

BELMONT METROPOLITAN HOUSING AUTHORITY

BELMONT COUNTY

SINGLE AUDIT

APRIL 1, 2021 – MARCH 31, 2022



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Belmont Metropolitan Housing Authority
P. O. Box 398
100 South 3rd Street
Martins Ferry, Ohio 43935

We have reviewed the *Independent Auditor's Report* of Belmont Metropolitan Housing Authority, Belmont County, prepared by Wilson, Shannon & Snow, Inc., for the audit period April 1, 2021 through March 31, 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. Belmont 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

October 17, 2022

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**BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Belmont Metropolitan Housing Authority
Belmont County
100 S. 3rd Street
Martins Ferry, Ohio 43935

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Belmont Metropolitan Housing Authority, Belmont County, Ohio (the Authority), as of and for the fiscal year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Belmont Metropolitan Housing Authority, Belmont County, Ohio as of March 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities/assets and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Belmont Metropolitan Housing Authority
Belmont County
Independent Auditor's Report

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules as required by the U.S. Department of Housing and Urban Development and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 our opinion, the Financial Data Schedules and the Schedule of Expenditures of Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issuedⁱ our report dated September 26, 2022, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wilson, Shannon & Sons, Inc.

Newark, Ohio
September 26, 2022

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

It is a privilege to present for you the financial condition of Belmont Metropolitan Housing Authority (“the Authority”), as described in this “Management’s Discussion and Analysis” (MD&A). The Authority’s Management’s Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority’s financial activity, (c) identify changes in the Authority’s financial position (its ability to address the next and subsequent year challenges), and (d) identify other issues or concerns.

Since the Management’s Discussion and Analysis is designed to focus on the current fiscal year activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements.

FINANCIAL HIGHLIGHTS

- The Authority’s net position, defined as assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, was \$19.5 million for fiscal year 2021 and \$20.8 million for fiscal year 2022.
- The basic financial statements reflect a \$1.3 million increase in total net position. The increase was due to revenues substantially exceeding expenses during fiscal year 2022.
- Total revenues for the Authority, decreased by \$.9 million (12%) during fiscal year 2022, and was \$7.9 million and \$7.0 million for fiscal year 2021 and fiscal year 2022, respectively.
- Total expenses for the Authority, increased by \$.9 million (19%) during fiscal year 2022, and were \$4.8 million for fiscal year 2021 and \$5.7 million for fiscal year 2022.

USING THIS ANNUAL REPORT

The following chart outlines the format of this report:

<p>MD&A ~ Management Discussion and Analysis ~</p>
<p>Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Changes in Fund Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~</p>
<p>Required Supplementary Information ~ Pension and OPEB Schedules ~</p>
<p>Other Supplementary Information ~ Financial Data Schedules ~ ~ Schedule of Expenditures of Federal Awards ~</p>

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

Basic Financial Statements

The basic 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 plus deferred outflows of resources, minus liabilities and deferred inflows of resources, equals "Net Position". Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

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

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

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

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

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

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

Fund Financial Statements

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

The Authority administers several programs that are consolidated into a single proprietary type-enterprise fund. The enterprise fund consists of the following programs (required to be maintained by the Department of Housing and Urban Development).

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

Business Type Funds:

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

Capital Fund Program (CFP) – This is the current primary funding source for the Authority's physical (i.e. capital) and management improvements. Funds are provided by formula allocation and based on size and age of the units.

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

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

AUTHORITY-WIDE STATEMENTS

Statement of Net Position

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

**TABLE 1
STATEMENT OF NET POSITION**

	Fiscal Year 2021 (in millions of dollars)	Fiscal Year 2022 (in millions of dollars)
Current and Other Assets	\$11.3	\$12.8
Capital Assets	10.4	9.9
Total Assets	21.7	22.7
Deferred Outflows of Resources	0.2	0.2
Total Assets and Deferred Outflows of Resources	21.9	22.9
Current Liabilities	0.4	0.4
Long-Term Liabilities	0.9	0.6
Total Liabilities	1.3	1.0
Deferred Inflows of Resources	1.1	1.1
Total Liabilities and Deferred Inflows of Resources	2.4	2.1
Net Position:		
Investment in Capital Assets	10.4	9.9
Restricted	0.0	0.0
Unrestricted	9.1	10.9
Total Net Position	\$19.5	\$20.8

For more detailed information see the Statement of Net Position on page 11.

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Current and other assets increased by \$1.5 million. This reflects the positive net operating results of the Authority during fiscal year 2022 and an increase in net OPEB asset.

Capital assets decreased \$.5 million. Additions were about \$.7 million, minus depreciation of about \$1.3 million. The additions were primarily in the category of building improvements funded with capital grants provided by HUD.

Deferred outflows and inflows of resources reflect items related to the Authority’s defined benefit pension plan, OPERS, as well as other post employment benefits (OPEB), to account for changes in expense that under GASB 68 and GASB 75 should not be recognized in the current period, but should be spread out over 3-5 years.

Long-term liabilities decreased by \$.3 million due to decreases in unfunded net pension liability.

Net Position increased by \$1.3 million. This increase was primarily caused by revenue exceeding expenditures.

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

TABLE 2
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	Fiscal Year 2021 (millions of dollars)	Fiscal Year 2022 (millions of dollars)
Revenues		
Tenant Revenues	\$ 1.5	\$ 1.6
Operating Subsidies	5.1	4.6
Capital Grants	1.2	0.7
Interest Revenue and Other Revenues	0.1	0.1
Total Revenues	7.9	7.0
Expenses		
Administrative	0.7	0.7
Utilities	1.2	1.3
Maintenance	1.0	1.2
General and Insurance	0.2	0.3
Housing Assistance Payments	1.3	1.3
Pension and OPEB Expenses	(0.9)	(0.4)
Depreciation	1.3	1.3
Total Expenses	4.8	5.7
Change in Net Positon	3.1	1.3
Net Positon – Beginning	16.4	19.5
Net Positon – Ending	\$19.5	\$20.8

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

Tenant Revenue increased slightly during fiscal 2022. The Authority’s occupancy at its properties remained very strong. Operating Subsidies decreased in comparison to fiscal 2021, due to CARES Act funding received in fiscal 2021 that did not exist in fiscal 2022. Capital Grants decreased during fiscal 2022.

Expenses were relatively stable in fiscal year 2022, except for a 20% increase in maintenance expenses, and a reduction in negative expense in the categories of Pension and OPEB expense. Pension and OPEB expense reflect negative expense because the plan is well funded and related liabilities were reduced.

The Authority’s revenues exceeded expenses by approximately \$1.3 million.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of fiscal year end 2022, the Authority had \$9,857,841 invested in a variety of capital assets as reflected in the following schedule.

**TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	Fiscal Year 2021	Fiscal Year 2022
Land	\$ 1,446,016	\$ 1,446,016
Buildings	46,172,332	46,828,485
Leasehold Improvements	208,408	208,408
Equipment – Administrative	837,791	856,836
Less: Accumulated Depreciation	(38,521,752)	(39,803,466)
Construction In Progress	227,491	321,562
Total	\$10,370,286	\$9,857,841

The following reconciliation summarizes the changes in Capital Assets, which is presented in detail in Note 3 of the notes to the basic financial statements.

**TABLE 4
CHANGES IN CAPITAL ASSETS**

Beginning Balance, April 1, 2021	\$10,370,286
Additions	748,023
Disposals & Transfers, net	59
Less: Current Year Depreciation	(1,260,527)
Ending Balance, March 31, 2022	\$9,857,841

This fiscal year's major additions are:

Capital improvements completed through the Authority's Capital Fund Program on a variety of the Authority's complexes	\$748,023
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Debt Administration

As of March 31, 2022, the Authority's has no outstanding debt.

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

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

IN CONCLUSION

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

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Summer Jenkins, Executive Director of the Belmont Metropolitan Housing Authority at (740) 633-5085.

Respectfully submitted,

Summer Jenkins

Summer Jenkins
Executive Director

BELMONT METROPOLITAN HOUSING AUTHORITY
 BELMONT COUNTY
 STATEMENT OF NET POSITION
 MARCH 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	4,497,694
Cash and cash equivalents - restricted		183,091
Receivables - net of allowance		23,824
Investments- unrestricted		7,750,000
Inventories - net of allowance		81,204
Prepaid items		112,235
		<u>12,648,048</u>
	TOTAL CURRENT ASSETS	

NON-CURRENT ASSETS

CAPITAL ASSETS

Nondepreciable capital assets		1,767,578
Other capital assets - net		8,090,263
		<u>9,857,841</u>
	TOTAL CAPITAL ASSETS	

Net OPEB Asset		<u>175,933</u>
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	TOTAL ASSETS	<u>22,681,822</u>
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DEFERRED OUTFLOWS OF RESOURCES

Net pension liability		246,560
	TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>246,560</u>

	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 22,928,382</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$	297
Accrued wages/payroll taxes		2,115
Accrued compensated absences - current		39,137
Accrued liabilities - other		156,850
Intergovernmental payables		58,913
Tenant security deposits		160,505
Unearned Revenue		38,094
		<u>455,911</u>
	TOTAL CURRENT LIABILITIES	

LONG-TERM LIABILITIES

Accrued compensated absences - non-current		47,491
Accrued Pension Liabilities		512,018
		<u>559,509</u>
	TOTAL LONG-TERM LIABILITIES	

	TOTAL LIABILITIES	<u>1,015,420</u>
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DEFERRED INFLOWS OF RESOURCES

Net pension liability		828,484
Net OPEB liability/asset		237,893
		<u>1,066,377</u>
	TOTAL DEFERRED INFLOWS OF RESOURCES	

	TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	<u>2,081,797</u>
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NET POSITION

Investment in capital assets		9,857,841
Restricted		22,586
Unrestricted		10,966,158
		<u>20,846,585</u>
	TOTAL NET POSITION	

	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 22,928,382</u>
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See accompanying notes to the basic financial statements.

BELMONT METROPOLITAN HOUSING AUTHORITY
 BELMONT COUNTY
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED MARCH 31, 2022

OPERATING REVENUES	
Tenant revenue	\$ 1,557,653
Operating subsidies	4,597,005
Other revenues	<u>51,961</u>
TOTAL OPERATING REVENUES	<u>6,206,619</u>
OPERATING EXPENSES	
Administrative	719,599
Tenant services	18,428
Utilities	1,311,137
Maintenance	1,175,862
Insurance	141,529
General	136,531
Pension Expense	(244,370)
OPEB Expense	(153,821)
Housing assistance payments	1,285,120
Depreciation	<u>1,260,527</u>
TOTAL OPERATING EXPENSES	<u>5,650,542</u>
OPERATING INCOME	556,077
NON-OPERATING REVENUES	
Interest revenue	37,092
Capital grants	<u>748,023</u>
TOTAL NON-OPERATING REVENUES	<u>785,115</u>
CHANGE IN NET POSITION	1,341,192
NET POSITION, BEGINNING OF FISCAL YEAR	<u>19,505,393</u>
NET POSITION, END OF FISCAL YEAR	<u><u>\$ 20,846,585</u></u>

See accompanying notes to the basic financial statements.

BELMONT METROPOLITAN HOUSING AUTHORITY
 BELMONT COUNTY
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED MARCH 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from HUD	\$ 4,717,887
Cash received from tenants	1,527,144
Cash received from other revenue	51,961
Cash payments for housing assistance payments	(1,285,120)
Cash payments for administrative and other operating expenses	<u>(3,519,193)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 1,492,679

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital grants received	748,023
Acquisition of capital assets	<u>(748,023)</u>

NET CASH (USED) BY CAPITAL AND FINANCING ACTIVITIES -

CASH FLOWS FROM INVESTING ACTIVITIES:

Sale of Investments	(4,314,783)
Interest	<u>37,092</u>

NET CASH (USED) BY INVESTING ACTIVITIES (4,277,691)

CHANGE IN CASH AND CASH EQUIVALENTS (2,785,012)

CASH AND CASH EQUIVALENTS, BEGINNING 7,465,797

CASH AND CASH EQUIVALENTS, ENDING \$ 4,680,785

RECONCILIATION OF OPERATING INCOME TO
 NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 556,077
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	1,260,527
(Increase) decrease in:	
Receivables - net of allowance	133,098
Inventories - net of allowance	(7,745)
Prepaid items	(6,316)
Net OPEB asset	(74,757)
Deferred Outflows of Resources	(32,721)
Increase (decrease) in:	
Accounts payable	(61,033)
Accrued wages/payroll taxes	(10,065)
Accrued compensated absences	(15,437)
Accrued liabilities - other	101,678
Accounts payable - other government	29,840
Tenant security deposits	5,942
Unearned revenue	(4,626)
Accrued pension and OPEB liabilities	(370,825)
Deferred inflows of resources	<u>(10,958)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 1,492,679

See accompanying notes to the basic financial statements.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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 rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity (as amended by GASB Statement No. 61), 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 a 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 governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. The 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 of the funds of the Authority over which the Authority is financially accountable.

Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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 Fund 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.

Enterprise Fund

The Authority uses the proprietary fund to report on its financial position and the results of its operations for its housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs. The following are the various programs which are included in the single enterprise fund:

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

Central Office Cost Center (COCC) – The Authority owns and operates more than 250 dwelling rentals and established a COCC to account for non-project specific costs. These costs are funded from management fees, asset management fees and bookkeeping fees.

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 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 percent of household income. 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.

Accounting and Reporting for Nonexchange Transactions

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

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).
- Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).
- Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

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

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

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

The Authority 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.

The Authority 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, entities should record resources received prior to that period as unearned revenue and the provider of those resources would record an advance.

The Authority receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

Cash and Cash Equivalents

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

Investments

Investments are restricted by the provisions of the HUD Regulations (See Note 2). Investments are valued at fair value. Interest revenue in fiscal year ending March 31, 2022 totaled \$37,092.

Receivables – Net of Allowance

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 fiscal year. The allowance for doubtful accounts was \$6,076 at March 31, 2022.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond March 31, 2022, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at cost and uses the first-in, first-out (FIFO) flow assumption in determining cost. The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charges as expenditures when used. The allowance for obsolete inventory was \$9,022 at March 31, 2022.

Capital Assets

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

Buildings – Residential	40 years
Buildings – Non residential	40 years
Building Improvements	15 years
Furniture – Dwelling	5 years
Furniture – Non-dwelling	5 years
Equipment –Dwelling	5 years
Equipment – Non-dwelling	5 years
Autos and Trucks	5 years
Computer Hardware	5 years
Computer Software	5 years

Due From/To Other Programs

On the basic financial statements, inter-program receivables and payables listed on the FDS are eliminated.

Compensated Absences

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both 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 liability.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Balance			Balance	Due
	<u>3/31/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>3/31/2022</u>	<u>Within</u>
					<u>One Year</u>
Compensated Absences	\$ 102,065	\$ 48,846	(\$ 64,283)	\$ 86,628	\$ 39,137

Accrued Liabilities

All payables and accrued liabilities are reported in the basic financial statements.

Unearned Revenue

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions. The Authority applies restricted first when expenditures are incurred for purposes for which either restricted or unrestricted amounts are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are tenant revenues, operating grants from HUD and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are administrative, utilities, maintenance, PILOT, insurance, depreciation, bad debt and housing assistance payments.

Capital Grant

This represents grants provided by HUD that the Authority spends on capital assets.

Budgetary Accounting

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

Estimates

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions and Other Post Employment Benefits (OPEB)

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

	<u>Balance</u> <u>3/31/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>3/31/2022</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Net Pension Liability	\$ 882,843	\$ -	(\$ 370,824)	\$ 512,018	\$ -
Net OPEB Liability/(Asset)	(101,176)	-	(74,757)	(175,933)	-

Deferred Outflows/Inflows of Resources

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

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits

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

- A. Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Authority's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
- B. Inactive deposits are public deposits that the Authority has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
- C. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Protection of Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by the Authority or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end March 31, 2022, the carrying amount of the Authority's deposits totaled \$2,642,650 (including \$300 petty cash) and its bank balance was \$6,542,847. Based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of March 31, 2022, \$2,677,167 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

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

Investments

In accordance with the Ohio Revised Code and HUD investment policy, the Authority is permitted to invest in certificates of deposit, savings accounts, money market accounts, certain highly rated commercial paper, obligations of certain political subdivision of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based. The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

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).

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the Authority's practice to limit its investments to three years or less.

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

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

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority’s practice to do business with more than one depository. At March 31, 2022, the Authority had 22.9% invested in money market mutual funds, and 77.1% invested in certificates of deposit.

The carrying amount of the Authority’s investments was \$9,788,135 at March 31, 2022 with the same corresponding bank balance.

As of March 31, 2022, the Authority had the following investments:

Investment Type	Measurement Value	Credit Rating	Level	Maturity
Money Market Mutual Funds [^]	\$768,360	N/A	1	6 Months or Less
Federal Mutual Funds [^]	769,775	N/A	1	6 Months or Less
Negotiable Certificates of Deposit ^{^^} :	1,750,000			6 Months or Less
	2,000,000			7 to 12 Months
	2,000,000			1 to 2 Years
	2,500,000			2 to 3 Years
Total Certificates of Deposit	<u>8,250,000</u>	N/A	1	
Total Investments	<u><u>\$9,788,135</u></u>			

[^] Reported as cash and cash equivalents

^{^^} \$500,000 in CDs with maturities of less than 90 days reported as cash and cash equivalents

A reconciliation of cash and investments as shown on the Statement of Net Position at March 31, 2022 to the deposits and investments included in this note is as follows:

Cash and Cash Equivalents	\$ 4,680,785
Investments	7,750,000
Total	<u><u>\$12,430,785</u></u>
Carrying Amount of Deposits	\$ 2,642,650
Carrying Amount of Investments	9,788,135
Total	<u><u>\$12,430,785</u></u>

Restricted cash consists of:

Housing Assistance Payment Reserves	\$ 22,586
Tenant Security Deposit	160,505
Total	<u><u>\$ 183,091</u></u>

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

NOTE 3: CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the fiscal year ended March 31, 2022, follows:

	<u>Balance at April 1, 2021</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance at March 31, 2022</u>
Capital Assets Not Depreciated				
Land	\$ 1,446,016	\$ -	\$ -	\$ 1,446,016
Construction in Progress	<u>227,491</u>	<u>94,071</u>	<u>-</u>	<u>321,562</u>
Total Capital Assets Not Depreciated	<u>1,673,507</u>	<u>94,071</u>	<u>-</u>	<u>1,767,578</u>
Capital Assets Depreciated				
Building and Improvements	46,380,740	634,907	21,246	47,036,893
Furniture and Equipment	<u>837,791</u>	<u>19,045</u>	<u>-</u>	<u>856,836</u>
Total Capital Assets Depreciated	<u>47,218,531</u>	<u>653,952</u>	<u>21,246</u>	<u>47,893,729</u>
Accumulated Depreciation				
Building and Improvements	(37,849,614)	(1,164,801)	1,765	(39,012,650)
Furniture and Equipment	<u>(672,138)</u>	<u>(95,726)</u>	<u>(22,952)</u>	<u>(790,816)</u>
Total Accumulated Depreciation	<u>(38,521,752)</u>	<u>(1,260,527)</u>	<u>(21,187)</u>	<u>(39,803,466)</u>
Total Capital Assets Depreciated, Net	<u>8,696,779</u>	<u>(606,575)</u>	<u>59</u>	<u>8,090,263</u>
Total Capital Assets, Net	\$ <u>10,370,286</u>	(\$ <u>512,504</u>)	\$ <u>59</u>	\$ <u>9,857,841</u>

NOTE 4: RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three fiscal years.

NOTE 5: DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

GASB 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 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 fiscal year is included in *accrued wages/payroll taxes* on the accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description- Authority employees participant 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 contributions features. While members (e.g. Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees 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 reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information):

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

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

Fiscal 2022 Statutory Maximum Contribution Rates:	<u>State and Local</u>
Employer	14.0%
Employee	10.0%
Fiscal 2022 Actual Contribution Rates:	
Employer:	
Pension	14.0%
Post Employment Health Care Benefits	0.0%
Total Employer	<u>14.0%</u>
 Employee	 <u>10.0%</u>

Employee contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution was \$120,833 for fiscal year ending March 31, 2022.

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

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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

The net pension liability 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 proportionate 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:

Proportionate Share of the Net Pension Liability	\$512,018
Proportion of the Net Pension Liability	0.005885%
Change in Proportion from Prior Measurement Date	(0.000077%)
Pension Expense	(\$244,370)

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

Deferred Outflows of Resources

Contributions subsequent to measurement date	\$ 55,089
Change in proportion	101,343
Differences in expected and actual experience	26,101
Change of assumptions	64,027
Total Deferred Outflows of Resources	\$246,560

Deferred Inflows of Resources

Net difference between projected and actual	
Investment earnings	\$609,028
Change in proportion	208,226
Differences between expected and actual experience	11,230
Total Deferred Inflows of Resources	\$828,484

\$55,089 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending March 31, 2023. Change in proportionate share, is amortized over 5 years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending March 31:

2023	(\$101,928)
2024	(230,865)
2025	(164,585)
2026	(118,260)
2027	(21,375)
Total	(\$637,013)

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

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions-OPERS

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

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

Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees: 3 percent, simple Post 1/7/2013 Retirees: 3 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality tables (male and female) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality tables (male and female) 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 most recent experience study was completed for the five year period ended December 31, 2021.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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.

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

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions-OPERS (continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2021 and the long term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	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%

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Authority’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

Authority’s proportionate share Net pension liability/(asset)	1% Decrease	Current Discount Rate	1% Increase
	\$1,349,960	\$512,018	(\$185,260)

Plan Fiduciary Net Position Detailed information about the Plan’s fiduciary net position is available in the separately issued OPERS’s financial report.

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

NOTE 6: POST EMPLOYMENT BENEFITS

Net OPEB Liability/(Asset)

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

The net OPEB 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/(asset) is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability/(asset) for the contractually-required OPEB contribution outstanding at the end of the fiscal year is included in accrued wages/payroll taxes on the accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. OPERS 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.

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

NOTE 6: POST EMPLOYMENT BENEFITS (continued)

As of December 2016, OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans.

The OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses. Upon termination or retirement, Member-Directed Plan participants can use vested retiree medical account funds for reimbursement of qualified medical expenses. Members who elect the Member-Directed Plan after July 1, 2015 will vest in health care over 15 years at a rate of 10% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in health care over a five-year period at a rate of 20% per year. Health care coverage is neither guaranteed nor statutorily required. The ORC permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers' contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans.

Prior to January 1, 2015, the System provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector, and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS Annual Comprehensive Financial Report.

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

NOTE 6: POST EMPLOYMENT BENEFITS (continued)

Participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional Pension Plan and Combined Plan. A portion of employer contributions for these participants is allocated to a retiree medical account. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from these accounts.

An additional retiree medical account (RMA) was also established several years ago when three health care coverage levels were available to retirees. Monthly allowance amounts in excess of the cost of the retiree’s selected coverage were notionally credited to the retiree’s RMA. Retirees and their dependents could seek reimbursements from the RMA balances for qualified medical expenses. In 2013, the number of health care options available to retirees was reduced from three to one, eliminating the majority of deposits to the RMA. Wellness incentive payments were the only remaining deposits made to this RMA. Wellness incentives are no longer awarded starting with the 2017 plan year. These RMA balances were transferred to the HRA for retirees with both types of accounts. In addition, OPERS initiated an automatic claims payment process for reimbursements for retiree health care costs paid through pension deduction. This process will reimburse members for eligible health care premiums paid to OPERS, currently through pension deduction, up to the member’s available RMA balance.

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

	<u>State and Local</u>
Fiscal Year 2022 Statutory Maximum Contribution Rates (Pension and OPEB combined)	Employer 14.0 % Employee 10.0 %

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. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of traditional and combined plans employer contributions allocated to health care was zero for 2021 and 2022.

Other Post Employment Benefit (OPEB) Liabilities/(Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net other post employee benefits (OPEB) liability was measured as of December 31, 2021, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The Authority’s proportionate of the net pension liability/(asset) was based on the Authority’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense/income:

Proportionate Share of the Net OPEB Asset	\$175,933
Proportion of the Net OPEB Asset	0.005679%
Change in Proportion from Prior Measurement Date	(0.000062%)
OPEB Income	(\$153,821)

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

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

NOTE 6: POST EMPLOYMENT BENEFITS (continued)

Deferred Outflows of Resources

Changes of assumptions	\$ -
Total Deferred Outflows of Resources	\$ -

Deferred Inflows of Resources

Differences between expected and actual experience	\$26,686
Net difference between projected and actual	
Investment earnings	83,872
Changes of assumptions	71,217
Change in proportion	56,118
Totals	\$237,893

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

Fiscal Year Ending March 31:

2023	(\$123,642)
2024	(50,209)
2025	(29,550)
2026	(23,270)
2027	(11,222)
Total	(\$237,893)

Actuarial Assumptions – OPERS OPEB

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. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. The total OPEB liability/(asset) was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74. In 2021, the Board of Trustees’ actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	1.84 percent
Wage Inflation	2.75 percent
Health Care Cost Trend Rate	5.5% initial, 3.50% ultimate in 2034
Actuarial Cost Method Individual Entry Age Normal	

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

NOTE 6: POST EMPLOYMENT BENEFITS (continued)

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 (male and female) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality tables (male and female) 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.

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.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00%	3.78%
Real Estate	7.00%	3.74%
International Equities	25.00%	4.88%
Risk Parity	2.00%	2.92%
Other Investments	7.00%	1.93%
Total	100.00%	3.45%

Discount Rate – A single discount rate of 6.00% was used to measure the OPEB liability/(asset) on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. 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 OPEB plan’s fiduciary net position and future contributions were sufficient to finance the health care costs through the year 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

NOTE 6: POST EMPLOYMENT BENEFITS (continued)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
<u>Authority's proportionate share</u> Net OPEB liability/(asset)	<u>(\$ 103,465)</u>	<u>(\$ 175,933)</u>	<u>(\$ 236,083)</u>

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/(asset). The following table presents the net OPEB liability/(asset) calculated using the assumed trend rates, and the expected net OPEB liability/(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.

Sensitivity of Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Rate Assumption	1% Increase
<u>Authority's proportionate share</u> Net OPEB liability/(asset)	<u>(\$ 177,834)</u>	<u>(\$ 175,933)</u>	<u>(\$ 173,678)</u>

NOTE 7: FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2022, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenues, expenses and changes in net assets and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by Housing and Urban Development.

NOTE 8: ECONOMIC DEPENDENCY

Both the Low Rent Public Housing Program and the Voucher Program are economically dependent on annual contributions and grants from HUD.

NOTE 9: RESTRICTED NET POSITION

For the fiscal year ended March 31, 2022, the Authority had \$22,586 in Restricted Net Position, related to Housing Choice Voucher restricted reserve funds on hand.

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

NOTE 10: CONTINGENCIES

Grants

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

Commitments and Contingencies

The Authority has, under its normal operations, entered into commitments for the purchase of maintenance, cleaning, and other services. Such commitments are monthly and annually.

Litigations

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

NOTE 11: 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.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.005885%	0.005962%	0.006401%	0.006111%	0.007433%	0.008003%	0.007324%	0.007738%	0.007738%
Authority's Proportionate Share of the Net Pension Liability	\$512,018	\$882,843	\$1,265,201	\$1,673,679	\$1,166,094	\$1,817,346	\$1,268,543	\$933,235	\$912,156
Authority's Covered-Employee Payroll	\$863,092	\$897,678	\$855,386	\$834,671	\$951,212	\$1,024,673	\$932,525	\$948,217	\$953,917
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	59.32%	98.34%	147.91%	200.51%	122.50%	177.36%	136.03%	98.42%	95.62%
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%	86.36%

(1) Information prior to 2014 is not available.

Amounts presented as of the Authority's fiscal year end.

The plan measurement date is the prior calendar year end.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$120,833	\$125,675	\$119,745	\$116,854	\$123,657	\$122,960	\$111,903	\$113,786	\$114,470	\$122,248
Contributions in Relation to the Contractually Required Contribution	(\$120,833)	(\$125,675)	(\$119,745)	(\$116,854)	(\$123,657)	(\$122,960)	(\$111,903)	(\$113,786)	(\$114,470)	(\$122,248)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Employee Payroll	\$863,092	\$897,678	\$855,386	\$834,671	\$951,212	\$1,024,673	\$932,525	\$948,217	\$953,917	\$940,369
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	12.00%	12.00%

**BELMONT METROPOLITAN HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS (1)**

	2022	2021	2020	2019	2018
Authority's Proportion of the Other Post-Employment Benefits Liability/(Asset) (OPEB)	0.005617%	0.005679%	0.005691%	0.005691%	0.006940%
Authority's Proportionate Share of the OPEB Liability/(Asset)	(\$175,933)	(\$101,176)	\$823,369	\$741,972	\$753,633
Authority's Covered-Employee Payroll	\$863,092	\$897,678	\$855,386	\$834,671	\$951,212
Authority's Proportionate Share of the OPEB Liability/(Asset) as a Percentage of its Covered Employee Payroll	(20.38%)	(11.27%)	96.25%	88.89%	79.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	128.23%	115.57%	47.80%	46.33%	54.14%

(1) Information prior to 2018 is not available.

Amounts presented as of the Authority's fiscal year end.

The plan measurement date is the prior calendar year end.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$9,512	\$20,493	\$18,651	\$18,964	\$19,078	\$18,807
Contributions in Relation to the Contractually Required Contribution	(\$ -)	(\$ -)	(\$ -)	(\$ -)	(\$9,512)	(\$20,493)	(\$18,651)	(\$18,964)	(\$19,078)	(\$18,807)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Employee Payroll	\$863,092	\$897,678	\$855,386	\$834,671	\$951,212	\$1,024,673	\$932,525	\$948,217	\$953,917	\$940,369
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%

BELMONT METROPOLITAN HOUSING AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED MARCH 31, 2022

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% to 0.5% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%.

Net OPEB Liability/(Asset)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2022.

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/(asset) since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00%, (b) municipal bond rate changed from 2.75% to 2.00%, (c) the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034.

BELMONT METROPOLITAN HOUSING AUTHORITY
ENTITY WIDE BALANCE SHEET SUMMARY
FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
MARCH 31, 2022

	Project Total	14,871 Housing Choice Vouchers	14, HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,736,969	\$208,612		\$2,552,113	\$4,497,694		\$4,497,694
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted		\$22,586			\$22,586		\$22,586
114 Cash - Tenant Security Deposits	\$160,505				\$160,505		\$160,505
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$1,897,474	\$231,198	\$0	\$2,552,113	\$4,680,785		\$4,680,785
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects							
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous				\$5,599	\$5,599		\$5,599
126 Accounts Receivable - Tenants	\$24,301				\$24,301		\$24,301
126.1 Allowance for Doubtful Accounts - Tenants	-\$6,076				-\$6,076		-\$6,076
126.2 Allowance for Doubtful Accounts - Other				\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud							
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$18,225	\$0	\$0	\$5,599	\$23,824		\$23,824
131 Investments - Unrestricted	\$4,764,107			\$2,985,893	\$7,750,000		\$7,750,000
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$100,595			\$11,840	\$112,235		\$112,235
143 Inventories	\$90,226				\$90,226		\$90,226
143.1 Allowance for Obsolete Inventories	-\$9,022				-\$9,022		-\$9,022
144 Inter Program Due From							
145 Assets Held for Sale							
150 Total Current Assets	\$9,861,605	\$231,198	\$0	\$5,555,245	\$12,648,048		\$12,648,048
161 Land	\$1,446,016				\$1,446,016		\$1,446,016
162 Buildings	\$46,828,485				\$46,828,485		\$46,828,485
163 Furniture, Equipment & Machinery - Dwellings							
164 Furniture, Equipment & Machinery - Administration	\$741,531	\$1,188		\$114,117	\$856,836		\$856,836
165 Leasehold Improvements				\$208,408	\$208,408		\$208,408
166 Accumulated Depreciation	-\$39,615,898	-\$1,188		-\$186,380	-\$39,803,466		-\$39,803,466
167 Construction in Progress	\$321,562				\$321,562		\$321,562
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$9,721,696	\$0	\$0	\$136,145	\$9,857,841		\$9,857,841
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							
173 Grants Receivable - Non Current							
174 Other Assets	\$144,745	\$4,215		\$26,975	\$175,935		\$175,935
176 Investments in Joint Ventures							
180 Total Non-Current Assets	\$9,866,439	\$4,215	\$0	\$163,120	\$10,033,774		\$10,033,774
200 Deferred Outflow of Resources	\$194,516	\$6,807		\$45,237	\$246,560		\$246,560
290 Total Assets and Deferred Outflow of Resources	\$16,922,560	\$242,220	\$0	\$5,763,602	\$22,928,382		\$22,928,382
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$297				\$297		\$297
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable				\$2,115	\$2,115		\$2,115
322 Accrued Compensated Absences - Current Portion	\$33,762	\$280		\$5,095	\$39,137		\$39,137
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government	\$58,913				\$58,913		\$58,913
341 Tenant Security Deposits	\$160,505				\$160,505		\$160,505
342 Unearned Revenue	\$38,094				\$38,094		\$38,094
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue							
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities							
346 Accrued Liabilities - Other	\$145,628	\$1,491		\$9,731	\$156,850		\$156,850
347 Inter Program - Due To							
348 Loan Liability - Current							
310 Total Current Liabilities	\$437,199	\$1,771	\$0	\$16,941	\$455,911		\$455,911
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue							
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other							
354 Accrued Compensated Absences - Non Current	\$41,263			\$6,228	\$47,491		\$47,491
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	\$421,245	\$12,267		\$78,506	\$512,018		\$512,018
350 Total Non-Current Liabilities	\$462,508	\$12,267	\$0	\$84,734	\$559,509		\$559,509
300 Total Liabilities	\$899,707	\$14,038	\$0	\$101,675	\$1,015,420		\$1,015,420
400 Deferred Inflow of Resources	\$862,047	\$33,569		\$170,761	\$1,066,377		\$1,066,377
508.4 Net Investment in Capital Assets	\$9,721,696			\$136,145	\$9,857,841		\$9,857,841
511.4 Restricted Net Position		\$22,608			\$22,608		\$22,608
512.4 Unrestricted Net Position	\$5,439,110	\$172,005	\$0	\$5,355,021	\$10,966,136		\$10,966,136
513 Total Equity - Net Assets / Position	\$15,160,806	\$194,613	\$0	\$5,491,166	\$20,846,585		\$20,846,585
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$16,922,560	\$242,220	\$0	\$5,763,602	\$22,928,382		\$22,928,382

BELMONT METROPOLITAN HOUSING AUTHORITY
 ENTITY WIDE REVENUE AND EXPENSE SUMMARY
 FINANCIAL DATA SCHEDULES SUBMITTED TO HUD
 FOR THE FISCAL YEAR ENDED MARCH 31, 2022

	Project Total	14,871 Housing Choice Vouchers	14,HCC HC CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,525,368				\$1,525,368		\$1,525,368
70400 Tenant Revenue - Other	\$32,285				\$32,285		\$32,285
70500 Total Tenant Revenue	\$1,557,653	\$0	\$0	\$0	\$1,557,653	\$0	\$1,557,653
70600 HUD PHA Operating Grants	\$3,179,202	\$1,412,134	\$5,669		\$4,597,005		\$4,597,005
70610 Capital Grants	\$748,023				\$748,023		\$748,023
70710 Management Fee				\$657,802	\$657,802	-\$657,802	\$0
70720 Asset Management Fee				\$85,680	\$85,680	-\$85,680	\$0
70730 Book Keeping Fee				\$71,008	\$71,008	-\$71,008	\$0
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue				\$814,490	\$814,490	-\$814,490	\$0
70800 Other Government Grants							
71100 Investment Income - Unrestricted	\$21,985	\$1		\$15,106	\$37,092		\$37,092
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery							
71500 Other Revenue	\$36,929	\$14,699		\$333	\$51,961		\$51,961
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	\$5,543,792	\$1,426,834	\$5,669	\$829,929	\$7,806,224	-\$814,490	\$6,991,734
91100 Administrative Salaries	\$157,907	\$17,062	\$5,669	\$165,598	\$366,244		\$366,244
91200 Auditing Fees	\$7,100	\$1,383		\$8,106	\$16,589		\$16,589
91300 Management Fee	\$639,670	\$18,132		\$657,802	-\$657,802	\$0	\$0
91310 Book-keeping Fee	\$61,942	\$9,066		\$71,008	-\$71,008	\$0	\$0
91400 Advertising and Marketing							
91500 Employee Benefit Contributions - Administrative	\$38,492	-\$14,481		-\$140,708	-\$116,697		-\$116,697
91600 Office Expenses	\$23,119	\$8,820		\$31,117	\$63,056		\$63,056
91700 Legal Expense	\$36,506			\$2,935	\$39,441		\$39,441
91800 Travel							
91810 Allocated Overhead							
91900 Other	\$10,655	\$3,237		\$7,655	\$106,547		\$106,547
91000 Total Operating - Administrative	\$975,591	\$63,229	\$5,669	\$159,691	\$1,203,990	-\$728,610	\$475,180
92000 Asset Management Fee	\$85,680				\$85,680	-\$85,680	\$0
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other	\$18,428				\$18,428		\$18,428
92500 Total Tenant Services	\$18,428	\$0	\$0	\$0	\$18,428	\$0	\$18,428
93100 Water	\$562,406				\$562,406		\$562,406
93200 Electricity	\$358,613				\$358,613		\$358,613
93300 Gas	\$77,903				\$77,903		\$77,903
93400 Fuel							
93500 Labor	\$32,910				\$32,910		\$32,910
93600 Sewer	\$279,305				\$279,305		\$279,305
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	\$1,311,137	\$0	\$0	\$0	\$1,311,137	\$0	\$1,311,137
94100 Ordinary Maintenance and Operations - Labor	\$442,333				\$442,333		\$442,333
94200 Ordinary Maintenance and Operations - Materials and Other	\$315,140				\$315,140		\$315,140
94300 Ordinary Maintenance and Operations Contracts	\$260,185				\$260,185		\$260,185
94500 Employee Benefit Contributions - Ordinary Maintenance	\$4,432				\$4,432		\$4,432
94000 Total Maintenance	\$1,022,090	\$0	\$0	\$0	\$1,022,090	\$0	\$1,022,090
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$51,279				\$51,279		\$51,279
96120 Liability Insurance	\$51,279	\$373		\$3,100	\$54,752		\$54,752
96130 Workmen's Compensation	\$11,833	\$373		\$3,100	\$15,306		\$15,306
96140 All Other Insurance	\$17,092			\$3,100	\$20,192		\$20,192
96100 Total Insurance Premiums	\$131,483	\$746	\$0	\$9,300	\$141,529	\$0	\$141,529
96200 Other General Expenses							
96210 Compensated Absences	\$66,694	\$1,898			\$68,592		\$68,592
96300 Payments in Lieu of Taxes	\$29,840				\$29,840		\$29,840
96400 Bad debt - Tenant Rents	\$38,099				\$38,099		\$38,099
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$134,633	\$1,898	\$0	\$0	\$136,531	\$0	\$136,531
96710 Interest of Mortgage (or Bonds) Payable							
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$3,876,842	\$65,893	\$5,669	\$168,991	\$3,919,395	-\$814,490	\$3,104,905
97000 Excess of Operating Revenue over Operating Expenses	\$1,684,950	\$1,360,951	\$0	\$660,938	\$3,886,839	\$0	\$3,886,839
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments		\$1,271,433			\$1,271,433		\$1,271,433
97350 HAP Portability-In		\$13,687			\$13,687		\$13,687
97400 Depreciation Expense	\$1,243,105			\$17,422	\$1,260,527		\$1,260,527
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$4,921,947	\$1,351,003	\$5,669	\$186,413	\$6,465,032	-\$814,490	\$5,650,542
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$621,845	\$75,831	\$0	\$643,516	\$1,341,192	\$0	\$1,341,192
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$14,538,961	\$118,782		\$4,847,650	\$19,505,393		\$19,505,393
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors							
11170 Administrative Fee Equity		\$172,027			\$172,027		\$172,027
11180 Housing Assistance Payments Equity		\$22,586			\$22,586		\$22,586
11190 Unit Months Available	8558	3300			11858		11858
11210 Number of Unit Months Leased	8259	3002			11261		11261

BELMONT METROPOLITAN HOUSING AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

<u>Federal Grantor/Pass Through Grantor Program/Cluster Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Public and Indian Housing - Low Rent Public Housing:	N/A	14.850	\$ 2,955,610
Housing Choice Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	1,412,134
COVID-19 - Housing Choice Vouchers CARES Act Funding	N/A	14.HCC	5,669
Total Housing Choice Voucher Cluster			<u>1,417,803</u>
Public Housing Capital Fund	N/A	14.872	971,615
Total Expenditures of Federal Awards			<u><u>\$ 5,345,028</u></u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C - INDIRECT COST RATE

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

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

Belmont Metropolitan Housing Authority
Belmont County
100 S. 3rd Street
Martins Ferry, Ohio 43935

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Belmont Metropolitan Housing Authority, Belmont County, (the Authority) as of and for the fiscal year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 26, 2022.

Report on Internal Control Over Financial Reporting

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

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

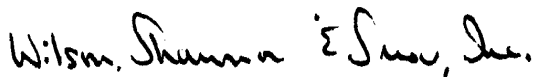
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Newark, Ohio
September 26, 2022

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

Belmont Metropolitan Housing Authority
Belmont County
100 S. 3rd Street
Martins Ferry, Ohio 43935

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Belmont 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 the Authority's major federal program for the fiscal year ended March 31, 2022. The Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Belmont 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 fiscal year ended March 31, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance


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

Belmont Metropolitan Housing Authority
Belmont County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance
Page 3

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

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

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



Newark, Ohio
September 26, 2022

**BELMONT METROPOLITAN HOUSING AUTHORITY
BELMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	ALN #14.850 – Low Rent Public Housing
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



BELMONT METROPOLITAN HOUSING AUTHORITY

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/10/2022

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