Sandusky Metropolitan Housing Authority
Sandusky County

Single Audit

For the Year Ended June 30, 2021

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board of Commissioners
Sandusky Metropolitan Housing Authority
1358 Mosser Drive
Fremont, Ohio 43420

We have reviewed the *Independent Auditor's Report* of the Sandusky Metropolitan Housing Authority, Sandusky County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 24, 2022

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SANDUSKY METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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SALVATORE CONSIGLIO, CPA, INC.

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Independent Auditor's Report

Board of Commissioners
Sandusky Metropolitan Housing Authority

I have audited the accompanying financial statements of the business-type activities of Sandusky Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Sandusky Metropolitan Housing Authority as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 12 to the financial statements, during fiscal year 2021, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Authority. I did not modify my opinion regarding this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Net Pension and Postemployment Benefit Liabilities and pension and postemployment benefit contributions, as listed in the table of contents, to supplement the basic financial statements. Such information, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sandusky Metropolitan Housing Authority, Ohio's basic financial statements. The accompanying financial data schedule ("FDS") is not required part of the basic financial statements. The Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the financial statements.

The financial data schedule (FDS) is presented for purposes of additional analysis as required by the Department of Housing and Urban Development and is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 my opinion, the Schedule of Expenditure of Federal Awards and the financial data schedule ("FDS") 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*, I have also issued my report dated February 11, 2022, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
February 11, 2022

Unaudited

The Sandusky Metropolitan Housing Authority's (the Authority) Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual issues or concerns.

Since the MD&A is designed to focus on the 2021 year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's total net position increased by $169,732 (or 9.06 percent) during the fiscal year ended 2021. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position was $1,873,367 and $2,043,099 for 2020 and 2021, respectively.

- The business-type activities revenue increased by $281,078 (or 16.31 percent) during the fiscal year ended 2021. The amounts were $1,722,882 and $2,003,960 for 2020 and 2021, respectively.

- The total expenses of all Authority programs decreased by $8,647 (or .47 percent). Total expenses were $1,842,875 and $1,834,228 for 2020 and 2021, respectively

- In March 2020, the United States and the State of Ohio declared a state of emergency due to the COVID-19 pandemic. HUD provided additional funds to the Authority's Public Housing and Housing Choice Voucher Programs to help the Authority prepare for, prevent, and respond to the coronavirus, which has helped the Authority maintain normal operations during this period.

- The Authority executed modifications of its contract for housing services relationship with the Sandusky County Board of Developmental Disabilities (SCBDD). The SCBDD provided two additional funding increments of $200,000 each to be used by the Authority to expand the Program through which the parties work together to develop, acquire, renovate, and manage residential rental properties for persons with disabilities for Sandusky County, Ohio.

USING THE ANNUAL REPORT

The focus is on the Authority as a single enterprise fund. This format will allow the user to address relevant questions, broaden a basis for comparison (fiscal year to fiscal year or Authority to Authority) and enhance the Authority's accountability.

Unaudited

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise fund for the Authority.

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

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

> <u>Net Investment in Capital Assets</u>: This component of Net Position consists of all Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> <u>Restricted</u>: 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.
>
> <u>Unrestricted</u>: Consists of Net Position that do not meet the definition of "Investment in Capital Assets," or "Restricted." This account resembles the old operating reserves account.

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

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

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

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

Unaudited

Project Total (PH and CFP) – 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 and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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

Mainstream Voucher Program – Mainstream vouchers assist non-elderly persons with disabilities. Aside from serving a special population, mainstream vouchers are administered using the same rules as other Housing Choice Voucher Program.

State & Local – The State & Local fund was set up to track grant money received for low income housing programs through state and local sources.

AUTHORITY STATEMENTS

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

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Unaudited

TABLE 1 - STATEMENT OF NET POSITION

		2021		2020
Current and Other Assets	$	867,949	$	483,372
Capital Assets		2,008,034		1,860,315
Deferred Outflows of Resources		9,622		17,181
Total Assets and Deferred Outflows of Resources	$	2,885,605	$	2,360,868
Current Liabilities	$	96,048	$	83,088
Long-Term Liabilities		704,302		382,393
Deferred Inflows of Resources		42,156		22,020
Total Liabilities and Deferred Inflows of Resources		842,506		487,501
Net Position:				
Net Investment in Capital Assets		1,533,251		1,571,095
Restricted Net Position		18,314		10,741
Unrestricted Net Position		491,534		291,531
Total Net Position		2,043,099		1,873,367
Total Liabilities, Deferred Inflows and Net Position	$	2,885,605	$	2,360,868

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

Major Factors Affecting the Statement of Net Position

Notable changes on the Statement of Net Position were to current and other assets, capital assets, long term liabilities and unrestricted net position. To a large extent the reasons these balances changed as much as they did is related.

Non-current liabilities increased $321,909. Contributing to that increase was new debt assumed by the Authority for acquisition and renovations on housing units to be rented to clients of Ohio Department of Developmental Disabilities to expand the existing relationship the Authority has with the Sandusky County Board of Developmental Disabilities (SCBDD). The new debt assumed by Sandusky MHA was $400,000. $177,426 of the loan proceeds were used on property acquisitions and improvements contributing to the increase in capital assets of $147,719. The unspent proceeds at June 30, 2021 of $222,574 is a big reason why current and other assets increased $384,577. Otherwise, the increase in current and other assets and the increase in unrestricted net position are due to the favorable results from operations in the period.

The following table presents details on the change in Net Position.

TABLE 2 - CHANGE OF NET POSITION

	Unrestricted	Net Investment in Capital Assets	Restricted
Beginning Balance - Restated	$291,531	$1,571,095	$10,741
Results of Operation	162,159	0	7,573
Adjustments:			
Current year Depreciation Expense (1)	129,497	(129,497)	0
Capital Expenditure (2)	(277,216)	277,216	0
Retirement of Debt	(37,526)	37,526	0
New Debt Issued	445,663	(445,663)	0
Change in Unspent Debt Proceeds	(222,574)	0	222,574
Ending Balance	$491,534	$1,310,677	$240,888

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

(2) Capital expenditures represent an outflow of unrestricted net position but are not treated as an expense against Results of Operations, and therefore must be deducted.

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

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

Unaudited

TABLE 3 - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2021	2020
Revenues		
Total Tenant Revenues	$ 161,307	153,870
Operating Subsidies	1,709,301	1,482,603
Capital Grants	48,864	54,463
Investment Income	164	421
Other Revenues	84,324	31,525
Total Revenues	**2,003,960**	**1,722,882**
Expenses		
Administrative	200,723	221,811
Tenant Services	22,296	10,361
Utilities	13,573	15,064
Maintenance	214,415	225,127
Protective Services	1,092	-
General and Interest	46,809	47,232
Housing Assistance Payments	1,205,823	1,202,070
Depreciation	129,497	121,210
Total Expenses	**1,834,228**	**1,842,875**
Net Increases (Decreases)	169,732	(119,993)
Beginning Net Position	1,873,367	1,993,360
Ending Net Position	$ 2,043,099	$ 1,873,367

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

Overall total revenues increased $281,078 (or 16.31%) while total expenses were virtually unchanged from the prior year dropping $8,647. The larger increases in revenues were to operating subsidies and other income. An increase in CARES Act funding for the Housing Choice Voucher and Mainstream Voucher programs of $43,619 was a part of why operating subsidies increased. Otherwise funding for those same two programs increased $139,409 due to routine fluctuation in the flow of funding from HUD and not due any new funding stream. Other revenue increased $52,799 and causing the increase was insurance proceeds of $49,312 to pay for covered losses suffered by the Authority.

CAPITAL ASSETS

As of year-end, the Authority had $2,008,034 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of $147,719, or 7.94 percent, from the end of 2020.

TABLE 4 - CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	2021	2020
Land	$ 723,804	$ 706,224
Building and Improvement	4,794,532	4,561,356
Equipment	299,435	436,219
Accumulated Depreciation	(3,809,737)	(3,843,484)
Total	$ 2,008,034	$ 1,860,315

The following reconciliation identifies the change in Capital Assets:

TABLE 5 - CHANGE IN CAPITAL ASSETS

Beginning Balance	$ 1,860,315
Current year Additions	277,216
Current year Depreciation Expense	(129,497)
Ending Balance	$ 2,008,034
Current year Additions are summarized as follows:	
Property renovations	$ 74,959
Purchase of new house SCBDD	175,797
Playground Equipment	24,653
Appliances	1,807
Total Current Year Additions	$ 277,216

TABLE 6 - DEBT OUTSTANDING

As of year-end, the change in the Authority outstanding debt was as follows:

Beginning Balance	$	289,220
Current Year Debt Issued		445,663
Current Year Debt Retired		(37,526)
Ending Balance	$	697,357

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- Unknown financial and operational impacts as well as impacts to federal programs as a result of the COVID-19 pandemic.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Ralph Chamberlain, Executive Director, Sandusky Metropolitan Housing Authority, (419) 334-4426.

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
June 30, 2021

ASSETS		
Current assets		
Cash and cash equivalents	$	584,585
Restricted cash and cash equivalents		256,655
Receivables, net		10,127
Prepaid expenses and other assets		8,511
Total current assets		**859,878**
Noncurrent assets		
Capital assets:		
Non-Depreciable capital assets		723,804
Depreciable capital assets, net		1,284,230
Total capital assets		2,008,034
Net OPEB Asset		8,071
Total noncurrent assets		**2,016,105**
Total assets	***$***	***2,875,983***
Deferred Outflows of Resources		
Pension	$	3,205
OPEB		6,417
Total Deferred Outflows of Resources	***$***	***9,622***
LIABILITIES		
Current liabilities		
Accounts payable	$	28,698
Accrued liabilities		344
Tenant security deposits		15,767
Unearned Revenue		3,695
Other current liabilities		5,632
Long-Term Debt - Current Portion		41,912
Total current liabilities		**96,048**
Noncurrent liabilities		
Long-Term Debt - Noncurrent Portion		655,445
Accrued Compensated Absences		10,505
Net Pension Liability		38,352
Total noncurrent liabilities		**704,302**
Total liabilities	***$***	***800,350***

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

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
June 30, 2021

Deferred Inflows of Resources		
Pension	$	17,496
OPEB		24,660
Total Deferred Inflows of Resources	***$***	***42,156***
NET POSITION		
Net Invested in capital assets	$	1,533,251
Restricted net position		18,314
Unrestricted net position		491,534
Total net position	***$***	***2,043,099***

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

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2021

OPERATING REVENUES	
Tenant revenue	$ 161,307
Government operating grants	1,709,301
Other revenue	84,324
Total operating revenues	**1,954,932**
OPERATING EXPENSES	
Administrative	200,723
Tenant services	22,296
Utilities	13,573
Maintenance	214,415
Protective services	1,092
General and insurance	40,748
Housing assistance payment	1,205,823
Depreciation	129,497
Total operating expenses	***1,828,167***
Operating income (loss)	**126,765**
NONOPERATING REVENUES (EXPENSES)	
Capital grant revenue	48,864
Interest income	164
Interest expense	(6,061)
Total nonoperating revenues (expenses)	***42,967***
Change in net position	169,732
Beginning net position	1,873,367
Total net position - ending	**$ 2,043,099**

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

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	$1,703,122
Receipts from tenants	159,395
Other revenue received	80,809
Cash payments for administrative	(534,625)
Cash payments for HAP	(1,205,823)
Net cash provided (used) by operating activities	**202,878**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	164
Net cash provided (used) by investing activities	**164**
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Debt proceeds	445,663
Capital grant funds received	48,864
Capital purchases	(277,216)
Interest payment	(6,061)
Retirement of debt	(37,526)
Net cash provided (used) by capital and related activities	**173,724**
Net increase (decrease) in cash	376,766
Cash and cash equivalents - Beginning of year	464,474
Cash and cash equivalents - End of year	**$ 841,240**

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

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
For the Year Ended June 30, 2021

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	$	126,765
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities		
- Depreciation		129,497
- (Increases) Decreases in Accounts Receivable		1,093
- (Increases) Decreases in Prepaid Assets		(833)
- (Increases) Decreases in Net OPEB Asset		(8,071)
- (Increases) Decreases in Deferred Outflows		7,559
- Increases (Decreases) in Accounts Payable		12,177
- Increases (Decreases) in Accrued Liabilities		(3,063)
- Increases (Decreases) in Tenant Security Deposit		(1,057)
- Increases (Decreases) in Unearned Revenue		(11,642)
- Increases (Decreases) in Other Current Liabilities		125
- Increases (Decreases) in Pension Liability		(73,102)
- Increases (Decreases) in Deferred Inflows		20,136
- Increases (Decreases) in Non-Current Liabilities Other		3,294
Net cash provided (used) by operating activities	**$**	**202,878**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Sandusky Metropolitan Housing Authority (the Authority) is a political subdivision of the State of Ohio, located in Fremont, Ohio, created under Section 3735.27 of the Ohio Revised Code, to engage in the acquisition, development, leasing and administration of low-rent housing program. An Annual Contributions Contract was signed by the AUTHORITY and the United States Department of Housing and Urban Development (HUD), under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. THE AUTHORITY was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring constructing, maintenance, operating, improving, extending, and repairing housing facilities.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. The Authority is a political subdivision with no component units.

Basis of Presentation

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.

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Property and Equipment

Property and equipment are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized, while maintenance repair costs are expensed as incurred.

Useful life of property and equipment is as follows:

Buildings	40 years
Land and Building Improvements	15 years
Equipment	7 years
Autos	5 years

Depreciation is recorded on the straight-line method. Total depreciation expense for the 2021 fiscal year was $129,497.

Cash and Cash Equivalents
The Authority considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash and cash equivalents.

Investments
Investments are stated at fair value. Cost-based measures of fair value were applied to nonnegotiable certificates of deposit and money market investments.

Restricted Net Position
Restricted net position represents cash and cash equivalents whose use is limited by legal requirements. Restricted net position include excess Housing Choice Voucher housing assistance payments funding and security deposits collected from residents of the Agency's housing units.

Net Position
Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position includes the Housing Voucher Program's HAP Equity. That is funding provided to the Authority's Section 8 Program by HUD for the purpose of making rental assistance payments on behalf of program participants that has yet to be expended and was $12,874 for the Voucher Program and $5,440 for the Mainstream Program at June 30, 2021.

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

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

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

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

Budgetary Accounting
SMHA annually prepares funding requests as prescribed by HUD. After HUD approval of these requests, a budget is adopted by the Board of the Authority.

Capitalization of Interest
The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

Financial Statement Format and Content
The format and content of the financial statements included in this report conforms to the format and content submitted to U.S. Department of Housing and Urban Development, via the Real Estate Assessment Center.

NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE

During 2021, the Authority implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period.* This Statement establishes accounting requirements for interest cost incurred before the end of a construction period and requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the Authority.

NOTE 3: DEPOSITS AND INVESTMENTS

The Authority follows the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This standard revised the existing requirement regarding disclosure of custodial credit risk and establishes requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

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

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

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

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

At June 30, 2021, the Authority had undeposited cash on hand (petty cash) of $120.

At June 30, 2021, the carrying amount of the Authority's cash deposits was $841,240 and the bank balance was $850,459. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2021, deposits totaling $250,000 were covered by Federal Depository Insurance, while the balance of $600,459 was collateralized by securities pledged in the name of the Authority.

Custodial credit is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 102 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority.

Investments
HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and

derivatives prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the exception that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

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

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

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

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

Restricted Cash
Restricted cash is composed of the following restricted:

- Tenant Security Deposits	$15,767
- Unspent Debt Proceeds	222,574
- Housing Assistance Payments received in advance	18,314
Total Restricted Cash	$256,655

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at June 30, 2021, by class is as follows:

Land	$723,804
Building and Building Improvements	4,794,532
Furniture, Equipment - Dwelling	106,751
Furniture, Equipment - Administration	192,684
Total	5,817,771
Less Accumulated Depreciation	(3,809,737)
Net Property and Equipment	$ 2,008,034

A summary of changes in capital assets during the year is as follows:

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	Balance 6/30/2020	Additions	Retirement / Adjustment	Balance 6/30/2021
Capital Assets Not Being Depreciated:				
Land	$706,224	$17,580	$0	$723,804
Total Capital Assets Not Being Depreciated	**706,224**	**17,580**	**0**	**723,804**
Capital Assets Being Depreciated:				
Buildings and Improvement	4,561,356	233,176	0	4,794,532
Dwelling Equipment	81,370	25,381	0	106,751
Administration Equipment	354,849	1,079	(163,244)	192,684
Total Capital Assets Being Depreciated	**4,997,575**	**259,636**	**(163,244)**	**5,093,967**
Accumulated Depreciation:				
Buildings and Improvement	(3,431,065)	(120,037)	0	(3,551,102)
Furnt, Mach. and Equip.	(412,419)	(9,460)	163,244	(258,635)
Total Accumulated Depreciation	**(3,843,484)**	**(129,497)**	**163,244**	**(3,809,737)**
Total Capital Assets Being Depreciated, Net	**1,154,091**	**130,139**	**0**	**1,284,230**
Total Capital Assets, Net	**$1,860,315**	**$147,719**	**$0**	**$2,008,034**

NOTE 5: LONG-TERM LIABILITIES

The changes in the Authority's long-term liabilities during the year were as follows:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021	Due Within One Year
Mortgage Payable	$289,220	$445,663	($37,526)	$697,357	$41,912
Net Pension Liability	50,402	0	(12,050)	38,352	0
Net OPEB Liability	61,052	0	(61,052)	0	0
Compensated Absence Liability	9,615	890	0	10,505	0
Total Long-Term Liabilities	$410,289	$446,553	($110,628)	$746,214	$41,912

The mortgages payable consist of the following:

The Authority has a note payable to the Croghan Colonial Bank of Fremont. The original principal of the loan was $123,500 and the current rate is 6.15 percent annually. Principal and interest payments, currently $430.06 began in October 2002 with the final payment due on July 2032. The loan is secured by an open-end mortgage on real estate property located at 562 Crestwood, Fremont, Ohio.	$41,248
The Authority has a note payable to the Croghan Colonial Bank of Fremont, at a current rate of 4.75 percent annually. Principal and interest payments of $648.67 began in January 2004 with the final payment due on December 2023. The loan is secured by an open-end mortgage on real estate located at 1407 Rosewood Street, Fremont, Ohio 43420.	18,754
The Authority entered a $50,000 note payable with Croghan Colonial Bank of Fremont to finance the cost of repairs to roof, windows and other water damage to property located at 728 Nickel Street. Principal and interest payments of $544 began in August 2017. The term of the loan is 5.49% interest rate due over 10-year period. The loan is secured by an open-end mortgage on real estate located at 728 Nickel Street, Fremont, Ohio 43420.	34,022
The PHA has entered into contractual agreements with the Ohio Department of Development Disabilities through which the agency received funds for the acquisition and/or renovation of properties. Upon receipt of the funding, the Agency is restricted to using the property as a residential facility for DODD clients for 15 years. In the event the Agency complies with this restriction, the amount of the loan is amortized at 0 percent interest by 1/180th for each month of each agreement. The debt balance is for the renovation of the property located at 408 Pennsylvania Ave and the purchase of 908 Bush Street.	69,333
On April 15, 2019, the PHA has entered into contractual agreements with the Ohio Department of Development Disabilities to reimburse the Authority for renovation costs at 728 Nickel Street property in the amount of $60,360. The term of the loan is for 15-years, commencing on October 1, 2019, and terminating October 1, 2031. The parties agree that the loan is forgiven one-hundred-eightieth (1/180) of the funds received for every month that the project is used for the provision of the approved development disability services licensed by DODD.	49,294
On February 5, 2020, the PHA has entered into contractual agreements with the Ohio Department of Development Disabilities to reimburse the Authority for renovation costs at 908 Bush Str property in the amount of $47,050. The term of the loan is for 15-years, commencing on March 1, 2020, and terminating March 1, 2035. The parties agree that the loan is forgiven one-hundred-eightieth (1/180) of the funds received for every month that the project is used for the provision of the approved development disability services licensed by DODD.	42,869

The Authority executed an addendum to contract for housing services with the Sandusky County Board of Developmental Disabilities permitting use of $19,854 to make improvements to property at 408 S. Pennsylvania Street, Fremont, Ohio. The agreement calls for the parties to work together to develop, acquire, renovate and manage residential properties for persons with disabilities in Sandusky County, Ohio. The term of the loan is 15 years after the repairs are completed and persons with disabilities begin occupying the rental units. The parties agree that the loan is forgiven 1/180th each month the property is used for the provision of the approved developmental disability services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon procedures or if the Authority sells the property prior to the expiration of the amortization period, an amount equal to the unamortized balance of the loan is payable immediately to the Ohio Department of Developmental Disabilities.	17,502
The Authority executed an addendum to contract for housing services with the Sandusky County Board of Developmental Disabilities permitting use of $26,095.12 to make improvements to the properties located at 1407 Rosewood Street and 408 S. Pennsylvania Avenue in Fremont, Ohio. The agreement calls for the parties to work together to develop, acquire, renovate, and manage residential properties for persons with disabilities in Sandusky County, Ohio. The term of the loan is 15 years after the repairs are completed. The parties agree that the loan is forgiven 1/180th each month the property is used for the provision of the approved developmental disability services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon purposes or if the authority sells the property prior to the expiration of the amortization period, an amount equal to the unamortized balance of the loan is payable immediately to the Ohio Department of Developmental Disabilities.	25,310
The Authority executed an addendum to contract for housing services with the Sandusky County Board of Developmental Disabilities in the amount of $200,000 to acquire and renovate property on Martin Street in Fremont, Ohio. The agreement calls for the parties work together to develop, acquire, renovate, establish, and maintain a youth respite home for persons with disabilities in Sandusky County, Ohio. The term of the loan is 15 years after the property is acquired, repairs are completed, and person with disabilities begin occupying the rental units. The parties agree that the loan is forgiven 1/180th each month that the property is used for the provision of the approved developmental disability services licensed by DODD. In the event that the Authority discontinues to provide the property for the agreed-upon procedures or if the Authority sells the property prior to the expiration of the amortization period, an amount equal to the unamortized balance of the loan is payable immediately to the Ohio Department of Developmental Disabilities.	199,025

The Authority executed an addendum to contract for housing services with the Sandusky County Board of Developmental Disabilities in the amount of $200,000 to acquire and renovate property yet to be identified in Sandusky County. The agreement calls for the parties to work together to develop, acquire, renovate, establish, and manage residential properties for persons with disabilities in Sandusky County, Ohio. The term of the loan is 15 years after the property is acquired, repairs are completed, and persons with disabilities begin occupying the rental units. The parties agree that the loan is forgiven 1/180th each month the property is used for the provision of the approved developmental disabilities services licensed by DODD. In the event the Authority discontinues to provide the property for the agreed-upon procedures or if the Authority sells the property prior to the expiration of the amortization period, an amount equal to the unamortized of the loan is payable immediately to the Ohio Department of Developmental Disabilities.	200,000
Total Debt	$ 697,357

The following is a summary of the Authority's future debt service requirements as of June 30, 2021:

For the Year Ended June 30	Principal	Interest	Total Payments
2022	$ 14,558	$ 5,221	$ 19,779
2023	15,498	4,281	19,779
2024	12,371	3,322	15,693
2025	8,839	2,768	11,607
2026	9,357	2,250	11,607
2027-2031	28,076	5,159	33,235
2031-2033	5,325	200	5,525
Totals	94,024	$ 23,201	$ 117,225
Debt expected to be retired without cash payments	603,333		
Total Debt	$ 697,357		

NOTE 6: **ALLOCATION OF COSTS**

The Authority allocated expenses not attributable to a specific program to all programs under management. The basis for this allocation was the number of units in each program or estimated actual usage. Management considers this to be an equitable method of allocation.

NOTE 7: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features.

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.

During 2019, the OPERS Board of Trustees approved changes to the Combined Plan and the Member-Directed Plan. Beginning in 2022, the Combined Plan will be consolidated under the Traditional Plan.

Effective January 1, 2022, the Combined Plan option will no longer be available for new hires. The Member-Directed Plan will be modified with changes to the vesting schedule, annuitization, mitigating rate, cost-of-living adjustment and retiree medical account funding. These changes would impact future new members and are in the process of being implemented and the final implementation date will be determined in conjunction with Group D, discussed below.

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

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

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

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

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

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

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2020-2021 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2020-2021. The Authority's contractually required contributions used to fund pension benefits was $5,250 for fiscal year ending June 30, 2021.

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

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

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability Prior Measurement Date	0.000255%
Proportion of the Net Pension Liability Current Measurement Date	0.000259%
Change in Proportionate Share	0.000004%
Proportionate Share of the Net Pension Liability	$ 38,352
Pension Expense	$ (2,466)

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

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions proportionate share of contributions	$ 543
Authority contributions subsequent to the measurement date measurement date	2,662
Total Deferred Outflows of Resources	$ 3,205
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 14,951
Differences between expected and actual experience	1,604
Changes in proportion and differences between Authority contributions and proportionate share of contributions	941
Total Deferred Inflows of Resources	$ 17,496

$2,662 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 June 30, 2022. 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
Year Ending June 30:	
2022	$ (6,892)
2023	(1,930)
2024	(6,093)
2025	(2,038)
Total	$ (16,953)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees; 3 percent, simple
	Post 1/7/2013 retirees; 0.50 percent, simple
	through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.7 percent for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

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

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Authority's proportionate share of the net pension liability	$ 73,157	$ 38,352	$ 9,412

NOTE 8: DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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 each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 for 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.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020-2021, 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.

As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the 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 2020-2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution allocated to health care was $1,296 for fiscal year 2021.

OPEB Liabilities, 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, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB 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:

	OPERS
Proportion of the Net OPEB Liability:	
Prior Measurement Date	0.000442%
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.000453%
Change in Proportionate Share	0.000011%
Proportionate Share of the Net OPEB Asset	$ 8,071
OPEB Expense	$ (47,704)

At June 30, 2021, 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 of assumptions	$	3,967
Changes in proportion and differences between Authority contributions and proportionate share of contributions		1,804
Authority contributions subsequent to the measurement date		646
Total Deferred Outflows of Resources	$	6,417
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	$	4,300
Differences between expected and actual experience		7,283
Changes of assumptions		13,077
Total Deferred Inflows of Resources	$	24,660

$646 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in fiscal year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

		OPERS
Year Ending June 30:		
2022	$	(9,641)
2023		(6,871)
2024		(1,869)
2025		(508)
Total	$	(18,889)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.00 percent
Health Care Cost Trend Rate	8.50 percent initial, 3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age

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

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. 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 10.5 percent for 2020.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB 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 one-percentage-point lower or one-percentage-point 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	$ 2,007	$ 8,071	$ 13,055

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 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is 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	$ 8,267	$ 8,071	$ 7,850

NOTE 9: <u>COMPENSATED ABSENCES</u>

Vacation and sick leave policies are established by the Board of Authority based on local and state laws. All permanent employees will earn 4.6 hours of sick leave per eighty (80) hours of service. Unused sick leave may accumulate without limit. At the time of separation from active service with the Authority due to disability or retirement, employees shall be paid an amount equal to one-fourth (1/4) of 120 days of sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Employees will be paid for all unused vacation time upon their separation from service.

NOTE 10: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public official's liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance pool comprised of forty (40) housing authorities in Ohio, of which the Authority is a member.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, dental, vision, and life insurance is offered to Authority employees through a commercial insurance company.

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

NOTE 11: **CONTINGENCIES**

The Authority is party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Authority's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Authority.

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 12: **SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will likely impact subsequent periods of the Authority. The investments of the pension and other postemployment benefit plans in which the Authority participates fluctuate with market conditions and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact of the Authority's future operations costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Financial Data Schedule Submitted to REAC
June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	$217,774	$0	$0	$53,799	$12,701	$300,311	$0	$584,585	$0	$584,585
113 Cash - Other Restricted	$0	$0	$0	$222,574	$5,440	$12,874	$0	$240,888	$0	$240,888
114 Cash - Tenant Security Deposits	$10,967	$0	$0	$4,800	$0	$0	$0	$15,767	$0	$15,767
100 Total Cash	$228,741	$0	$0	$281,173	$18,141	$313,185	$0	$841,240	$0	$841,240
125 Accounts Receivable - Miscellaneous	$0	$0	$0	$2,891	$0	$624	$0	$3,515	$0	$3,515
126 Accounts Receivable - Tenants	$582	$0	$0	$1,521	$0	$0	$0	$2,103	$0	$2,103
126.1 Allowance for Doubtful Accounts -Tenants	-$44	$0	$0	$0	$0	$0	$0	-$44	$0	-$44
127 Notes, Loans, & Mortgages Receivable - Current	$4,553	$0	$0	$0	$0	$0	$0	$4,553	$0	$4,553
120 Total Receivables, Net of Allowances for Doubtful Accounts	$5,091	$0	$0	$4,412	$0	$624	$0	$10,127	$0	$10,127
142 Prepaid Expenses and Other Assets	$6,476	$0	$0	$947	$0	$1,088	$0	$8,511	$0	$8,511
150 Total Current Assets	$240,308	$0	$0	$286,532	$18,141	$314,897	$0	$859,878	$0	$859,878
161 Land	$596,650	$0	$0	$119,040	$0	$8,114	$0	$723,804	$0	$723,804
162 Buildings	$3,544,956	$0	$0	$1,249,576	$0	$0	$0	$4,794,532	$0	$4,794,532
163 Furniture, Equipment & Machinery - Dwellings	$106,751	$0	$0	$0	$0	$0	$0	$106,751	$0	$106,751
164 Furniture, Equipment & Machinery - Administration	$152,635	$0	$0	$6,052	$0	$33,997	$0	$192,684	$0	$192,684
166 Accumulated Depreciation	-$3,142,991	$0	$0	-$648,915	$0	-$17,831	$0	-$3,809,737	$0	-$3,809,737

SANDUSKY METROPOLITAN HOUSING AUTHORITY
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	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
160 Total Capital Assets, Net of Accumulated Depreciation	$1,258,001	$0	$0	$725,753	$0	$24,280	$0	$2,008,034	$0	$2,008,034
174 Other Assets	$4,329	$0	$0	$879	$0	$2,863	$0	$8,071	$0	$8,071
180 Total Non-Current Assets	$1,262,330	$0	$0	$726,632	$0	$27,143	$0	$2,016,105	$0	$2,016,105
200 Deferred Outflow of Resources	$5,161	$0	$0	$1,048	$0	$3,413	$0	$9,622	$0	$9,622
290 Total Assets and Deferred Outflow of Resources	$1,507,799	$0	$0	$1,014,212	$18,141	$345,453	$0	$2,885,605	$0	$2,885,605
312 Accounts Payable <= 90 Days	$996	$0	$0	$27,504	$0	$198	$0	$28,698	$0	$28,698
321 Accrued Wage/Payroll Taxes Payable	$21	$0	$0	$310	$0	$13	$0	$344	$0	$344
333 Accounts Payable - Other Government	$5,535	$0	$0	$0	$0	$0	$0	$5,535	$0	$5,535
341 Tenant Security Deposits	$10,967	$0	$0	$4,800	$0	$0	$0	$15,767	$0	$15,767
342 Unearned Revenue	$28	$0	$0	$3,667	$0	$0	$0	$3,695	$0	$3,695
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$0	$0	$0	$41,912	$0	$0	$0	$41,912	$0	$41,912
345 Other Current Liabilities	$97	$0	$0	$0	$0	$0	$0	$97	$0	$97
310 Total Current Liabilities	$17,644	$0	$0	$78,193	$0	$211	$0	$96,048	$0	$96,048
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$0	$0	$0	$655,445	$0	$0	$0	$655,445	$0	$655,445
354 Accrued Compensated Absences - Non Current	$7,387	$0	$0	$1,731	$0	$1,387	$0	$10,505	$0	$10,505
357 Accrued Pension and OPEB Liabilities	$20,571	$0	$0	$4,176	$0	$13,605	$0	$38,352	$0	$38,352
350 Total Non-Current Liabilities	$27,958	$0	$0	$661,352	$0	$14,992	$0	$704,302	$0	$704,302

SANDUSKY METROPOLITAN HOUSING AUTHORITY
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	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
300 Total Liabilities	$45,602	$0	$0	$739,545	$0	$15,203	$0	$800,350	$0	$800,350
400 Deferred Inflow of Resources	$22,612	$0	$0	$4,590	$0	$14,954	$0	$42,156	$0	$42,156
508.4 Net Investment in Capital Assets	$1,258,001	$0	$0	$250,970	$0	$24,280	$0	$1,533,251	$0	$1,533,251
511.4 Restricted Net Position	$0	$0	$0	$0	$5,440	$12,874	$0	$18,314	$0	$18,314
512.4 Unrestricted Net Position	$181,584	$0	$0	$19,107	$12,701	$278,142	$0	$491,534	$0	$491,534
513 Total Equity - Net Assets / Position	$1,439,585	$0	$0	$270,077	$18,141	$315,296	$0	$2,043,099	$0	$2,043,099
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$1,507,799	$0	$0	$1,014,212	$18,141	$345,453	$0	$2,885,605	$0	$2,885,605
70300 Net Tenant Rental Revenue	$68,925	$0	$0	$83,303	$0	$0	$0	$152,228	$0	$152,228
70400 Tenant Revenue - Other	$6,421	$0	$0	$2,658	$0	$0	$0	$9,079	$0	$9,079
70500 Total Tenant Revenue	$75,346	$0	$0	$85,961	$0	$0	$0	$161,307	$0	$161,307
70600 HUD PHA Operating Grants	$244,172	$7,039	$4,487	$0	$184,416	$1,217,954	$51,233	$1,709,301	$0	$1,709,301
70610 Capital Grants	$48,864	$0	$0	$0	$0	$0	$0	$48,864	$0	$48,864
71100 Investment Income - Unrestricted	$18	$0	$0	$49	$0	$97	$0	$164	$0	$164
71400 Fraud Recovery	$0	$0	$0	$0	$0	$6,976	$0	$6,976	$0	$6,976
71500 Other Revenue	$71,549	$0	$0	$5,229	$0	$570	$0	$77,348	$0	$77,348
70000 Total Revenue	$439,949	$7,039	$4,487	$91,239	$184,416	$1,225,597	$51,233	$2,003,960	$0	$2,003,960

SANDUSKY METROPOLITAN HOUSING AUTHORITY
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June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70000 Total Revenue	$330,135	$92,304	$106,102	$1,165,849	$16,391	$1,158	$10,943	$1,722,882	$0	$1,722,882
91100 Administrative Salaries	$2,289	$5,683	$4,487	$0	$3,010	$4,898	$12,120	$32,487	$0	$32,487
91200 Auditing Fees	$5,973	$0	$0	$1,815	$908	$6,484	$0	$15,180	$0	$15,180
91400 Advertising and Marketing	$20	$0	$0	$14	$89	$632	$0	$755	$0	$755
91500 Employee Benefit contributions - Administrative	-$1,211	$0	$0	$0	$2,796	-$6,504	$0	-$4,919	$0	-$4,919
91600 Office Expenses	$12,550	$0	$0	$3,819	$700	$4,995	$0	$22,064	$0	$22,064
91700 Legal Expense	$1,168	$0	$0	$267	$52	$376	$0	$1,863	$0	$1,863
91800 Travel	$1,684	$0	$0	$407	$43	$311	$0	$2,445	$0	$2,445
91900 Other	$44,915	$0	$0	$11,043	$9,197	$26,580	$39,113	$130,848	$0	$130,848
91000 Total Operating - Administrative	$67,388	$5,683	$4,487	$17,365	$16,795	$37,772	$51,233	$200,723	$0	$200,723
92400 Tenant Services - Other	$5,280	$0	$0	$450	$0	$16,566	$0	$22,296	$0	$22,296
92500 Total Tenant Services	$5,280	$0	$0	$450	$0	$16,566	$0	$22,296	$0	$22,296
93100 Water	$1,299	$1,356	$0	$0	$0	$0	$0	$2,655	$0	$2,655
93200 Electricity	$7,741	$0	$0	$0	$0	$0	$0	$7,741	$0	$7,741
93300 Gas	$3,177	$0	$0	$0	$0	$0	$0	$3,177	$0	$3,177
93000 Total Utilities	$12,217	$1,356	$0	$0	$0	$0	$0	$13,573	$0	$13,573
94100 Ordinary Maintenance and Operations - Labor	$29,097	$0	$0	$7,524	$0	$0	$0	$36,621	$0	$36,621
94200 Ordinary Maintenance and Operations - Materials and Other	$40,214	$0	$0	$8,196	$0	$0	$0	$48,410	$0	$48,410
94300 Ordinary Maintenance and Operations Contracts	$59,966	$0	$0	$20,092	$0	$6,357	$0	$86,415	$0	$86,415

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Financial Data Schedule Submitted to REAC
June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
94500 Employee Benefit Contributions - Ordinary Maintenance	-$6,072	$0	$0	-$1,272	$0	$0	$0	-$7,344	$0	-$7,344
94000 Total Maintenance	$123,205	$0	$0	$34,540	$0	$6,357	$0	$164,102	$0	$164,102
95200 Protective Services - Other Contract Costs	$1,092	$0	$0	$0	$0	$0	$0	$1,092	$0	$1,092
95000 Total Protective Services	$1,092	$0	$0	$0	$0	$0	$0	$1,092	$0	$1,092
96110 Property Insurance	$12,267	$0	$0	$2,077	$0	$0	$0	$14,344	$0	$14,344
96120 Liability Insurance	$920	$0	$0	$98	$195	$1,393	$0	$2,606	$0	$2,606
96140 All Other Insurance	$1,670	$0	$0	$0	$0	$0	$0	$1,670	$0	$1,670
96100 Total insurance Premiums	$14,857	$0	$0	$2,175	$195	$1,393	$0	$18,620	$0	$18,620
96200 Other General Expenses	$0	$0	$0	$4,937	$0	$155	$0	$5,092	$0	$5,092
96210 Compensated Absences	$2,096	$0	$0	$682	$0	$0	$0	$2,778	$0	$2,778
96300 Payments in Lieu of Taxes	$5,535	$0	$0	$418	$0	$0	$0	$5,953	$0	$5,953
96400 Bad debt - Tenant Rents	$8,305	$0	$0	$0	$0	$0	$0	$8,305	$0	$8,305
96000 Total Other General Expenses	$15,936	$0	$0	$6,037	$0	$155	$0	$22,128	$0	$22,128
96710 Interest of Mortgage (or Bonds) Payable	$0	$0	$0	$6,061	$0	$0	$0	$6,061	$0	$6,061
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$6,061	$0	$0	$0	$6,061	$0	$6,061
96900 Total Operating Expenses	$239,975	$7,039	$4,487	$66,628	$16,990	$62,243	$51,233	$448,595	$0	$448,595
97000 Excess of Operating Revenue over Operating Expenses	$199,974	$0	$0	$24,611	$167,426	$1,163,354	$0	$1,555,365	$0	$1,555,365

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Financial Data Schedule Submitted to REAC
June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	14.MSC Mainstream CARES Act Funding	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
97200 Casualty Losses - Non-capitalized	$50,313	$0	$0	$0	$0	$0	$0	$50,313	$0	$50,313
97300 Housing Assistance Payments	$0	$0	$0	$0	$149,748	$1,055,967	$0	$1,205,715	$0	$1,205,715
97350 HAP Portability-In	$0	$0	$0	$0	$0	$108	$0	$108	$0	$108
97400 Depreciation Expense	$82,148	$0	$0	$40,550	$0	$6,799	$0	$129,497	$0	$129,497
90000 Total Expenses	$372,436	$7,039	$4,487	$107,178	$166,738	$1,125,117	$51,233	$1,834,228	$0	$1,834,228
10010 Operating Transfer In	$71,011	$0	$0	$0	$0	$0	$0	$71,011	-$71,011	$0
10020 Operating transfer Out	-$71,011	$0	$0	$0	$0	$0	$0	-$71,011	$71,011	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$67,513	$0	$0	-$15,939	$17,678	$100,480	$0	$169,732	$0	$169,732
11020 Required Annual Debt Principal Payments	$0	$0	$0	$41,912	$0	$0	$0	$41,912	$0	$41,912
11030 Beginning Equity	$1,372,072	$0	$0	$286,016	$463	$214,816	$0	$1,873,367	$0	$1,873,367
11170 Administrative Fee Equity	$0	$0	$0	$0	$0	$302,422	$0	$302,422	$0	$302,422
11180 Housing Assistance Payments Equity	$0	$0	$0	$0	$0	$12,874	$0	$12,874	$0	$12,874
11190 Unit Months Available	576	0	0	108	420	2,785	0	3,889	0	3,889
11210 Number of Unit Months Leased	566	0	0	108	384	2,743	0	3,801	0	3,801
11620 Building Purchases	$48,864	$0	$0	$0	$0	$0	$0	$48,864	$0	$48,864

SANDUSKY METROPOLITAN HOUSING AUTHORITY

Required Supplementary Information

Schedule of the Authority's Proportion Share of the Net Pension Liability

Ohio Public Employee Retirement System

Fiscal Years Available

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.000259%	0.000255%	0.000275%	0.000261%	0.000174%	0.000540%	0.000514%	0.000514%
Authority's Proportionate Share of the Net Pension Liability	$ 38,352	$ 50,402	$ 75,317	$ 40,945	$ 39,511	$ 93,534	$ 61,955	$ 60,594
Authority's Covered Payroll	$ 36,479	$ 35,937	$ 37,103	$ 34,497	$ 22,472	$ 67,189	$ 62,959	$ 64,658
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.13%	140.25%	202.99%	118.69%	175.82%	139.21%	98.41%	93.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

SANDUSKY METROPOLITAN HOUSING AUTHORITY

Required Supplementary Information
Schedule of the Authority's Contributions - Pension
Ohio Public Employee Retirement System
Fiscal Years Available

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	$ 5,250	$ 4,995	$ 5,255	$ 5,030	$ 3,614	$ 5,485	$ 7,588	$ 7,759	$ 7,729	$ 8,976
Contributions in Relation to the Contractually Required Contribution	$ (5,250)	$ (4,995)	$ (5,255)	$ (5,030)	$ (3,614)	$ (5,485)	$ (7,588)	$ (7,759)	$ (7,729)	$ (8,976)
Contribution Deficiency / (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 37,500	$ 35,679	$ 37,539	$ 37,265	$ 28,793	$ 45,705	$ 63,231	$ 64,658	$ 59,454	$ 89,760
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%	12.55%	12.00%	12.00%	12.00%	13.00%	10.00%

See accompanying notes to the required supplementary information

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Required Supplementary Information
Schedule of the Authority's Proportion Share of the Net OPEB Liability / (Assets)
Ohio Public Employee Retirement System
Fiscal Years Available

	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.000453%	0.000442%	0.000447%	0.000440%	0.000440%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ (8,071)	$ 61,052	$ 58,278	$ 47,781	$ 44,441
Authority's Covered Payroll	$ 68,487	$ 66,721	$ 64,819	$ 61,942	$ 56,722
Authority's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-11.78%	91.50%	89.91%	77.14%	78.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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 it 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

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Required Supplementary Information
Schedule of the Authority’s Contributions - OPEB
Ohio Public Employee Retirement System
Fiscal Years Available

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 1,296	$ 1,250	$ 1,138	$ 1,332	$ 1,509	$ 1,696	$ 1,265
Contributions in Relation to the Contractually Required Contribution	(1,296)	(1,250)	(1,138)	(1,332)	(1,509)	(1,696)	(1,265)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 69,897	$ 66,931	$ 65,977	$ 65,896	$ 56,093	$ 65,259 0	$ 63,231
Contributions as a Percentage of Covered Payroll	1.85%	1.87%	1.72%	2.02%	2.69%	2.60%	2.00%

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

See accompanying notes to the required supplementary information

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2021.

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

Net OPEB Liability

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035.

SANDUSKY METROPOLITAN HOUSING AUTHORITY

Schedule of Expenditure of Federal Award

For the Year Ended June 30, 2021

Federal Grantor Program Title	CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs:		
Low Rent Public Housing Program:		
Low Rent Public Housing Program	14.850	$156,421
COVID-19 Low Rent Public Housing Program	14.850	7,039
Total Low Rent Public Housing Program		163,460
Capital Fund Program	14.872	136,615
Housing Voucher Program - Cluster		
Housing Choice Voucher Program	14.871	1,217,954
COVID-19 Housing Choice Voucher Program	14.871	51,233
Mainstream Voucher Program	14.879	184,416
COVID-19 Mainstream Voucher Program	14.879	4,487
Total Housing Voucher Program - Cluster		1,458,090
Total U.S. Department of Housing and Urban Development		**1,758,165**
Total Federal Awards		**$1,758,165**

SANDUSKY METROPOLITAN HOUSING AUTHORITY

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. 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 Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

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

NOTE B – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended June 30, 2021.

NOTE C – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended June 30, 2021.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended June 30, 2021.

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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

Board of Commissioners
Sandusky Metropolitan Housing Authority

I 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, the financial statements of the business-type activities of the Sandusky Metropolitan Housing Authority, Ohio, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Sandusky Metropolitan Housing Authority, Ohio's basic financial statements, and have issued my report thereon dated February 11, 2022, wherein I noted the Authority considered the financial impact of COVID-19 as disclosed in Note 12.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Sandusky Metropolitan Housing Authority, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sandusky Metropolitan Housing Authority, Ohio's, internal control. Accordingly, I do not express an opinion on the effectiveness of Sandusky Metropolitan Housing Authority, Ohio'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 entity'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.

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Sandusky Metropolitan Housing Authority, Ohio's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
February 11, 2022

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Commissioners
Sandusky Metropolitan Housing Authority

Report on Compliance for Each Major Federal Program

I have audited Sandusky Metropolitan Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sandusky Metropolitan Housing Authority's major federal programs for the year ended June 30, 2021. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Sandusky Metropolitan Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, Sandusky Metropolitan Housing Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Sandusky Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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.

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

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

Salvatore Consiglio

Salvatore Consiglio, CPA, Inc.
North Royalton, Ohio
February 11, 2022

SANDUSKY METROPOLITAN HOUSING AUTHORITY
Schedule of Findings
2 CFR § 200.515
June 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unmodified
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any reportable findings under 2 CFR § 200.516(a)?	No
Major Programs (list):	• CFDA 14.871 Housing Choice Voucher Program • CFDA 14.879 Mainstream Voucher Program
Dollar Threshold: Type A/B Programs	Type A: > $750,000 Type B: All Others
Low Risk Auditee under 2 CFR §200.520?	Yes

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

There are no findings or questioned costs for the year ended June 30, 2021.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There are no findings or questioned costs for the year ended June 30, 2021.

OHIO AUDITOR OF STATE
KEITH FABER

SANDUSKY COUNTY METROPOLITAN HOUSING AUTHORITY

SANDUSKY 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 4/5/2022

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