

**MARION METROPOLITAN HOUSING AUTHORITY**

Marion County

Single Audit

For the Fiscal Year Ended June 30, 2022



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of Trustees  
Marion Metropolitan Housing Authority  
117 North Green Wood Street, Suite 12  
Marion, Ohio 43302

We have reviewed the *Independent Auditor's Report* of the Marion Metropolitan Housing Authority, Marion County, prepared by Kevin L. Penn, Inc, for the audit period July 1, 2021 through June 30, 2022. 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 Marion Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

March 08, 2023

**This page intentionally left blank.**

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION, OHIO**

Table of Content

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Statement of Net Position	13
Statement of Revenues and Expenses and Changes in Net Position	15
Statement of Cash Flows	16
Notes to Financial Statements	17
Financial Data Schedule – Statement of Net Position	45
Financial Data Schedule – Statement of Revenue, Expenses	46
Financial Data Schedule – Additional Information Required by HUD	47
Schedule of Authority's Proportionate Share of the Net Pension Liability	48
Schedule of Authority's Proportionate Share of the Net OPEB Liability	49
Schedule of Authority's Contributions	50
Notes to the Required Supplementary Information	51
Schedule of Expenditures of Federal Awards	52
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	53
Independent Auditors' Report on Compliance for each Major Program and Internal Control over Compliance Required by the Uniform Guidance	55
Schedule of Findings and Questioned Costs	58
Summary Schedule of Prior Audit Findings	62
Corrective Action Plan	63

**This page intentionally left blank.**



Kevin L.  
**Penn, Inc.**

Certified Public Accountant  
11811 Shaker Boulevard, Suite 421  
Cleveland, Ohio 44120  
(216)421-1000  
Fax: (216)421-1001  
Email: [klpenncpa@aol.com](mailto:klpenncpa@aol.com)

## **Independent Auditor's Report**

Marion Metropolitan Housing Authority  
Marion County  
117 N. Greenwood Street, Suite 12  
Marion, Ohio 43302

To the Board of Trustees:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

I have audited the financial statements of the business-type activities, of the Marion Metropolitan Housing Authority, Marion County, Ohio, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Marion Metropolitan Housing Authority's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Marion Metropolitan Housing Authority, Marion County, Ohio as of June 30, 2022, and the respective changes in financial position and, cash flows thereof and for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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



## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 we 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 us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marion Metropolitan Housing Authority's basic financial statements. The Supplemental Financial Data Schedules and Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Supplemental Financial Data Schedules and Schedule of Expenditures of Federal Awards is 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 January 10, 2023, on my consideration of the Marion Metropolitan Housing 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. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marion Metropolitan Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marion Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.  
Cleveland, Ohio

January 10, 2023

MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

The Marion Metropolitan Housing Authority’s (the Authority”) Management’s Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position, and (d) identify individual fund issues or concerns.

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 13)

**FINANCIAL HIGHLIGHTS**

- During 2022 the Authority’s Net Position increased by \$77,566 (or 24.88%). Since the Authority engages only in business-type activities, the increase is all in the category of business type Net Position. Net Position was \$389,283 and \$311,717 for years 2022 and 2021, respectively.
- The revenue decreased by \$59,770 (or 1.71%) during 2022 and was \$3,426,194 and \$3,485,964 for the years 2022 and 2021, respectively.
- The total expenses for the Authority increased by \$10,043 (or .30%). Total expenses were \$3,348,628 and \$3,338,585 for the years 2022 and 2021, respectively.

**USING THIS ANNUAL REPORT**

The Report includes the following sections:

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

MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

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

### **Government-Wide Financial Statements**

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

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

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

Investment in Capital Assets: This component of Net Position consists of all Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have any outstanding debt.

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

Unrestricted: Consists of Net Position that do not meet the definition of "Investment in Capital Assets", or "Restricted".

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

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

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

### **The Authority's Fund**

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

MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Business-Type Activities:**

**Housing Choice Voucher Program** – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of adjusted household income.

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

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

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

The net pension liability (NPL) is the largest single liability reported by the Authority at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2022, the Authority adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the Authority’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Statement of Net Position**

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

	<u>2022</u>	<u>Restated</u> <u>2021</u>
Current and Other Assets	\$ 798,568	\$ 794,269
Capital Assets	<u>49,041</u>	<u>44,968</u>
Total Assets	847,609	839,237
Deferred Outflows of Resources	<u>27,023</u>	<u>17,045</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 874,632</u>	<u>\$ 856,282</u>
Current Liabilities	\$ 304,755	\$ 365,203
Long-Term Liabilities	<u>86,292</u>	<u>107,801</u>
Total Liabilities	391,047	473,004
Deferred Inflows of Resources	<u>94,302</u>	<u>71,561</u>
Total Liabilities and Deferred Inflows of Resources	<u>485,349</u>	<u>544,565</u>
Net Position:		
Net Investment in Capital Assets	37,203	43,742
Restricted Net Position	37,464	63,327
Unrestricted Net Position	<u>314,616</u>	<u>204,648</u>
Total Net Position	<u>389,283</u>	<u>311,717</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 874,632</u>	<u>\$ 856,282</u>

**Major Factors Affecting the Statement of Net Position**

- Current assets increased by \$4,299 or .54% in 2022 as a result of higher cash balance. Total liabilities decreased during the year by \$81,957 or 17.33% which was the result of the change in Pension and OPEB liability.
- Capital Assets increased by a net amount of \$4,073 or 9.06%. This was the result of the new purchases, and the current year's depreciation, and the implementation of GASB No. 87 for leases.

MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Table 2 – Changes of Net Position**

	<u>Unrestricted</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted</u>
Beginning Balance	\$204,648	\$43,742	\$63,327
Results of Operation	103,429		(25,863)
Adjustments:			
Current year Depreciation Expense (1)	14,563	(14,563)	
Capital Expenditure (2)	(18,637)	18,637	
Lease liability, net	10,612	(10,612)	
Rounding Adjustment	1	(1)	
Ending Balance	<u>\$314,616</u>	<u>\$37,203</u>	<u>\$37,464</u>

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

(2) Capital expenditures represent an outflow of unrestricted net position but are treated as an expense against results of operations and must be deducted.

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

**This space has been intentionally left blank.**

MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

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

	<u>2022</u>	<u>2021</u>
<b><u>Revenues</u></b>		
Operating Grants	\$ 3,386,918	\$ 3,459,099
Investment Income	529	572
Other Revenues	38,747	26,293
<b>Total Revenues</b>	<b><u>3,426,194</u></b>	<b><u>3,485,964</u></b>
<b><u>Expenses</u></b>		
Administrative	334,979	358,100
Tenant Services	-	16,355
Maintenance	6,064	3,931
Protective Services	2,135	906
General and Interest	41,839	8,351
Housing Assistance Payments	2,978,972	2,994,687
Pension & OPEB Expenses	(30,044)	(54,271)
Interest Expense	120	-
Depreciation	14,563	10,526
<b>Total Expenses</b>	<b><u>3,348,628</u></b>	<b><u>3,338,585</u></b>
Net Increases (Decreases)	77,566	147,379
Beginning net position	311,717	164,338
<b>Total net position - ending</b>	<b><u>\$ 389,283</u></b>	<b><u>\$ 311,717</u></b>

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

The Revenue decreased \$59,770 or 1.71% for 2022. The decrease is due to HUD funding received during the year.

Total expenses increased by \$10,043 or 0.30%. Expenses remained stable for the year.



MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2022, the Authority had \$37,203 invested in capital assets plus an additional \$15,331 of intangible right-to-use leased equipment as reflected in the following schedule, which represents a net change due to current year additions, and depreciation/amortization.

**Table 4 - Condensed Statement of Changes in Capital Assets**

	<b>2022</b>	<b>2021</b>
Furniture & Equipment	\$ 59,777	\$ 52,872
Vehicles	23,994	23,994
Intangible Right-To-Use: Leased Equipment	15,331	3,599
Accumulated Depreciation/Amortization	<u>(50,061)</u>	<u>(35,497)</u>
Total	<u>\$ 49,041</u>	<u>\$ 44,968</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail the notes to the financial statements:

**Table 5 - Changes in Capital Assets**

Beginning Balance	\$ 44,968
Current year Additions	18,637
Current year Depreciation/Amortization Expense	(14,563)
Rounding Adjustment	<u>(1)</u>
Ending Balance	<u>\$ 49,041</u>

Current year Additions are summarized as follows:

Scanners	5,027
Awning	1,878
Intangible Right-To-Use: leased Equipment	<u>11,732</u>
Total Current Year Additions	<u>\$ 18,637</u>

MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

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

Beginning Balance - Restated - Lease Payable	\$	1,226
Current Year Issued		11,732
Current Year Retired		<u>(1,120)</u>
Ending Balance - Lease Payable	\$	<u>11,838</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recession and employment trends, which can affect resident incomes and therefore the demand for housing assistance.
- Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL CONTACT

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

MARION METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2022

ASSETS

**Current Assets**

Cash and Cash Equivalents - Unrestricted (Note 2)	\$ 434,415
Restricted Cash (Note 3)	337,054
Accounts Receivable - Net	2,481
Prepaid Expenses	4,854
Total Current Assets	<u>778,804</u>

**Non-Current Assets**

Depreciable Capital Assets - (Note 4)	37,203
Right of Use Assets - Lease	15,331
Accumulated Amortization - Lease	<u>(3,493)</u>
Total Non-Current Assets	49,041

Net OPEB Asset	19,764
----------------	--------

**Deferred Outflow of Resources**

Net Pension Liability - (Note 5)	26,524
Net OPEB Asset - (Note 6)	499
Total Deferred Outflow of Resources	<u>27,023</u>

**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES**

	<u><u>\$ 874,632</u></u>
--	--------------------------

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

MARION METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2022

LIABILITIES DEFERRED INFLOW OF RESOURCES AND NET POSITION

**Current Liabilities**

Accounts Payable	\$ 13,865
Unearned Revenue	285,725
Lease Liability	3,102
Accrued Compensated Absences	2,063
Total Current Liabilities	<u>304,755</u>

**Non-Current Liabilities**

Accrued Compensated Absences	18,567
Lease Liability	8,736
Net Pension Liability (Note 5)	58,989
Total Non-Current Liabilities	<u>86,292</u>
Total Liabilities	<u>\$ 391,047</u>

**Deferred Inflow of Resources**

Net Pension Liability - (Note 5)	\$ 71,459
Net OPEB Liability - (Note 6)	22,843
Total Deferred Inflow of Resources	<u>\$ 94,302</u>

**Net Position**

Net Investment in Capital Assets	\$ 37,203
Restricted	37,464
Unrestricted	314,616
Total Net Position	<u>\$ 389,283</u>

<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</b>	<u>\$ 874,632</u>
---	-------------------

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

MARION METROPOLITAN HOUSING AUTHORITY  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2022

**Operating Revenue:**

HUD Operating Subsidies and Grants	\$ 3,386,918
Other Revenue	<u>38,747</u>
Total Operating Revenue	3,425,665

**Operating Expenses:**

Housing Assistance Payments	2,978,972
Administrative	334,979
Maintenance	6,064
Protective Services	2,135
Depreciation and Amortization Expense	14,563
Interest Expense	120
General Expenses	<u>11,795</u>
Total Operating Expenses	<u>3,348,628</u>

Operating Income (Loss)	77,037
-------------------------	--------

Non-Operating Revenues (Expenses)

Investment Income - Unrestricted	<u>529</u>
Total Non-Operating Revenues (Expenses)	529

Change in Net Position	77,566
------------------------	--------

Net Position - Beginning of Year	<u>311,717</u>
----------------------------------	----------------

Net Position - End of Year	<u><u>\$ 389,283</u></u>
----------------------------	--------------------------

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

MARION METROPOLITAN HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows From Operating Activities:	
Cash Received from Operating Grants	\$ 3,325,160
Cash Received from Other Income	37,163
Cash Payments for Housing assistance payments	(2,978,972)
Cash Payments for Other Operating Expenses	(368,316)
Net Cash Provided (Used) by Operating Activities	<u>15,035</u>
Cash Flows From Capital and Related Financing Activities:	
Lease Equipment	(11,732)
Furniture and Equipment Purchase	(6,905)
Interest Paid	(120)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(18,757)</u>
Cash Flows From Investing Activities:	
Investment Income	<u>529</u>
Net Cash Provided (Used) by Investing Activities	529
Increase (Decrease) in Cash and Cash Equivalents	(3,193)
Cash and Cash Equivalents - Beginning of Year	<u>774,662</u>
Cash and Cash Equivalents - End of Year	<u>\$ 771,469</u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:	
Operating Income (Loss)	\$ 77,037
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation and Amortization	14,563
(Increase) decrease in:	
Accounts Receivable	(1,476)
Prepaid Expenses	3,379
Net OPEB Asset	(9,395)
Deferred Outflow of Resources	(9,978)
Increase (decrease) in:	
Accounts Payable	(1,301)
Compensated Absences	4,371
Unearned Revenue	(62,226)
Lease Liability	10,732
Net Pension Liability	(33,412)
Deferred Inflow of Resources	22,741
Net cash used in operating activities	<u>\$ 15,035</u>

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

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low- and moderate-income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate. The accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Basis of Presentation

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 during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows. An enterprise fund may be used 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. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Fund Accounting

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

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

Proprietary Fund Types

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

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

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.



**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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.

Description of Programs

The Authority uses a single enterprise fund to maintain its financial records on the accrual basis. The following are the various major programs which are included in the enterprise fund:

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. 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 Authority subsidizes the balance. CARES Act Funding is also included in this program. The CARES Act provided additional funding to PHAs to prevent, prepare for, and respond to the coronavirus pandemic, including to maintain normal operations during the period the program was impacted by coronavirus.

Other Programs - In addition to the housing choice voucher program, the Authority also operates the following programs:

Mainstream Vouchers – This Program is exactly like the HCV except it only subsidizes households where one or more family members have a disability.

HOME Investment Partnership Programs - Funded by the US Department of Housing & Urban Development (HUD), the Tenant Based Rental Assistance (TBRA) funds are distributed to the County or City to provide help for paying rent, utility bills, and both rental and utility security deposits.

Use of Estimates

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

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Cash and Cash Equivalents

For the statement of cash flows, cash and cash equivalents all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable-Net

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for uncollectable receivables was \$12,362 as of June 30, 2022.

Due From/To Other Programs

There was no Inter-program receivables and payables as of June 30, 2022, on the Financial Data Schedule.

Accounting and Reporting for Non-exchange Transactions

Non-exchange transactions occur when the Authority receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of non-exchange transactions as follows:

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

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

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

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

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

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

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight-line method over the estimated useful life of the assets. Donated capital assets are recorded at fair market value on the date of receipt. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the assets life, are not capitalized. The capitalization threshold used by the Authority beginning in fiscal year 2022 is \$3,000 with previous threshold being \$500. The following are the useful lives used for depreciation purposes:

- Furniture 7 years
- Equipment 7 years
- Vehicles 5 years
- Computer Software & hardware 3 years

Total depreciation and amortization expense for the 2022 fiscal year was \$14,563.

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Compensated Absences

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

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

Unearned Revenues

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

Budgetary Accounting

The Authority annually prepares its budget as prescribed by HUD. This budget is submitted to HUD and once approved, is adopted by the Board of the Housing Authority.

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.

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Deferred Inflow/Outflow of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period will not be recognized as an outflow of resources (expenses/expenditure) until then.

For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 5 and 6.

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

Net Position

Net position represents the difference between assets and deferred outflow of resources, and liabilities and deferred inflow of resources. The investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did report restricted net position for HAP reserves and current year liabilities of \$337,054 as of June 30, 2022.

**2. DEPOSITS AND INVESTMENTS**

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

**A. Deposits**

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

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

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**2. DEPOSITS AND INVESTMENTS**

**A. Deposits**

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

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

At fiscal year end, the carrying amount of the Authority's deposits was \$771,469 and the bank balance was \$772,024.

***Custodial Credit Risk***

Custodial Credit Risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy is to place deposits with major local banks approved by the Board. The financial institution collateral pool that insures public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of the fiscal year-end deposits totaling \$250,000 was covered by Federal Depository and \$522,024 was covered by pledged securities collateral held by a third-party trustee.

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

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**2. DEPOSITS AND INVESTMENTS - CONTINUED**

**B. Investments**

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

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools* and records all its investments at fair value. However, at June 30, 2022, the Authority investments were limited to certificates of deposits which are reported at cost.

*Interest Rate Risk*

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

*Credit Risk*

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

*Concentration of Credit Risk*

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

*Foreign Currency Risk*

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

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**2. DEPOSITS AND INVESTMENTS - CONTINUED**

*Custodial Credit Risk*

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

**3. RESTRICTED CASH**

The Authority had \$337,054 in restricted cash as of June 30, 2022. Restricted cash is the unspent HAP funding provided for the Housing Choice Voucher and Mainstream programs, plus funds reserved for current liabilities.

**4. CAPITAL ASSETS**

The following is a summary of capital assets at June 30, 2022:

	<b>Restated Balance 6/30/2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 6/30/2022</b>
<b>Capital Assets Depreciated / Amortized:</b>				
Vehicles	\$23,994	\$0	\$0	\$23,994
Furnt, Mach. and Equip.	52,872	6,905	0	59,777
Intangible Right-To Use: Leased Equipment	3,599	11,732	0	15,331
<b>Total Capital Assets Being Depreciated / Amortized</b>	<b>80,465</b>	<b>18,637</b>	<b>0</b>	<b>99,102</b>
<b>Accumulated Depreciation / Amortization:</b>				
Vehicles	(7,199)	(4,799)	0	(11,998)
Furnt, Mach. and Equip.	(25,925)	(8,644)	(1)	(34,570)
Intangible Right-To Use: Leased Equipment	(2,373)	(1,120)	0	(3,493)
<b>Total Accumulated Depreciation / Amortization</b>	<b>(35,497)</b>	<b>(14,563)</b>	<b>(1)</b>	<b>(50,061)</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>44,968</b>	<b>4,074</b>	<b>(1)</b>	<b>49,041</b>
<b>Total Capital Assets, Net</b>	<b>\$44,968</b>	<b>\$4,074</b>	<b>(\$1)</b>	<b>\$49,041</b>



**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**5. DEFINED BENEFIT PENSION PLAN**

**Net Pension Liability**

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

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

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

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

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

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

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

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**5. DEFINED BENEFIT PENSION PLAN**

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

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):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 62 with 5 years of service credit or Age 57 with 25 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 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 benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**5. DEFINED BENEFIT PENSION PLAN**

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. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

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

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

	<b>State and Local</b>
<b>The Statutory Maximum Contribution Rates:</b>	
- Employer	14.00%
- Employee	10.00%

With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. The portion of the Traditional Pension Plan employer contributions allocated to health care was 0.0 percent for 2021-2022.

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**5. DEFINED BENEFIT PENSION PLAN**

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for pension was \$15,564 for fiscal year ending June 30, 2022. Of this amount \$1,402 is report with accrued wages and payroll taxes.

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

The net pension liability/(asset) was measured as of December 31, 2021, 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:

	<b>Traditional Plan</b>
Proportionate Share of Net Pension Liability	<u>\$58,989</u>
Proportion of the Net Pension Liability	
- Prior Measurement Date	0.000624%
- Current Measurement Date	<u>0.000678%</u>
Change in Proportion from Prior	<u>0.000054%</u>
Pension Expense (Income)	(\$16,391)

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**5. DEFINED BENEFIT PENSION PLAN**

On June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Traditional Plan</b>
<b>Deferred Outflows of Resources</b>	
Assumption Changes	\$7,376
Difference between expected and actual experience	3,007
Change in proportionate share and difference between Employer contribution and proportionate share of contribution	7,728
Authority contributions subsequent to the measurement date	<u>8,413</u>
Total Deferred Outflows of Resources	<u>\$26,524</u>
	<b>Traditional Plan</b>
<b>Deferred Inflows of Resources</b>	
Net Difference between projected and actual earning on pension plan investments	\$70,165
Difference between expected and actual experience	<u>1,294</u>
Total Deferred Inflows of Resources	<u>\$71,459</u>

\$8,413 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**5. DEFINED BENEFIT PENSION PLAN**

	<b>Traditional Plan</b>
Fiscal Year Ending June 30:	
2023	\$3,464
2024	22,223
2025	16,499
2026	11,162
Total	\$53,348

***Actuarial Assumptions – OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021, using the following key actuarial assumptions and methods 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:

<b>Actuarial Information</b>	<b>Traditional Plan</b>
Measurement and Valuation Date	December 31, 2021
Experience Study	5-year ended 12/31/2020
Actuarial Cost Method	Individual entry age
Actuarial Assumption:	
Investment Rate of Return	6.9%
Wage Inflation	2.75%
Future Salary Increases, including inflation 2.75%	2.75 - 10.75 %
Cost-of-Living Adjustment	Pre 01/07/13 Retirees: 3% Simple Post 01/07/13 Retirees: 3.0% Simple through 2022, then 2.05% Simple

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**5. DEFINED BENEFIT PENSION PLAN**

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

The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Allocation	Real Rate Return
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other Investments	4.00	2.85
Total	100.00%	4.21%

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**5. DEFINED BENEFIT PENSION PLAN**

**Average Remaining Service Life**

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and 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 investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

The following table presents the net pension liability or asset calculated using the discount rate of 6.9%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

As of December 31, 2021	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
<b>Employers' Net Pension Liability/(Asset)</b>	<b>\$155,526</b>	<b>\$58,989</b>	<b>\$21,343</b>

***Changes Between Measurement Date and Report Date***

Subsequent to December 31, 2021, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2022 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

**6. POSTEMPLOYMENT BENEFITS**

***Net OPEB Liability / Asset***

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



**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**6. POSTEMPLOYMENT BENEFITS**

The net OPEB liability / asset represents the Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability / 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 liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including OPEB. GASB 75 assumes the liability is solely the obligation of the employer, because (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 OPEB plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each OPEB plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net OPEB liability / asset. Resulting adjustments to the net OPEB liability / asset would be effective when the changes are legally enforceable.

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

***Plan Description – 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.

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**6. POSTEMPLOYMENT BENEFITS**

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information. The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care. Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2022 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 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 was \$0 for the year ending June 30, 2022.

***OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The total OPEB liability were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability/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:

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**6. POSTEMPLOYMENT BENEFITS**

	<b>Health Care Plan</b>
Proportionate Share of Net OPEB Asset	\$19,764
Proportion of the Net OPEB Liability	
- Prior Measurement Date	0.000582%
- Current Measurement Date	0.000631%
Change in Proportion from Prior	0.000049%
OPEB Expense (Revenue)	(\$13,653)

On June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Health Care Plan</b>
<b>Deferred Outflows of Resources</b>	
Change in proportionate share and difference between Employer contribution and proportionate share of contribution	\$499
Total Deferred Outflows of Resources	\$499
 <b>Deferred Inflows of Resources</b>	
Net Difference between projected and actual earning on pension plan investments	\$9,422
Assumption Changes	8,000
Difference between expected and actual experience	2,998
Change in proportionate share and difference between Employer contribution and proportionate share of contribution	2,423
Total Deferred Inflows of Resources	\$22,843

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**6. POSTEMPLOYMENT BENEFITS**

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

	<b>Health Care Plan</b>
Fiscal Year Ending June 30:	
2023	\$13,719
2024	5,213
2025	2,059
2026	1,353
Total	<u>\$22,344</u>

***Actuarial Assumptions - OPERS***

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

Projections of health care costs for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions.

The actuarial valuation used the following key actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**6. POSTEMPLOYMENT BENEFITS**

<b>Actuarial Information</b>	
Actuarial Valuation Date	December 31, 2020
Rolled-Forward Measurement Date	December 31, 2021
Experianse Study	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age
Actuarial Assumptions	
Single Discount Rate	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate	1.84%
Wage Inflation	2.75%
Future Salary Increases, including inflation 2.75%	2.75 - 10.75%
Health Care Cost Trend Rate	5.5% initial, 3.5% ultimate in 2034

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

A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. 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 the year 2021. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2021, the duration of the projection period through which projected health care payments are fully funded.

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**6. POSTEMPLOYMENT BENEFITS**

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board’s investment consultant.

For each major asset class that is included in the Health Care portfolio’s target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

		Weighted Average Long-Term
	Target	Expected Real Rate of Return
Asset Class	Allocation	(Arithmetic)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
REITs	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other Investments	7.00	1.93
Total	100.00%	3.45%

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

The following table presents the net OPEB liability or asset calculated using the single discount rate of 6.00%, and the expected net OPEB liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**6. POSTEMPLOYMENT BENEFITS**

	1% Decrease	Single Discount Rate	1% Increase
As of December 31, 2021	<u>(5.00%)</u>	<u>(6.00%)</u>	<u>(7.00%)</u>
Employers' net OPEB liability/(Asset)	\$ 11,623	\$ 19,764	\$ 26,521

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Decrease
As of December 31, 2021	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Decrease</u>
Employers' net OPEB liability/(Asset)	\$ 19,977	\$ 19,764	\$ 19,511

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

**7. LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities at June 30, 2022:

	Balance at			Balance at	Due in
	June 30, 2021	Additions	Deductions	June 30, 2022	One Year
Compensated Absences	\$ 16,259	\$ 4,371	\$ -	\$ 20,630	\$ 2,063
Net Pension Liability	92,401		(33,412)	58,989	
<b>Total</b>	<b>\$ 108,660</b>	<b>\$ 4,371</b>	<b>\$ (33,412)</b>	<b>\$ 79,619</b>	<b>\$ 2,063</b>

See Note 5 for information on the Authority's net pension.

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**7. LONG-TERM LIABILITIES (continued)**

*Leases Payable*

The Authority has entered into lease agreements for the right-to-use certain leased equipment. Due to the implementation of GASB Statements No. 87, the Authority has reported an intangible capital asset and corresponding lease liability for the future schedule payments under certain lease agreements in which the Authority is the lessee. These leases are as follows:

<u>PURPOSE</u>	<u>LEASE COMMENCEM ENT DATE</u>	<u>TERM (YEARS)</u>	<u>LEASE END DATE</u>	<u>PAYMENT METHOD</u>
Postage Meter	May 1, 2018	5	April 30, 2023	Monthly
Copier Equipment	May 7, 2022	5	April 7, 2027	Monthly

The following is a schedule of future lease payments under the lease agreements:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2023	\$3,102	\$202	\$3,304
2024	2,437	199	2,636
2025	2,322	314	2,636
2026	2,213	423	2,636
2027	1,764	433	2,197
Total	<u>\$11,838</u>	<u>\$1,571</u>	<u>\$13,409</u>

**8. CONTINGENT LIABILITIES**

Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts could have a material adverse effect on the overall financial position of the Authority at June 30, 2022.

Litigation

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



**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**9. COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The investments of the pension and other employee benefit plan in which the Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**10. CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2022, the Marion Metropolitan Housing Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87 Leases, and related guidance from (GASB) Implementation Guide No. 2019-3 Leases.

GASB Statement 87 and GASB Implementation Guide 2019-3 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the Authority fiscal year 2022 financial statements. The Authority recognized \$1,226 as of July 1, 2021, in leased assets. However, this entire amount was offset by the lease payable.

**11. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal financial assistance programs of the Marion Metropolitan Housing Authority (the Authority) for the year ended June 30, 2022. The Authority's reporting entity is defined in Note 1 to the Authority's financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 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.

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

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

**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(CONTINUED)**

**12. SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements as issued or are available to be issued. Management has evaluated subsequent events through January 10, 2023, the date on which the financial statements were available to be issued.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Marion Metropolitan Housing Authority. The Marion Metropolitan Housing Authority's investments of the pension and other employee benefit plan in which the Marion Metropolitan Housing Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Marion Metropolitan Housing Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Marion Metropolitan Housing Authority  
Statement of Net Position  
June 30, 2022

Financial Data Schedule Submitted to U.S. Department of HUD

Line item	Account Description	Housing Choice Voucher	Mainstream Voucher	Total
111	Cash - Unrestricted	\$ 380,929	\$ 53,486	\$ 434,415
113	Cash - Restricted	28,728	8,736	37,464
115	Cash - Restricted - Curr. Liab.	261,249	38,341	299,590
100	Total Cash	<u>670,906</u>	<u>100,563</u>	<u>771,469</u>
124	Acct Rec-Other Government	2,481		2,481
128	Fraud Recovery	12,362		12,362
128.1	Allow Doubtful Accounts	(12,362)		(12,362)
120	Net Total Receivables	2,481		2,481
142	Prepaid Expenses	4,854		4,854
<b>150</b>	<b>Total Current Assets</b>	<u>678,241</u>	<u>100,563</u>	<u>778,804</u>
164	F/E/M Admin.	83,771		83,771
165	Right of Use Assets - Lease	15,331		15,331
166	Accum Depreciation and Amortization	(50,061)		(50,061)
160	Net Fixed Assets	49,041	-	49,041
174	Other Assets	19,764		19,764
	Total Non-Current Assets	<u>19,764</u>	<u>-</u>	<u>19,764</u>
200	Deferred Outflow of Resources	27,023		27,023
<b>290</b>	<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<u><b>\$ 774,069</b></u>	<u><b>\$ 100,563</b></u>	<u><b>\$ 874,632</b></u>
312	A/P <= 90 days	\$ 13,865	\$ -	\$ 13,865
322	Accrued Comp Abs - current	2,063		2,063
342	Unearned Revenue	247,384	38,341	285,725
343	Lease Liability - current	3,102		3,102
310	Total Current Liabilities	<u>266,414</u>	<u>38,341</u>	<u>304,755</u>
351	Lease Liability	8,736		8,736
354	Accrued Comp Abs. - Noncurrent	18,567		18,567
357	Accrued Pension and OpEB Liabilities	58,989		58,989
	Total Liabilities	<u>352,706</u>	<u>38,341</u>	<u>391,047</u>
400	Deferred Inflow of Resources	94,302		94,302
508.1	Invested in Capital Assets Net	37,203		37,203
511.1	Restricted Net Position	28,728	8,736	37,464
512.1	Unrestricted Net Position	261,130	53,486	314,616
513	Total Equity/Net Position	<u>327,061</u>	<u>62,222</u>	<u>389,283</u>
<b>600</b>	<b>TOTAL LIAB. &amp; EQUITY</b>	<u><b>\$ 774,069</b></u>	<u><b>\$ 100,563</b></u>	<u><b>\$ 874,632</b></u>

See Auditor's Report.

Marion Metropolitan Housing Authority  
Statement of Revenue and Expenses  
June 30, 2022

Financial Data Schedule Submitted to U.S. Department of  
HUD

Line item	Account Description	CARES				Total
		Housing Choice Voucher	Housing Choice Voucher	Business Activities	Mainstream Voucher	
706-01	Housing Assistance Payment Revenue	\$ 2,872,048	\$ 39,340	\$ -	\$ 475,531	\$ 3,386,919
711	Investment Income - PHA	529				529
714	Fraud Recovery - PHA	4,733				4,733
715	Other Revenue	12,376		21,638		34,014
700	TOTAL REVENUE	2,889,686	39,340	21,638	475,531	3,426,195
911	Admin. Salaries	68,679	13,131	15,147	15,660	112,617
912	Audit	3,311			535	3,846
914	Advertisement & Marketing	144			23	167
915	Employee Benefits	16,190	3,288	6,491	5,501	31,470
916	Office Expenses	86,649	1,150		13,995	101,794
917	Legal Expense	753			122	875
918	Travel	3,012			487	3,499
919	Other	54,452	14,866		11,394	80,712
	Total Operating - Admin.	233,190	32,435	21,638	47,717	334,980
942	Ordinary Maint.	5,221			843	6,064
	Total Maint.	5,221	-	-	843	6,064
952	Protective Services - Other Contract Costs	1,838			297	2,135
961.2	Insurance - Liab Insurance	6,446			1,041	7,487
	Total Insurance	6,446	-	-	1,041	7,487
962.1	Compensated Absences	3,709			599	4,308
967.2	Interest Expense	120				120
	TOTAL OPERATING EXPENSES	250,524	32,435	21,638	50,497	355,094
970	Excess Oper. Rev. over Exp.	2,639,162	6,905	-	425,034	3,071,101
973	HAP	2,565,354			402,683	2,968,037
973.5	HAP Portability-In	10,935				10,935
974	Depreciation and Amortization Expense	14,563				14,563
900	TOTAL EXPENSES	2,841,376	32,435	21,638	453,180	3,348,629
1000	NET INCOME (LOSS)	\$ 48,310	\$ 6,905	\$ -	\$ 22,351	\$ 77,566

See Auditor's Report.

Financial Data Schedule Submitted to U.S. Department of HUD

<b>Line item</b>	<b>Account Description</b>	<b>Housing Choice Voucher</b>
11030	Beginning Equity	\$ 271,846
11170	Administrative Fee Equity	\$ 442,861
11180	Housing Assistance Payment Equity	\$ (155,090)
11190	Unit Months Available	6,588
11210	Number of Unit Months Leased	6,021

See Auditor's Report.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability	0.0006780%	0.0006240%	0.0006010%	0.0006610%	0.0006520%	0.0005850%	0.0006130%	0.0006690%	0.0006690%
Authority's Proportionate Share of the Net Pension Liability	\$ 58,989	\$ 92,401	\$ 118,792	\$ 181,034	\$ 102,286	\$ 132,844	\$ 106,179	\$ 80,688	\$ 78,866
Authority's Covered Employee Payroll	\$ 98,390	\$ 89,807	\$ 84,613	\$ 90,899	\$ 86,880	\$ 85,767	\$ 70,413	\$ 73,065	\$ 96,236
Authority's Proportionate Share of the Net Pension Liability as a percentage of its covered employee payroll	59.95%	102.89%	140.39%	199.16%	117.73%	154.89%	150.79%	110.43%	81.95%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	89.19%

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.0006310%	0.0005820%	0.0005600%	0.0006150%	0.0006100%	0.0006100%
Authority's Proportionate Share of the Net OPEB Liability	\$ (19,764)	\$ (10,369)	\$ 77,351	\$ 80,181	\$ 66,242	\$ 61,612
Authority's Covered Employee Payroll	\$ 98,390	\$ 89,807	\$ 84,613	\$ 90,899	\$ 86,880	\$ 85,767
Authority's Proportionate Share of the Net OPEB Liability as a percentage of its covered employee payroll	-20.09%	-11.55%	91.42%	88.21%	76.25%	71.84%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	128.23%	115.57%	47.80%	43.33%	54.14%	68.52%

1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.

2) Information prior to 2017 is not available.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required employer contribution										
Pension	\$ 15,564	\$ 12,573	\$11,406	\$ 12,253	\$ 11,711	\$10,738	\$ 8,450	\$ 8,768	\$12,511	\$ 9,298
OPEB	\$ -	\$ -	\$ 440	\$ 473	\$ 452	\$ 1,269	\$ 1,408	\$ 1,461	\$ 962	\$ 3,719
Contributions in relation to the contractually required contribution	\$(15,564)	\$(12,573)	\$(11,846)	\$(12,726)	\$(12,163)	\$(12,007)	\$(9,858)	\$(10,229)	\$(13,473)	\$(13,017)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority covered-employee payroll	\$111,173	\$ 89,807	\$ 84,613	\$90,899	\$ 86,880	\$ 85,767	\$70,413	\$ 73,065	\$ 96,236	\$ 92,979
Contribution as a percentage of covered-employee payroll										
Pension	14.00%	14.00%	13.48%	13.48%	13.48%	12.52%	12.00%	12.00%	13.00%	10.00%
OPEB	0.00%	0.00%	0.52%	0.52%	0.52%	1.48%	2.00%	2.00%	1.00%	4.00%



**MARION METROPOLITAN HOUSING AUTHORITY  
MARION COUNTY  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)**

***Ohio Public Employees' Retirement System***

**Net Pension Liability**

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2014-2022.

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

MARION METROPOLITAN HOUSING AUTHORITY

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Cluster Title	Federal CFDA Number	Pass Through Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Program			
<b>Housing Voucher Cluster:</b>			
Section 8 Housing Choice Voucher	14.871	N/A	\$2,872,048
Section 8 Housing Choice Voucher - CARES	14.871	N/A	39,340
Mainstream Vouchers	14.879	N/A	475,531
Total Housing Voucher Cluster			3,386,919
Total Expenditures of Federal Awards			\$3,386,919

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



Kevin L.  
Penn, Inc.

Certified Public Accountant  
11811 Shaker Boulevard, Suite 421  
Cleveland, Ohio 44120  
(216)421-1000  
Fax:(216)421-1001  
Email: klpenncpa@aol.com

## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards**

Marion Metropolitan Housing Authority  
Marion County  
117 N. Greenwood Street, Suite 12  
Marion, Ohio 43302

To the Board of Trustees:

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Marion Metropolitan Housing Authority, Marion County, Ohio as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued my report thereon dated January 10, 2023.

### ***Internal Control Over Financial Reporting***

As part of my financial statement audit, I considered the Marion Metropolitan Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support my opinion(s) on the financial statements, but not to the extent necessary to opine on the effectiveness of the Marion Metropolitan Housing Authority's internal control. Accordingly, I have not opined on it.

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

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, I did not identify any deficiencies in internal control that I consider material weaknesses. However, unidentified material weaknesses may exist.

## ***Compliance and Other Matters***

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

### **Marion Metropolitan Housing Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Marion Metropolitan Housing Authority's response to the findings identified in my audit and described in the accompanying schedule of findings and questioned costs. The Marion Metropolitan Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

I noted certain matters that I reported to management of Marion Metropolitan Housing Authority in a separate letter dated January 10, 2023.

### ***Purpose of this Report***

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

Kevin L. Penn, Inc.  
Cleveland, Ohio

January 10, 2023



Kevin L.  
**Penn, Inc.**

Certified Public Accountant  
11811 Shaker Boulevard, Suite 421  
Cleveland, Ohio 44120  
(216)421-1000  
Fax:(216)421-1001  
Email: klpenncpa@aol.com

## **Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance required by the Uniform Guidance**

Marion Metropolitan Housing Authority  
Marion County  
117 N. Greenwood Street, Suite 12  
Marion, Ohio 43302

To the Board of Trustees:

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

I have audited Marion Metropolitan Housing Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Marion Metropolitan Housing Authority's major federal program for the year ended June 30, 2022. Marion Metropolitan Housing Authority's major federal program are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In my opinion, Marion Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

#### ***Basis for Opinion on the Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## **Report on Internal Control Over Compliance**

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, as discussed below, I did identify a certain deficiency in internal control over compliance that I consider to be a significant deficiency.

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 a 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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Marion Metropolitan Housing Authority's response to the internal control over the compliance finding identified in my audit described in the accompanying schedule of findings and questioned costs. Marion Metropolitan Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kevin L. Penn, Inc.  
Cleveland, Ohio

January 10, 2023

**Marion Metropolitan Housing Authority**  
Schedule of Findings and Questioned Costs  
June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over compliance:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major program:	Unmodified
Are there any reportable findings under 2 CFR Section 200.516(a)?	Yes
Identification of major programs:	
14.871	Housing Choice Vouchers
14.879	Mainstream Vouchers
Dollar threshold used to distinguish between Type A and Type B programs:	Type A: > \$750,000 Type B: all others
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

No matters were reported.



**Marion Metropolitan Housing Authority**  
Schedule of Findings and Questioned Costs  
June 30, 2022

Section III - Federal Award Findings

2022-001

U.S. Department of Housing and Urban Development  
Housing Choice Vouchers Cluster

**Tenant Files**

Condition:

Housing Choice Vouchers

Move-ins:

1. In two (2) instances out of forty (40) tenant files tested, the "Authorization for the Release of Information" (Form HUD-9886), was not maintained in the tenant file.
2. In one (1) instance out of forty (40) tenant files tested, the lease agreement was not signed by the tenant.
3. In one (1) instance out of forty (40) tenant files tested, the lease agreement was not signed by the tenant or the landlord.
4. In four (4) instances out of forty (40) tenant files tested, the rent reasonableness form, was not maintained in the tenant's file.
5. In one (1) instance out of forty (40) tenant files tested, the "Lease Addendum" - Violence Against Women and Justice Department Reauthorization Act of 2005, was not maintained in the tenant file.

Mainstream Vouchers

1. In two (2) instances out of fifteen (15) tenant files tested, the rent reasonableness form was not maintained in the tenant's file.

Criteria:

1. Authorization for the release of information form, must be signed by the tenant, prior to the PHA requesting income information from the sources listed on the form.
2. Lease agreement must be signed by the tenant and landlord, prior to the PHA making a subsidy payment to the landlord.
3. Rent reasonableness must be determined and documented on a case-by-case basis that the approved rent is reasonable in comparison to rent for other comparable unassisted units in the market. The PHA will not approve a lease until the PHA determines that the initial rent to owner is a reasonable rent.
4. The Lease Addendum – Violence Against Women and Justice Department Reauthorization Act of 2005 form, must be signed by the landlord and tenant, prior to the PHA making a subsidy payment to the landlord.

**Marion Metropolitan Housing Authority**  
Schedule of Findings and Questioned Costs  
June 30, 2022

Section III - Federal Award Findings

2022-001

U.S. Department of Housing and Urban Development  
Housing Choice Vouchers Cluster

**Tenant Files** (continued)

Effect:

Potential questioned cost of \$13,943.00.

Context:

Tenant files tested consisted of move-ins, recertifications and move-outs.

Population Size

Number: 655 tenant files                      Dollar Amount: \$3,297,816.

Sample

Number: 55 tenant files tested              Dollar Amount: \$584,106.

Items Not in Compliance

Number: 11 non-compliance findings      Dollar Amount: \$13,943.

Questioned Costs

There were potential questioned costs of \$13,943.00.

Cause:

Oversight by Management.

Recommendation:

In order to be in compliance with guidelines established by the Department of Housing and Urban Development, I recommend that Marion Metropolitan Housing Authority 1) determines the rent reasonableness, prior to making a subsidy payment to the landlord; 2) obtain the tenant's signature on the authorization for release of information, prior to requesting household income information; 3) obtain the tenant and landlord signature, prior to making a subsidy payment to the landlord and 4) obtain the lease-addendum – violence against women form, prior to making a subsidy payment to the landlord. By performing these procedures, the risk of incurring questioned costs will be significantly reduced.

**Marion Metropolitan Housing Authority**  
Schedule of Findings and Questioned Costs  
June 30, 2022

Section III - Federal Award Findings

2022-001

U.S. Department of Housing and Urban Development  
Housing Choice Vouchers Cluster

**Tenant Files** (continued)

Views of Responsible Officials and Planned Corrective Actions:

The oversights mentioned are due largely to the fact that Marion MHA has had several staff changes due to the untimely loss of a key management employee. It is our intent to provide more training opportunities on a regular basis to ensure all employees, especially newer personnel, are aware of HUD required documents and the importance of reviewing all incoming documents for proper signatures from tenants and landlords prior to making and HAP payments on behalf of program participants.

We are also in the process of reviewing our procedure to ensure rent reasonableness documentation is in every new file and is also completed for every rent increase for participants who have been on the program for more than 1 year. Our goal is to conduct rent reasonableness at the time we receive a Request for Tenancy Approval and before the inspection is scheduled. We will also conduct rent reasonableness at the time we receive notices from landlords requesting increases in the contract rent.

**Marion Metropolitan Housing Authority**  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2022

There were no audit findings during the 2021 fiscal year.

**MARION METROPOLITAN HOUSING AUTHORITY**  
117 N Greenwood St Suite 12 Marion, OH 43302  
740-383-5680 Fax: 740-382-8388

Corrective Action Plan

June 30, 2022

Name of auditee: Marion Metropolitan Housing Authority

HUD auditee identification number: OH076

Name of audit firm: Kevin L. Penn, Inc.

Period covered by the audit: Fiscal Year Ended June 30, 2022

CAP prepared by:

Steve Cooper  
Executive Director  
(740) 383-5680

1. Current Findings on the Schedule of Finding, Questioned Cost and Recommendation
  - a. Finding 2022-001. U.S. Department of Housing and Urban Development Housing Choice Voucher Cluster.

**Tenant Files**

Housing Choice Vouchers

1. In two (2) instances out of forty (40) tenant files tested, the "Authorization for the Release of Information" (Form HUD-9886), was not maintained in the tenant file.
2. In one (1) instance out of forty (40) tenant files tested, the lease agreement was not signed by the tenant.
3. In one (1) instance out of forty (40) tenant files tested, the lease agreement was not signed by the tenant or the landlord.
4. In four (4) instances out of forty (40) tenant files tested, the rent reasonableness form, was not maintained in the tenant's file.
5. In one (1) instance out of forty (40) tenant files tested, the "Lease Addendum" - Violence Against Women and Justice Department Reauthorization Act of 2005, was not maintained in the tenant file.

Mainstream Vouchers

1. In two (2) instances out of fifteen (15) tenant files tested, the rent reasonableness form was not maintained in the tenant's file.

(1) Comments on the Finding and Each Recommendation. Management concurs with the finding and the auditor's recommendation that Marion Metropolitan Housing Authority should 1) determine the rent reasonableness, prior to making a subsidy payment to the landlord; 2) obtain the tenant's signature on the authorization for release of information, prior to requesting household income information; 3) obtain the tenant and landlord signature, prior to making a subsidy payment to the landlord and 4) obtain the lease-addendum – violence against women form, prior to making a subsidy payment to the landlord. ..

(2) Actions Taken on the Finding.

The oversights mentioned are due largely to the fact that Marion MHA has had several staff changes due to the untimely loss of a key management employee. It is our intent to provide more training opportunities on a regular basis to ensure all employees, especially newer personnel, are aware of HUD required documents and the importance of reviewing all incoming documents for proper signatures from tenants and landlords prior to making and HAP payments on behalf of program participants.

We are also in the process of reviewing our procedure to ensure rent reasonableness documentation is in every new file and is also completed for every rent increase for participants who have been on the program for more than 1 year. Our goal is to conduct rent reasonableness at the time we receive a Request for Tenancy Approval and before the inspection is scheduled. We will also conduct rent reasonableness at the time we receive notices from landlords requesting increases in the contract rent.

If there are any questions regarding this plan please call Steve Cooper, Executive Director at (740) 383-5680.

Sincerely yours,



Steve Cooper  
Executive Director

# OHIO AUDITOR OF STATE KEITH FABER



**MARION METROPOLITAN HOUSING AUTHORITY**

**MARION COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/21/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)