized balances are reported as deferred outflows of resources and deferred inflows of resources. The large changes to noncurrent assets, deferred outflows of resources, noncurrent liabilities and deferred inflows of resources are primarily related to changes in balances reported in accordance with GASB 68 and GASB 75.

Employees of Harrison MHA are required by state law to be members of PERS, and Harrison MHA is required to make retirement contributions to PERS for all of its employees. The Net Pension Liability is unlike other liabilities the agency has in that these liabilities do not represent invoices to be paid by the agency but rather is an attempt to estimate the extent to which contributions to PERS would have to increase in order for PERS to fully fund its future obligations. In Ohio there is no legal means to enforce the unfunded liability of the pension plan against a public employer like Harrison MHA. Contribution rates for employees and employers are set by state law, so any change in contribution rates would require a change in state law. Similarly, there is no way for an employer like Harrison MHA to access the OPEB asset. The reporting of the balances in accordance with GASB 68 and GASB 75 has a significant effect on unrestricted net position. Unrestricted net position as of March 31, 2022 is \$769,030 and is \$197,028 less than what it would be without balances reported in accordance with GASB 68 and GASB 75.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

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

**Table 2
Change in Net Position - Primary Government**

	Unrestricted Net Position	Net Investment In Capital Assets	Restricted Net Position
Beginning Net Position	\$ 514,942	\$ 338,488	\$ 49,713
Results From Operation	163,477	0	0
Adjustment:			
Capital Asset Additions	(23,234)	23,234	0
Current Year Depreciation Expense	137,247	(137,247)	0
Change in Restricted Net Position	(10,024)	0	10,024
Net Change In Debt Balance	(13,378)	13,378	0
Ending Net Position	\$ 769,030	\$ 237,853	\$ 59,737

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

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

	2022	2021
<u>Revenues</u>		
Tenant Revenue	\$ 268,755	\$ 266,449
Operating Subsidies	1,164,400	1,126,746
Investment/Other Income	120,331	137,458
Total Revenues	1,553,486	1,530,653
<u>Expenses</u>		
Administration	159,314	63,991
Tenent Services	53,795	37,146
Utilities	133,881	109,106
Maintenance	166,060	72,362
General, Insurance, Interest	37,552	53,186
Housing Assistance Payments	702,160	706,435
Depreciation	137,247	135,784
Total Expenses	1,390,009	1,178,010
Change in Net Position	163,477	352,643
Beginning Net Position	903,143	550,500
Ending Net Position	\$ 1,066,620	\$ 903,143

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

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

Incomes overall changed only modestly, increasing about 1.5 percent. Expenses increased just less than \$212,000, or about 18 percent. \$148,066 of the change in total expenses is related to the change in pension expense. Pension expense is what is recognized when the changes in the balances reported in accordance with GASB 68 and GASB 75 are recorded. The changes in those balances were addressed in the previous section about factors affecting the changes in the Statement of Net Position. Pension expense is reported as part of administration expense and maintenance expense, and those are expenses that had notable changes from last fiscal year-end. Other issues contributing to the increase in maintenance expense were general cost inflation trends being experienced, repairs to water line breaks at a couple Authority properties, contracting costs incurred to address damages from windstorms experienced, and increased unit turnover costs for increased rates of turnover in Authority tenants. The cost of utilities also increased reflecting higher rates imposed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of March 31, 2022, the Authority had \$791,016 invested in a variety of capital assets as reflected in the following table, which represents a net decrease of \$114,013.

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

	2022	2021
Land	\$ 137,179	\$ 137,179
Buildings	4,986,831	4,986,831
Furniture and Equipment	224,093	200,859
Accumulated Depreciation	(4,557,087)	(4,419,840)
Total Capital Assets	\$ 791,016	\$ 905,029

The following table summarizes the change in Capital Assets.

Table 5
Change in Capital Assets - Primary Government

	2022
Beginning Balance-Net	\$ 905,029
Capital Additions	23,234
Depreciation Expense	(137,247)
Total Capital Assets	\$ 791,016

Refer to Note 6 for additional information on Capital Assets.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

As of March 31, 2022, the Authority had \$553,163 in debt (mortgages) outstanding compared to \$566,541 the prior year.

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

	2022
Beginning Balance-April 1, 2021	\$ 566,541
Current Year Principal Payments	(13,378)
Ending Balance-March 31, 2022	\$ 553,163

Refer to Note 9 for additional information on Debt Outstanding.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

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

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HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2022

	Primary Government	Component Unit
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 734,156	\$ 130,513
Cash and Cash Equivalents - Restricted	85,566	4,125
Receivables - Net of Allowance	600	1,169
Prepaid Expenses and Other Assets	23,631	0
Total Current Assets	843,953	135,807
<u>Noncurrent Assets</u>		
Capital Assets		
Land	137,179	54,300
Depreciable Capital Assets - Net	653,837	201,063
Total Capital Assets	791,016	255,363
Net Pension Asset	71,212	0
Net OPEB Asset	57,600	0
Pledged Escrow Receivable - Noncurrent	250,000	0
Other Noncurrent Asset	37,504	0
Total Noncurrent Assets	1,207,332	255,363
<u>Deferred Outflows of Resources</u>		
Deferred Outflows of Resources - Pension	48,393	0
Deferred Outflows of Resources - OPEB	3,196	0
Total Deferred Outflows of Resources	51,589	0
Total Assets and Deferred Outflow of Resources	\$ 2,102,874	\$ 391,170
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 26,547	438
Accrued Wages/Payroll Taxes	6,013	0
Accrued Compensated Absences - Current	14,975	0
Accrued Liabilities - Other	8,302	2,738
Tenant Security Deposits	25,829	4,125
Current Portion of Long-Term Debt	17,202	0
Total Current Liabilities	98,868	7,301
<u>Noncurrent Liabilities</u>		
Accrued Compensated Absences - Noncurrent	23,996	0
Long-Term Debt	535,961	0
Net Pension Liability	122,589	0
Total Noncurrent Liabilities	682,546	0
Total Liabilities	781,414	7,301
<u>Deferred Inflows of Resources</u>		
Deferred Inflows of Resources - Pension	188,784	0
Deferred Inflows of Resources - OPEB	66,056	0
Total Deferred Inflows of Resources	254,840	0
<u>Net Position</u>		
Net Investment in Capital Assets	237,853	255,363
Restricted	59,737	0
Unrestricted	769,030	128,506
Total Net Position	1,066,620	383,869
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,102,874	\$ 391,170

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

	Primary Government	Component Unit
<u>Operating Revenues</u>		
Tenant Revenue	\$ 268,755	\$ 55,169
Government Operating Grants	1,164,400	0
Other Revenues	111,326	0
Total Operating Revenues	1,544,481	55,169
<u>Operating Expenses</u>		
Administrative	159,314	4,265
Tenant Services	53,795	0
Utilities	133,881	2,875
Maintenance	166,060	6,242
Insurance	20,231	6,510
General	10,441	2,362
Housing Assistance Payments	702,160	0
Depreciation	137,247	15,235
Total Operating Expenses	1,383,129	37,489
Operating Income/(Loss)	161,352	17,680
<u>Non-Operating Revenues (Expenses)</u>		
Capital Grant Revenue	9,000	0
Interest Revenue	5	9
Interest Expense	(6,880)	0
Total Non-Operating Revenue (Expenses)	2,125	9
Change In Net Position	163,477	17,689
Total Net Position Beginning of Year	903,143	366,180
Total Net Position End of Year	\$ 1,066,620	\$ 383,869

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

	Primary Government
<u>Cash Flows From Operating Activities</u>	
Cash Received From HUD/Other Grants/Other Governments	\$ 1,164,400
Cash Received From Tenants	271,691
Cash Received From Other Sources	109,283
Cash Payments For Housing Assistance Payments	(702,160)
Cash Payments For Other Operating Expenses	(788,306)
Net Cash Provided By (Used In) Operating Activities	54,908
<u>Cash Flows From Capital And Related Financing Activities</u>	
Capital Grant Revenue	9,000
Debt Payments - Principal	(13,378)
Purchase of Capital Assets	(23,234)
Debt Payments - Interest	(6,880)
Net Cash Provided By (Used In) Capital And Related Financing Activities	(34,492)
<u>Cash Flows From Investing Activities</u>	
Interest Income	5
Net Cash Provided By (Used In) Investing Activities	5
Net Increase (Decrease) in Cash and Cash Equivalents	20,421
Cash and Cash Equivalents, Beginning	799,301
Cash and Cash Equivalents, Ending	\$ 819,722
<u>Reconciliation of Operating Income/Loss To Net Cash Provided by (Used in) Operating Activities</u>	
Operating Income/(Loss)	\$ 161,352
Adjustments To Reconcile Operating Income/(Loss) To Net Cash Provided By (Used In) Operating Activities	
Depreciation	137,247
(Increase)Decrease In:	
Receivables - Net of Allowance	1,800
Prepaid Expenses/Other Assets	(38,871)
Net Pension/OPEB Asset	(56,931)
Increase(Decrease) In:	
Change in Deferred Outflows and Deferred Inflows of Resources	(1,905)
Accounts Payable	11,200
Accrued Wages/Payroll Taxes	(8,193)
Accrued Compensated Absences	(5,522)
Accrued Liabilities - Other	(80,378)
Tenant Security Deposits	3,393
Change in Net Pension Liability	(68,284)
Net Cash Provided By (Used In) Operating Activities	\$ 54,908

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HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022

NOTE 1: **REPORTING ENTITY**

Introduction

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

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

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

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

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

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)

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

Introduction (Continued)

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

Description of Programs

A. **Public Housing Program**

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

B. **Capital Fund Program**

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

C. **Housing Choice Voucher Program**

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

D. **USDA Rural Development**

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

E. **State and Local Program**

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)

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

A. **Basis of Presentation**

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

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

Public Housing Fund

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

Housing Choice Voucher Fund

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

Operating/Business Activities Fund

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

Dunfee Court Fund

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

Gable Estates Fund

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

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

B. **Basis of Accounting**

Primary Government

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

Component Unit

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

C. **Investments**

Primary Government

Investments are restricted by the provisions of the HUD regulations (Note 4). Investments are valued at market value. Interest income earned in fiscal year 2022 totaled \$5 for the primary government.

Component Unit

Investments are unrestricted and are valued at market value. Interest income earned in fiscal year 2022 totaled \$9 for the component unit.

D. **Receivables – Net of Allowance**

Primary Government

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for doubtful accounts was \$30 at March 31, 2022.

Component Unit

The Authority has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Bad debts are treated as direct write-off in the period management determines that collection is not probable. There was no bad debt expense for the year ended March 31, 2022.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

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

E. **Capital Assets**

Primary Government

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

Buildings	40 years
Building Improvements	15 years
Furniture, Equipment, and Machinery	3-7 years

Component Unit

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

Buildings and Improvements	7- 40 years
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F. **Cash and Cash Equivalents**

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

G. **Compensated Absences**

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

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

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

G. **Compensated Absences** (Continued)

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

The following is a summary of changes in compensated absences for the year ended March 31, 2022:

	Balance 3/31/2021	Increases	Decreases	Balance 3/31/2022	Due Within One Year
Compensated Absences	\$ 44,493	\$ 20,930	\$ (26,452)	\$ 38,971	\$ 14,975

H. **Unearned Revenue**

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

I. **Budgetary Accounting**

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

J. **Estimates**

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

K. **Net Position**

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

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

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

L. **Operating Revenues and Expenses**

Primary Government

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

Component Unit

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

M. **Pensions**

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

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

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

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

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)

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

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

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

NOTE 3: **DEPOSITS AND INVESTMENTS**

A. **Primary Government**

Deposits

Custodial credit risk is the risk that in the event of bank failure, the primary government will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the primary government's deposits was \$819,722 (including \$200 in petty cash) and its bank balances totaled \$820,261. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2022, \$301,739 of the primary government's bank balance was covered by Federal Depository Insurance (FDIC). Deposits of \$518,522 were exposed to custodial risk as described below.

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

Investments

The Authority has a formal investment policy, although, the Authority did not have investments at March 31, 2022.

B. **Component Unit**

Deposits

At fiscal year end, the carrying amount of the component unit's deposits was \$134,638 and its bank balances totaled \$134,638. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2022, all \$134,638 of the component unit's bank balance was covered by Federal Depository Insurance (FDIC). The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

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

B. **Component Unit** (Continued)

Investments

The Authority has a formal investment policy it relies on to manage the investments of the component unit; however, the component unit had no investments at March 31, 2022.

NOTE 4: **RESTRICTED CASH**

Primary Government

The restricted cash balance of \$85,566 on the financial statements for the primary government represents the following:

Tenant Security Deposits	\$ 25,829
Housing Assistance Payments	2,780
Rural Development Program Reserves	56,957
Total Cash and Cash Equivalents	<u><u>\$ 85,566</u></u>

Component Unit

The restricted cash balance of \$4,125 on the financial statements for the component unit represents the following:

Tenant Security Deposits	\$ 4,125
Total Cash and Cash Equivalents	<u><u>\$ 4,125</u></u>

NOTE 5: **INSURANCE COVERAGE**

The Authority is exposed to risk of loss related to torts; theft or damage to and destruction of real and personal property; errors and omissions; and catastrophes.

Primary Government

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

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

Component Unit

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

NOTE 6: CAPITAL ASSETS

The reporting entity's capital asset balances at March 31, 2022 are as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Capital Assets Not Depreciated		
Land	\$ 137,179	\$ 54,300
Total Capital Assets Not Depreciated	<u>137,179</u>	<u>54,300</u>
Capital Assets Being Depreciated		
Buildings and Building Improvements	4,986,831	298,756
Furniture and Equipment	224,093	0
Subtotal Capital Assets Being Depreciated	<u>5,210,924</u>	<u>298,756</u>
Less: Accumulated Depreciation	<u>(4,557,087)</u>	<u>(97,693)</u>
Total Capital Assets Being Depreciated	<u>653,837</u>	<u>201,063</u>
Total Capital Assets	<u>\$ 791,016</u>	<u>\$ 255,363</u>

The following is a summary of changes:

A. Primary Government

	<u>Balance March 31, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2022</u>
Capital Assets Not Being Depreciated				
Land	\$ 137,179	\$ 0	\$ 0	\$ 137,179
Total Capital Assets Not Being Depreciated	<u>137,179</u>	<u>0</u>	<u>0</u>	<u>137,179</u>
Capital Assets Being Depreciated				
Buildings and Building Improvements	4,986,831	0	0	4,986,831
Furniture and Equipment	200,859	23,234	0	224,093
Subtotal Capital Assets Being Depreciated	<u>5,187,690</u>	<u>23,234</u>	<u>0</u>	<u>5,210,924</u>
Less: Accumulated Depreciation	<u>(4,419,840)</u>	<u>(137,247)</u>	<u>0</u>	<u>(4,557,087)</u>
Total Capital Assets Being Depreciated	<u>767,850</u>	<u>(114,013)</u>	<u>0</u>	<u>653,837</u>
Total Capital Assets	<u>\$ 905,029</u>	<u>\$ (114,013)</u>	<u>\$ 0</u>	<u>\$ 791,016</u>
Accumulated Depreciation				
Buildings and Building Improvements	\$ 4,320,571	\$ 108,581	\$ 0	\$ 4,429,152
Furniture and Equipment	99,269	28,666	0	127,935
Total Accumulated Depreciation	<u>\$ 4,419,840</u>	<u>\$ 137,247</u>	<u>\$ 0</u>	<u>\$ 4,557,087</u>

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

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

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

B. Component Unit

	Balance March 31, 2021	Additions	Deletions	Balance March 31, 2022
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 54,300	\$ 0	\$ 0	\$ 54,300
Total Capital Assets Not Being Depreciated	54,300	0	0	54,300
<i>Capital Assets Being Depreciated</i>				
Buildings and Building Improvements	298,756	0	0	298,756
Subtotal Capital Assets Being Depreciated	298,756	0	0	298,756
Less: Accumulated Depreciation	(82,458)	(15,235)	0	(97,693)
Total Capital Assets Being Depreciated	216,298	(15,235)	0	201,063
Total Capital Assets	\$ 270,598	\$ (15,235)	\$ 0	\$ 255,363

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

Buildings and Improvements	15-40 years
----------------------------	-------------

NOTE 7: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability/Asset

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

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

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

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

Net Pension Liability/Asset (Continued)

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability*. There was no liability for the contractually-required pension contribution outstanding at the end of the year.

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.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

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

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

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

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 who retired prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Cost-of living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

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.

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

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

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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the combined plan will be consolidated under the Traditional pension plan (defined benefit plan) and the Combined plan will no longer be available for new hires beginning in 2022.

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

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

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

	State and Local
2021-2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021-2022 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

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

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

The Authority's contractually required contributions used to fund pension benefits was \$38,250 for fiscal year ending March 31, 2022.

Net Pension Liability/Asset, 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, 2021, 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:

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

Net Pension Liability/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Plan</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.001289%	0.014829%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.001409%</u>	<u>0.018074%</u>	
Change in Proportionate Share	<u>0.000120%</u>	<u>0.003245%</u>	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 122,589	\$ (71,212)	\$ 51,377
Pension Expense	\$ (31,230)	\$ (3,568)	\$ (34,798)

At March 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Plan</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 6,249	\$ 442	\$ 6,691
Changes of assumptions	15,330	3,577	18,907
Changes in proportion and differences between Authority contributions and proportionate share of contributions	14,811	221	15,032
Authority contributions subsequent to the measurement date	<u>5,458</u>	<u>2,305</u>	<u>7,763</u>
Total Deferred Outflows of Resources	<u>\$ 41,848</u>	<u>\$ 6,545</u>	<u>\$ 48,393</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 145,813	\$ 15,266	\$ 161,079
Differences between expected and actual experience	2,688	7,953	10,641
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>9,793</u>	<u>7,271</u>	<u>17,064</u>
Total Deferred Inflows of Resources	<u>\$ 158,294</u>	<u>\$ 30,490</u>	<u>\$ 188,784</u>

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

Net Pension Liability/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$7,763 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending March 31:			
2023	\$ (18,515)	\$ (5,677)	\$ (24,192)
2024	(45,906)	(7,463)	(53,369)
2025	(34,288)	(5,237)	(39,525)
2026	(23,195)	(4,158)	(27,353)
2027	0	(1,463)	(1,463)
Thereafter	0	(2,252)	(2,252)
Total	\$ (121,904)	\$ (26,250)	\$ (148,154)

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, 2021, 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. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

Actuarial Assumptions – OPERS (Continued)

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Wage Inflation		
Current Measurement Date:	2.75 percent	2.75 percent
Prior Measurement Date:	3.25 percent	3.25 percent
Future Salary Increases, including inflation		
Current Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre 1/7/2013 retirees:	3 percent, simple	3 percent, simple
Post 1/7/2013 retirees:		
Current Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple	3 percent, simple through 2022, then 2.05 percent simple
Prior Measurement Date:	0.50 percent, simple through 2021, then 2.15 percent simple	0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return		
Current Measurement Date:	6.9 percent	6.9 percent
Prior Measurement Date:	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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 a gain of 15.3 percent for 2021.

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

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected 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. The table below displays the Board-approved asset allocation policy for 2021 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 (Geometric)</u>
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00 %</u>	4.21 %

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. 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/Asset to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.9 percent, as well as what the Authority’s proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

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

Actuarial Assumptions – OPERS (Continued)

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	\$ 323,211	\$ 122,589	\$ 44,355
Combined Plan	\$ (53,138)	\$ (71,212)	\$ (85,309)

NOTE 8: **DEFINED BENEFIT OPEB PLANS**

Net OPEB Asset

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

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

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

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

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

Net OPEB Asset (Continued)

The proportionate share of each plan's funded benefits is presented as a long-term *net OPEB asset*. There was no liability for the contractually-required OPEB contribution outstanding at the end of the year.

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.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2021, measurement date health care valuation.

In order to qualify for postemployment health care coverage, generally, age and service retirees under the traditional pension and combined plans must be at least age sixty with twenty or more years of qualifying Ohio service credit, or thirty years of qualifying service at any age. 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' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the Traditional Pension Plan and Combined Plan.

Employer contribution rates are expressed as a percentage of covered payroll. In 2021-2022, 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. For 2021-2022, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021-2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contributions had no amount allocated to health care for fiscal year 2022.

Net OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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

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

	OPERS
Proportion of the Net OPEB Asset: Prior Measurement Date	0.001632%
Proportion of the Net OPEB Asset: Current Measurement Date	0.001839%
Change in Proportionate Share	0.000207%
Proportionate Share of the Net OPEB Asset	\$ 57,600
OPEB Expense	\$ (58,510)

At March 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	\$ 3,196
Total Deferred Outflows of Resources	\$ 3,196
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 27,459
Differences between expected and actual experience	8,737
Changes of assumptions	23,315
Changes in proportion and differences between Authority contributions and proportionate share of contributions	6,545
Total Deferred Inflows of Resources	\$ 66,056

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

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

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

Year Ending March 31:	OPERS
2023	\$ (41,253)
2024	(11,664)
2025	(6,001)
2026	(3,942)
Total	\$ (62,860)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of 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, 2020, rolled forward to the measurement date of December 31, 2021. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used the following actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

Actuarial Assumptions – OPERS (Continued)

Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	3.25 percent
Projected Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent, including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date:	1.84 percent
Prior Measurement Date:	2.00 percent
Health Care Cost Trend Rate	
Current Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2034
Prior Measurement Date:	8.50 percent initial, 3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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.

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

Actuarial Assumptions – OPERS (Continued)

During 2021, 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 a gain of 14.3 percent for 2021.

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 2021 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 (Geometric)</u>
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00 %</u>	3.45 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. 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 1.84 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.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

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

Actuarial Assumptions – OPERS (Continued)

Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Authority’s proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB asset	\$ 33,874	\$ 57,600	\$ 77,293

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	\$ 58,223	\$ 57,600	\$ 56,862

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

NOTE 9: LONG-TERM DEBT – DIRECT BORROWINGS

A. Primary Government

The Authority has the following mortgages outstanding as of March 31, 2022:

Dunfee Court - A first and second mortgage with the United States Department of Agriculture (USDA) Rural Housing Service for a 12-unit project. The original loan amount was \$373,300, dated January 30, 1985. The term of the loan is 50 years with interest rate of 10.75 percent, discounted to 1 percent. The balance outstanding as of March 31, 2022 was \$97,244. The second loan amount was \$23,580, dated April 25, 1985. The term of the loan is 50 years with interest rate of 11.875 percent, discounted to 1 percent. The balance outstanding as of March 31, 2022 was \$6,925. The note authorizes acceleration of the entire indebtedness at the option of the Government upon any default by the borrower.

Gable Estate – USDA Rural Housing Service loan for a 16-unit project. The amount of the loan was \$541,516, dated April 21, 1993. The term of the loan is 50 years with the interest rate of 7.75 percent, discounted to 1 percent. The outstanding balance as of March 31, 2022 was \$448,994. The note authorizes acceleration of the entire indebtedness at the option of the Government upon any default by the borrower.

The following is a summary of change in long-term liabilities for the year ended March 31, 2022:

<u>Description</u>	Balance 3/31/2021	Issued	Retired	Balance 3/31/2022	Due Within One Year
1st Mortgage Dunfee Court	\$ 104,801	\$ 0	\$ (7,557)	97,244	\$ 8,591
2nd Mortgage Dunfee Court	7,393	0	(468)	6,925	535
Gable Estate	454,347	0	(5,353)	448,994	8,076
Total Mortgage Notes	<u>\$ 566,541</u>	<u>\$ 0</u>	<u>\$ (13,378)</u>	<u>\$ 553,163</u>	<u>\$ 17,202</u>
Loan Payable	\$ 79,400	\$ 0	\$ (79,400)	\$ 0	\$ 0
Total Loan Payable	<u>\$ 79,400</u>	<u>\$ 0</u>	<u>\$ (79,400)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Pension Liability	190,873	0	(68,284)	122,589	0
Total Net Pension Liability	<u>\$ 190,873</u>	<u>\$ 0</u>	<u>\$ (68,284)</u>	<u>\$ 122,589</u>	<u>\$ 0</u>

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

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

A. Primary Government (Continued)

Debt commitments for future years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 17,202	\$ 5,608	\$ 22,810
2024	17,996	5,359	23,355
2025	18,763	5,179	23,942
2026	19,583	4,991	24,574
2027	20,460	4,795	25,255
2028-2032	117,791	20,710	138,501
2033-2037	107,231	14,918	122,149
2038-2042	144,351	9,031	153,382
2043-2046	89,786	1,510	91,296
	<u>\$ 553,163</u>	<u>\$ 72,101</u>	<u>\$ 625,264</u>

B. Component Unit

The Authority's component unit had no outstanding debt obligations as of March 31, 2022.

NOTE 10: LOAN PAYABLE

On May 6, 2020, the Authority entered into a note agreement with Huntington Bank for an SBA Paycheck Protection Program (PPP) loan in the amount of \$79,400. On February 3, 2021, the Authority applied for loan forgiveness certifying that the Authority had complied with all requirements in the Paycheck Protection Program Rules. At March 31, 2021, the balance on the loan was \$79,400. The Authority received loan forgiveness in year-end March 31, 2022.

NOTE 11: CONTINGENCIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at March 31, 2022.

B. Litigation

In the normal course of operations, the Authority may be subject to litigations and claims. At March 31, 2022, the Authority was not aware of any such matters.

HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)

NOTE 12: FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2022, the Authority electronically submitted an unaudited version of the statement of net position, statement of revenues, expenses and changes in net position and other data to HUD REAC as required on the GAAP basis.

NOTE 13: PLEGGED ESCROW RECEIVABLE

On June 15, 2010, the Authority signed a guarantee agreement to Bingham Terrace Preservation, LP, an Ohio Limited Partnership, and Huntington Ohio ARRA Fund LLC, an Ohio Limited Liability Company. The Authority is an affiliate of the General Partner of the Partnership, owner of a low-income housing project constructed by the Partnership. The obligation of the Authority under the agreement was a pledge of \$500,000, with a balance at March 31, 2022 of \$250,000.

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. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Authority. The pension and other employment benefit plans in which the Authority participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

Traditional Plan	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.001409%	0.001289%	0.001500%	0.001542%	0.001892%	0.001705%	0.001385%	0.001385%
Authority's Proportionate Share of the Net Pension Liability	\$ 122,589	\$ 190,873	\$ 296,485	\$ 422,323	\$ 296,818	\$ 387,177	\$ 239,899	\$ 167,047
Authority's Covered Payroll	\$ 182,993	\$ 181,536	\$ 210,984	\$ 208,207	\$ 250,071	\$ 220,394	\$ 172,398	\$ 182,340
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	66.99%	105.14%	140.52%	202.84%	118.69%	175.67%	139.15%	91.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%
Combined Plan	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Asset	0.018074%	0.014829%	0.014667%	0.014476%	0.012857%	0.013382%	0.013910%	0.013910%
Authority's Proportionate Share of the Net Pension (Asset)	\$ (71,212)	\$ (42,806)	\$ (30,584)	\$ (16,187)	\$ (17,503)	\$ (7,448)	\$ (6,768)	\$ (5,356)
Authority's Covered Payroll	\$ 68,976	\$ 65,352	\$ 65,290	\$ 61,911	\$ 52,655	\$ 52,091	\$ 50,630	\$ 47,122
Authority's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	103.24%	65.50%	46.84%	26.15%	33.24%	14.30%	13.37%	11.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%

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

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

See accompanying notes to the required supplementary information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Contractually Required Contributions</u>									
Traditional Plan	\$ 27,263	\$ 25,619	\$ 27,718	\$ 29,688	\$ 31,245	\$ 29,980	\$ 21,801	\$ 18,854	(2)
Combined Plan	10,987	9,657	9,141	8,714	7,365	6,623	6,099	5,793	(2)
Total Required Contributions	\$ 38,250	\$ 35,276	\$ 36,859	\$ 38,402	\$ 38,610	\$ 36,603	\$ 27,900	\$ 24,647	\$ 27,905
Contributions in Relation to the Contractually Required Contribution	(38,250)	(35,276)	(36,859)	(38,402)	(38,610)	(36,603)	(27,900)	(24,647)	(27,905)
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>Authority's Covered Payroll</u>									
Traditional Plan	\$ 194,736	\$ 182,993	\$ 197,986	\$ 212,056	\$ 236,007	\$ 243,959	\$ 181,675	\$ 157,117	(2)
Combined Plan	78,479	68,976	65,290	62,240	55,393	54,047	50,825	48,275	(2)
Total Covered Payroll	\$ 273,215	\$ 251,969	\$ 263,276	\$ 274,296	\$ 291,400	\$ 298,006	\$ 232,500	\$ 205,392	\$ 232,543
<u>Pension Contributions as a Percentage of Covered Payroll</u>									
Traditional Plan	14.00%	14.00%	14.00%	14.00%	13.24%	12.29%	12.00%	12.00%	12.00%
Combined Plan	14.00%	14.00%	14.00%	14.00%	13.30%	12.25%	12.00%	12.00%	12.00%

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

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

See accompanying notes to the required supplementary information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.001839%	0.001632%	0.001829%	0.001862%	0.002140%	0.001970%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (57,600)	\$ (29,075)	\$ 252,632	\$ 242,761	\$ 232,388	\$ 198,977
Authority's Covered Payroll	\$ 251,969	\$ 246,888	\$ 276,274	\$ 270,118	\$ 302,726	\$ 272,485
Authority's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	22.86%	11.78%	91.44%	89.87%	76.77%	73.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,186	\$ 5,119	\$ 4,650	\$ 4,108	\$ 4,651
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,186)</u>	<u>(5,119)</u>	<u>(4,650)</u>	<u>(4,108)</u>	<u>(4,651)</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>
Authority Covered Payroll	\$ 273,215	\$ 251,969	\$ 263,276	\$ 274,296	\$ 291,400	\$ 298,006	\$ 232,504	\$ 205,389	\$ 232,543
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.75%	1.72%	2.00%	2.00%	2.00%

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

See accompanying notes to the required supplementary information

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

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 2014-2022.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2021.

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

Net OPEB Liability (Continued)

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 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034.

HARRISON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
MARCH 31, 2022

	Project Total	6.1 Component Unit - Discretely Presented	2 State/Local	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	243,520	130,513	440,018	8,331	42,287	864,669		864,669
113 Cash - Other Restricted	-	-	-	56,957	2,780	59,737		59,737
114 Cash - Tenant Security Deposits	13,593	4,125	-	12,236	-	29,954		29,954
100 Total Cash	257,113	134,638	440,018	77,524	45,067	954,360	-	954,360
126 Accounts Receivable - Tenants	302	1,169	-	328	-	1,799		1,799
126.1 Allowance for Doubtful Accounts -Tenants	-30	-	-	-	-	-30		-30
120 Total Receivables, Net of Allowances for Doubtful Accounts	272	1,169	-	328	-	1,769	-	1,769
142 Prepaid Expenses and Other Assets	10,467	-	-	4,309	8,855	23,631		23,631
150 Total Current Assets	267,852	135,807	440,018	82,161	53,922	979,760	-	979,760
161 Land	75,202	54,300	-	61,977	-	191,479		191,479
162 Buildings	3,884,375	298,756	-	1,102,456	-	5,285,587		5,285,587
163 Furniture, Equipment & Machinery - Dwellings	10,687	-	-	128,824	-	139,511		139,511
164 Furniture, Equipment & Machinery - Administration	45,026	-	35,443	4,113	-	84,582		84,582
166 Accumulated Depreciation	-3,601,271	-97,693	-12,535	-943,281	-	-4,654,780		-4,654,780
160 Total Capital Assets, Net of Accumulated Depreciation	414,019	255,363	22,908	354,089	-	1,046,379	-	1,046,379
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	250,000	-	-	250,000		250,000
174 Other Assets	73,389	-	51,750	18,002	23,175	166,316		166,316
176 Investments in Joint Ventures	-	-	-	-	-	-		-
180 Total Non-Current Assets	487,408	255,363	324,658	372,091	23,175	1,462,695	-	1,462,695
200 Deferred Outflow of Resources	29,393	-	5,705	7,209	9,282	51,589		51,589
290 Total Assets and Deferred Outflow of Resources	784,653	391,170	770,381	461,461	86,379	2,494,044	-	2,494,044
311 Bank Overdraft	-	-	-	-	-	-		-
312 Accounts Payable <= 90 Days	17,191	438	777	7,605	974	26,985		26,985
321 Accrued Wage/Payroll Taxes Payable	-	-	6,013	-	-	6,013		6,013
322 Accrued Compensated Absences - Current Portion	6,840	-	3,170	2,335	2,630	14,975		14,975
341 Tenant Security Deposits	13,593	4,125	-	12,236	-	29,954		29,954
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	17,202	-	17,202		17,202
346 Accrued Liabilities - Other	8,302	2,738	-	-	-	11,040		11,040
310 Total Current Liabilities	45,926	7,301	9,960	39,378	3,604	106,169	-	106,169
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	535,961	-	535,961		535,961
354 Accrued Compensated Absences - Non Current	10,594	-	4,909	3,768	4,725	23,996		23,996
357 Accrued Pension and OPEB Liabilities	69,844	-	13,557	17,132	22,056	122,589		122,589
350 Total Non-Current Liabilities	80,438	-	18,466	556,861	26,781	682,546	-	682,546
300 Total Liabilities	126,364	7,301	28,426	596,239	30,385	788,715	-	788,715
400 Deferred Inflow of Resources	145,191	-	28,183	35,615	45,851	254,840		254,840
508.4 Net Investment in Capital Assets	414,019	255,363	22,908	-199,074	-	493,216		493,216
511.4 Restricted Net Position	-	-	-	56,957	2,780	59,737		59,737
512.4 Unrestricted Net Position	99,079	128,506	690,864	-28,276	7,363	897,536		897,536
513 Total Equity - Net Assets / Position	513,098	383,869	713,772	-170,393	10,143	1,450,489	-	1,450,489
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	784,653	391,170	770,381	461,461	86,379	2,494,044	-	2,494,044

**HARRISON METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

	Project Total	6.1 Component Unit - Discretely Presented	2 State/Local	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	163,940	54,390	-	94,976	-	313,306		313,306
70400 Tenant Revenue - Other	6,225	779	-	3,614	-	10,618		10,618
70500 Total Tenant Revenue	170,165	55,169	-	98,590	-	323,924	-	323,924
70600 HUD PHA Operating Grants	227,670	-	-	-	793,799	1,021,469		1,021,469
70610 Capital Grants	9,000	-	-	-	-	9,000		9,000
70700 Total Fee Revenue	-	-	-	-	-	-	-	-
70800 Other Government Grants	-	-	82,345	60,586	-	142,931		142,931
71100 Investment Income - Unrestricted	-	9	-	5	-	14		14
71400 Fraud Recovery	-	-	-	-	607	607		607
71500 Other Revenue	9,925	-	118,314	200	250	128,689	-17,970	110,719
70000 Total Revenue	416,760	55,178	200,659	159,381	794,656	1,626,634	-17,970	1,608,664
91100 Administrative Salaries	42,795	-	18,924	13,121	24,944	99,784		99,784
91200 Auditing Fees	2,260	3,000	-	2,724	4,711	12,695		12,695
91300 Management Fee	-	-	-	17,970	-	17,970	-17,970	-
91400 Advertising and Marketing	730	-	-	391	1,773	2,894		2,894
91500 Employee Benefit contributions - Administrative	-15,010	-	33,557	-11,382	-20,874	-13,709		-13,709
91600 Office Expenses	11,965	70	1,404	678	27,358	41,475		41,475
91700 Legal Expense	-	399	-	-	-	399		399
91800 Travel	332	-	66	124	1,203	1,725		1,725
91900 Other	2,504	796	3,481	765	10,771	18,317		18,317
91000 Total Operating - Administrative	45,576	4,265	57,432	24,391	49,886	181,550	-17,970	163,580
92100 Tenant Services - Salaries	-	-	31,345	-	-	31,345		31,345
92300 Employee Benefit Contributions - Tenant Services	-	-	3,161	-	-	3,161		3,161
92400 Tenant Services - Other	1,958	-	17,331	-	-	19,289		19,289
92500 Total Tenant Services	1,958	-	51,837	-	-	53,795	-	53,795
93100 Water	19,933	671	-	35,127	674	56,405		56,405
93200 Electricity	66,966	2,204	-	6,658	1,560	77,388		77,388
93300 Gas	242	-	-	1,616	1,105	2,963		2,963
93000 Total Utilities	87,141	2,875	-	43,401	3,339	136,756	-	136,756
94100 Ordinary Maintenance and Operations - Labor	54,695	-	-	10,792	5,842	71,329		71,329
94200 Ordinary Maintenance and Operations - Materials and Other	37,200	1,030	548	8,968	2,192	49,938		49,938
94300 Ordinary Maintenance and Operations Contracts	49,495	5,212	-	25,939	1,181	81,827		81,827
94500 Employee Benefit Contributions - Ordinary Maintenance	-18,221	-	-	-6,255	-6,317	-30,793		-30,793
94000 Total Maintenance	123,169	6,242	548	39,444	2,898	172,301	-	172,301
96110 Property Insurance	10,976	6,510	-	5,595	3,660	26,741		26,741
96100 Total insurance Premiums	10,976	6,510	-	5,595	3,660	26,741	-	26,741
96210 Compensated Absences	-	-	2,128	-	-	2,128		2,128
96300 Payments in Lieu of Taxes	8,302	2,362	-	-	-	10,664		10,664
96400 Bad debt - Tenant Rents	11	-	-	-	-	11		11
96000 Total Other General Expenses	8,313	2,362	2,128	-	-	12,803	-	12,803
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	6,880	-	6,880		6,880
96700 Total Interest Expense and Amortization Cost	-	-	-	6,880	-	6,880	-	6,880
96900 Total Operating Expenses	277,133	22,254	111,945	119,711	59,783	590,826	-17,970	572,856
97000 Excess of Operating Revenue over Operating Expenses	139,627	32,924	88,714	39,670	734,873	1,035,808	-	1,035,808
97300 Housing Assistance Payments	-	-	-	-	702,160	702,160		702,160
97400 Depreciation Expense	85,760	15,235	4,236	47,251	-	152,482		152,482
90000 Total Expenses	362,893	37,489	116,181	166,962	761,943	1,445,468	-17,970	1,427,498
10010 Operating Transfer In	63,533	-	-	-	-	63,533	-63,533	-
10020 Operating transfer Out	-63,533	-	-	-	-	-63,533	63,533	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	53,867	17,689	84,478	-7,581	32,713	181,166	-	181,166
11020 Required Annual Debt Principal Payments	-	-	-	17,261	-	17,261		17,261
11030 Beginning Equity	459,231	366,180	629,294	-162,812	-22,570	1,269,323		1,269,323
11170 Administrative Fee Equity	-	-	-	-	7,362	7,362		7,362
11180 Housing Assistance Payments Equity	-	-	-	-	2,781	2,781		2,781
11190 Unit Months Available	600	84	-	336	3,180	4,200		4,200
11210 Number of Unit Months Leased	573	84	-	316	1,823	2,796		2,796
11270 Excess Cash	188,365	-	-	-	-	188,365		188,365
11630 Furniture & Equipment - Dwelling Purchases	9,344	-	-	-	-	9,344		9,344

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

FEDERAL GRANTOR/ <i>Pass-Through Grantor/ Program/Title</i>	Assistance Listing Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
Public and Indian Housing	14.850	\$ 164,137
Public Housing Capital Fund	14.872	72,533
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	793,799
Total Housing Voucher Cluster		793,799
Total U.S. Department of Housing and Urban Development		1,030,469
<u>U.S. Department of Agriculture</u>		
<i>Direct Programs:</i>		
Rural Rental Housing Loans	10.415	627,127
Total U.S. Department of Agriculture		627,127
Total Expenditures of Federal Awards		\$ 1,657,596

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

**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

NOTE 1: PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Harrison Metropolitan Housing Authority under programs of the federal government for the year ended March 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Harrison Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Harrison Metropolitan Housing Authority.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

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

NOTE 4: COMPONENT UNIT

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

NOTE 5: LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan programs listed below are administered directly by the Authority, and balances and transactions relating to these programs are included in the Authority's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at March 31, 2022 consist of:

AL Number	Program/Cluster Name	Outstanding Balance at March 31, 2022
#10.415	Rural Rental Housing Loans	\$553,163

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

Harrison Metropolitan Housing Authority
Harrison County
82450 Cadiz-Jewett Road
Cadiz, Ohio 43907

To the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of the Harrison Metropolitan Housing Authority, Harrison County, Ohio (the Authority), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 12, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 12, 2022

OHIO AUDITOR OF STATE KEITH FABER



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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

Harrison Metropolitan Housing Authority
Harrison County
82450 Cadiz-Jewett Road
Cadiz, Ohio 43907

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Harrison Metropolitan Housing Authority's, Harrison County, Ohio (the Authority), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Harrison Metropolitan Housing Authority's major federal program for the year ended March 31, 2022. Harrison Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Harrison Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Keith Faber
Auditor of State
Columbus, Ohio

December 12, 2022

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**HARRISON METROPOLITAN HOUSING AUTHORITY
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
MARCH 31, 2022**

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"> • Rural Rental Housing Loans, #10.415 	
(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



HARRISON COUNTY METROPOLITAN HOUSING AUTHORITY

HARRISON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/15/2022

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