OHIO AUDITOR OF STATE
KEITH FABER

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY
JUNE 30, 2022

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

Butler Metropolitan Housing Authority
Butler County
4110 Hamilton Middletown Road
Hamilton, Ohio 45011

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Butler Metropolitan Housing Authority, Butler County, Ohio (the Authority), as of and for the year ended June 30, 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 Butler Metropolitan Housing Authority, Butler County, Ohio, as of June 30, 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.

Emphasis of Matter

As discussed in Note O to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Also, the Financial Data Schedules (FDS) required by the Department of Housing and Urban Development 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 Other Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio
March 21, 2023

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The Butler Metropolitan Housing Authority ("the Authority") management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) 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 business-type activity revenue decreased by $.80 million (3 percent) from FY 2021. Total revenue was $22.4 million and $23.2 million for FY 2022 and FY 2021, respectively.

- The total expenses of all Authority programs increased by $1.6 million (8 percent). Total expenses were $22.1 million and $20.5 million for FY 2022 and FY 2021, respectively.

- In March 2020, the United States and the State of Ohio declared a state of emergency due to the COVID-19 pandemic. HUD awarded the Authority's Public Housing Program and Housing Choice Voucher Program CARES funding to help the Authority address the Authority's needs related to preparing for, preventing, and responding to the coronavirus in this period.

Authority-Wide Financial Statements

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

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

Net Position is reported in three broad categories:

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

Restricted Net Position: This component of Net Position consists of restricted amounts, 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 does 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 Change in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income and interest expense.

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

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

Traditional users of governmental financial statements will find the consolidated Financial Statements presentation familiar. The focus is on Authority-wide balances rather than individual program balances. 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 following is a condensed Statement of Net Position compared to prior year.

Table 1 - Condensed Statement of Net Position

	2022	2021	Change	% Change
Assets				
Current Assets	$ 11,447,000	$ 11,359,000	$ 88,000	1%
Capital Assets	8,352,000	9,199,000	(847,000)	-9%
Other Non-current Assets	1,180,000	902,000	278,000	31%
Total Assets	20,979,000	21,460,000	(481,000)	-2%
Deferred Outflows	406,000	351,000	55,000	16%
Liabilities				
Current Liabilities	471,000	508,000	(37,000)	-7%
Non-current Liabilities	1,741,000	2,708,000	(967,000)	-36%
Total Liabilities	2,212,000	3,216,000	(1,004,000)	-31%
Deferred Inflows	2,431,000	2,050,000	381,000	19%
Net Position				
Net Investment in Capital	8,293,000	9,199,000	(906,000)	-10%
Restricted	911,000	789,000	122,000	15%
Unrestricted	7,538,000	6,557,000	981,000	15%
Total Net Position	$ 16,742,000	$ 16,545,000	$ 197,000	1%

Major Factors Affecting the Statement of Net Position

Current assets and total assets were nearly unchanged from the prior period, with current assets increasing only about $88,000 (1 percent) and total assets decreasing only about $481,000 (2 percent). Similarly, current liabilities were nearly unchanged, decreasing only about $37,000.

The largest changes were to capital assets and noncurrent liabilities. Capital assets decreased about $847,000. That was due to depreciation on assets outpacing additions in the period. Noncurrent liabilities decreased $967,000. A drop in Net Pension Liability (NPL) is solely responsible for the reduction. NPL dropped nearly $996,000. Net Pension Liability is a balance reported in accordance with GASB 68. GASB 68 is an accounting standard that requires the Authority to report its estimated shared of the unfunded pension liability of the retirement system, the Ohio Public Employees' Retirement System (OPERS). So, this change on Statement of Net Position reflects changes in the retirement system and does not reflect changes at the Authority.

The following is a condensed Statement of Revenues, Expenses, and Change in Net Position compared to prior year.

Table 2 - Condensed Statement of Revenues, Expenses, and Change in Net Position

	2022	2021	Change	% Change
Revenues				
Tenant Revenues	$ 2,342,000	$ 2,451,000	$ (109,000)	-4%
Subsidies	19,508,000	19,602,000	(94,000)	0%
Capital Grants	267,000	919,000	(652,000)	-71%
Interest Income	11,000	5,000	6,000	120%
Other Income	273,000	268,000	5,000	2%
Total Revenues	22,401,000	23,245,000	(844,000)	-4%
Expenses				
Administrative	2,288,000	1,209,000	1,079,000	89%
Tenant Services	11,000	825,000	(814,000)	-99%
Utilities	1,278,000	1,217,000	61,000	5%
Maintenance and Operation	3,285,000	1,946,000	1,339,000	69%
General	1,292,000	591,000	701,000	119%
HAP	12,767,000	13,496,000	(729,000)	-5%
Depreciation	1,202,000	1,248,000	(46,000)	-4%
Total Expenses	22,123,000	20,532,000	1,591,000	8%
Change in Net Position	278,000	2,713,000		
Total Net Position - Beginning *	16,464,000	13,832,000		
Total Net Position - Ending	$ 16,742,000	$ 16,545,000		

* Beginning Net Position 2022, Restated

Major Factors Affecting the Statement of Revenues, Expenses and Change in Net Position

Revenues overall decreased only about $844,000 (4 percent). The biggest part of the reduction was in capital grant revenue which dropped about $653,000. The reduction in capital grant revenue is a routine fluctuation in spending of Capital Grant Program funds on capital expenditures, and does not reflect a lost revenue stream to the Authority. HUD provides Capital Grant Program funds annually on a formula basis. And the Authority typically has up to four years to spend what is received in any year. This allows housing authorities to spend the time needed to plan in consultation with residents and other interested parties how to best use the funding to maintain the Authority's Public Housing Program housing units.

Expenses overall increased about $1,591,000 (8 percent). The largest increases were noted in administrative expenses, maintenance expenses, and general expenses. The increase in administrative expense and maintenance expenses is partly related to the reduction in tenant services expenses. Administrative and maintenance expenses last year that were incurred preparing for, preventing, and responding to the COVID pandemic were classified as tenant services expense. So, the shift in this period indicates the shift in expenses incurred in response to the emergence of the Pandemic. A general increase in benefits expense also contributed to the increase in administrative and maintenance expenses. The increase in benefits expense is a typical trend. And maintenance expenses also increased due to expenditures related to increased HVAC and plumbing maintenance, in large part due to a routine fluctuation in costs to maintain aging housing stock and pest control costs.

The increase in general expense was largely due to costs incurred by the Authority on RAD predevelopment costs. RAD predevelopment costs in the period were nearly $494,000. RAD is an acronym used in the public housing industry for Rental Asset Demonstration Program. HUD created RAD to provide opportunities for housing authorities and other owners of publicly assisted housing properties to convert how the properties are funded that permits the owners to leverage value in the properties and increase opportunities to finance making improvements to the properties. The Authority is exploring RAD conversion opportunities for its Public Housing Program properties.

The following summarizes the change in Capital Assets.

Table 3 - Condensed Changes in Capital Assets

	2022	2021	Change	% Change
Capital Assets				
Land	$ 3,147,000	$ 3,147,000	$ 0	0%
Buildings and Improvements	78,461,000	78,195,000	266,000	0%
Equipment	1,221,000	1,132,000	89,000	8%
Accumulated Depreciation	(74,477,000)	(73,275,000)	(1,202,000)	2%
Total Capital Assets	$ 8,352,000	$ 9,199,000	$ (847,000)	-9%

Capital Assets are presented in detail in Note D.

Debt

The Authority has no debt outstanding at June 30, 2022. However, due to the implementation of GASB Statement No. 87, the Authority has an equipment lease liability at June 30, 2022. The following summarizes the change in the lease liability from last fiscal year-end.

Equipment Lease Liability - June 30, 2021	$ 0
Additions in Period	92,752
Retirement in Period	(33,547)
Equipment Lease Liability - June 30, 2022	$ 59,205

Long-term liabilities are presented in detail in Note G.

ECONOMIC FACTORS

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The likelihood of full improvements in the level of funding from DHUD for Authority programs is not favorable. Cuts in HUD funding for Authority programs eventually means cuts in what the Authority can do for its clients.

FINANCIAL CONTACT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Butler Metropolitan Housing Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions regarding these financial statements or supplemental information, you may contact Benjamin Jones, Executive Director, at (513) 623-0353 or by writing: Butler Metropolitan Housing Authority, 4110 Hamilton-Middletown Road, Hamilton, Ohio 45011-6218.

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	$ 9,442,248
Cash and Cash Equivalents - Restricted	1,304,002
Accounts Receivable, Net	357,338
Prepaid Expenses	225,780
Inventories	117,287
Total Current Assets	11,446,655
Noncurrent Assets	
Capital Assets:	
Non-depreciable Capital Assets	3,147,250
Depreciable Capital Assets, Net	5,205,315
Total Capital Assets	8,352,565
Notes Receivable	585,787
Lease Receivable, Net of Current	116,474
Net Pension Asset	54,448
Net OPEB Asset	423,342
Total Noncurrent Assets	9,532,616
Deferred Outflows of Resources	
Pension	401,076
OPEB	5,166
Total Deferred Outflows of Resources	406,242
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts Payable	178,124
Accrued Liabilities	54,901
Compensated Absences	5,927
Tenant Security Deposits	95,234
Lease Payable	31,536
Unearned Revenue	105,000
Total Current Liabilities	470,722
Noncurrent Liabilities	
Lease Payable, Net of Current	27,669
Accrued Compensated Absences	487,780
Net Pension Liability	1,225,800
Total Noncurrent Liabilities	1,741,249
TOTAL LIABILITIES	2,211,971
Deferred Inflows of Resources	
Pension	1,618,905
OPEB	460,777
Prepaid Ground Lease	190,370
Other Leases	161,331
Total Deferred Inflows of Resources	2,431,383
NET POSITION	
Net Investment in Capital Assets	8,293,360
Restricted Net Position	911,020
Unrestricted Net Position	7,537,779
TOTAL NET POSITION	$ 16,742,159

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

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating Revenue	
Tenant Revenue	$ 2,341,565
Governmental Grants and Subsidy	19,508,135
Other Income	273,395
Total Operating Revenue	22,123,095
Operating Expenses	
Administration	2,287,851
Tenant Services	10,624
Utilities	1,278,517
Maintenance and Operation	3,284,812
Protective Services	90,670
General Expense	1,201,560
Housing Assistance Payments	12,767,077
Depreciation	1,202,170
Total Operating Expenses	22,123,281
Net Operating Income (Loss)	(186)
Nonoperating Revenues/(Expenses)	
Investment Income	11,230
Net Nonoperating Revenues	11,230
Net Income/(Loss) before Capital Grants	11,044
Capital Grants	266,979
Increase in Net Position	278,023
Total Net Position - Beginning, Restated	16,464,136
Total Net Position - Ending	$ 16,742,159

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

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities	
Operating Grants Received	$ 19,558,622
Tenant Revenue Received	2,515,834
Other Revenue Received	(849,723)
Administrative and Other Operating Paid	(8,299,201)
Housing Assistance Payments	(12,767,077)
Net Cash Provided from Operating Activities	158,455
Cash Flows from Capital and Related Financing Activities	
Capital Grants Received	266,979
Property and Equipment Purchased	(266,979)
Lease Liability Incurred	92,752
Payments on Lease Liability	(33,547)
Interest Paid on Lease Liability	(3,109)
Net Cash Used for Capital and Related Financing Activities	56,096
Cash Flows from Investing Activities	
Interest Earned	11,230
Net Cash Provided from Investing Activities	11,230
Net Increase in Cash	225,781
Cash and Cash Equivalents at Beginning of Year	10,520,469
Cash and Cash Equivalents at End of Year	$ 10,746,250
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income (Loss)	$ (186)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	1,202,170
Decrease (Increase) in:	
Accounts Receivable	170,630
Prepaid and Other Assets	(318,275)
Inventory	8,215
Deferred Outflows	(54,957)
Increase (Decrease) in:	
Unearned Revenue	(10)
Accounts Payable	(61,288)
Accrued Expenses	(56,943)
Intergovernmental	(28,146)
Tenant Security Deposits	(10,750)
Compensated Absence	7,030
Net Pension and OPEB Liabilities	(995,818)
Deferred Inflows	380,775
Other Liabilities	(83,992)
Net Cash Provided from Operating Activities	$ 158,455

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

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY

1. Introduction

The financial statements of the Butler Metropolitan Housing Authority ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* the Authority follows GASB guidance as applicable to enterprise funds.

2. Organization

The Authority is a public body and a body corporate and politic organized under the laws of the State of Ohio by the City of Hamilton for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the Board is appointed pursuant to the Ohio Revised Code, but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

3. Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board* and the Financial Accounting Standards Board and GASB Statement Number 14, *The Financial Reporting Entity.*

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the City or County and is entitled to all surpluses. No separate Authority receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority – the Board of Commissioners of the Authority is appointed to five-year terms by the Mayor of the City of Hamilton, Probate Court, Commons Pleas Court, and the Butler County Commissioners, but the Authority designates its own management. The City and County provide no financial support to the Authority and are not responsible for the debts or entitled to the net assets of the Authority. The Authority has the power to approve its own budget and maintains its own accounting system. Although the officials of the City of Hamilton and Butler County appoint the governing board of the Authority, no other criteria established by Government Accounting Standards Board for inclusion of the Authority in the financial reports of those entities are met. Therefore, a separate financial report is prepared for the Authority.

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

3. Reporting Entity (Continued)

Imposition of Will - The County has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority nor for the Authority to be included in the City of Hamilton's or Butler County's financial reports, therefore, the Authority reports independently. The Authority operated the following programs under Annual Contributions Contract:

A. ***Public Housing Program*** – The Authority rents units it owns to low-income households. The Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy to enable the Authority to rent the units based on 30% of household income.

B. ***Housing Choice Voucher Program***– The objective of this Program is to provide housing for eligible low-income families through housing assistance payments to private landlords.

C. ***Capital Fund Program*** **-** The objective of this Program is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the Program.

D. ***Business Activities*** – Various other activities of the Authority.

4. Basis of Presentation, Basis of Accounting and Measurement Focus

Basis of Accounting - The Authority uses the accrual basis of accounting for all funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Authority's activities are included on the Statement of Net Position. The Authority uses the following fund:

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

4. Basis of Presentation, Basis of Accounting and Measurement Focus (Continued)

Enterprise Fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

The Authority's net position is reported in three components:

1. Net investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings and liabilities that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position – Consists of net position with constraints placed on their use by external groups including HUD, creditors, grantors, contributors, or laws and regulations of other governments.

3. Unrestricted Net Position – All other net assets that do not meet the definition of "restricted" or "net investment in capital assets".

5. Accounting and Reporting for Non-exchange Transactions

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

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

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

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

5. Accounting and Reporting for Non-Exchange Transactions (Continued)

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

6. Revenues and Expenses

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority’s operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

7. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The Authority does not utilize encumbrance accounting.

8. Budgets

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the program to which the budget applies. The Authority prepares annual operating budgets, which are formally adopted by its Governing Board of Commissioners and submitted to HUD when required.

9. Inventories

Inventories are recorded on a first-in, first out basis. The periodic method is used to account for inventories. Under the periodic method, inventories are charged to expense when purchased and adjusted periodically upon physical inventory count.

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

10. Capital Assets and Depreciation

Capital assets are stated at historical cost. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the City of Hamilton for maintenance and repairs. Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Assets. The Authority has established a capitalization threshold of $2,000 for equipment, buildings and improvements.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings and Improvements	10-20 years
Furniture, Fixtures and Equipment	3-10 years
Vehicles	5 years

11. Collection Losses

Collection losses on accounts receivable are expended, in the appropriate fund, on the specific write-off method.

12. Insurance

The Authority purchases insurance policies to protect the Authority from commercial business risks. The Authority had the required coverage in force.

13. Cash and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

14. Compensated Absences

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

15. Operating Revenue

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsides received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net assets below the non-operating revenue and expense.

16. 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 Note H and Note I, respectively.

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 are reported on the statement of net position for pension, OPEB, a prepaid ground lease, and other leases. The deferred inflows of resources related to pension and OPEB are explained in Note H and Note I, respectively. The deferred inflows of resources related to the prepaid ground lease is explained in Note N. See Note F regarding other leases.

Deferred Outflows	
Pension	$ 401,076
OPEB	5,166
Total Deferred Outflows	$ 406,242
Deferred Inflows	
Pension	$ 1,618,905
OPEB	460,777
Prepaid Ground Lease	190,370
Other Leases	161,331
Total Deferred Inflows	$ 2,431,383

NOTE A: SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND REPORTING ENTITY (Continued)

17. Pensions/Other Post Employment Benefits (OPEB)

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

18. Estimates

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

19. Change in Accounting Principle and Restatement of Net Position

During 2022, the Authority implemented GASB 87, *Leases*. GASB Statement No. 87, *Leases*, enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that lease are financing of the right to use an underlying asset. A lessee is required to recognize a leases liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Authority's financial statements; however, there was no effect on the beginning net position.

Near the end of fiscal year end 2021, the Authority received advance funding increments from HUD for a new emergency housing vouchers component of the Section 8 Housing Choice Voucher Program. HUD has published guidance to PHAs receiving this funding that a portion of the funds are to be reported as unearned revenue until the funds expended. An incorrect increment of the funding received at June 30, 2021, was reported as unearned revenue at June 30, 2021, causing the need for the Authority to restate net position reported at June 30, 2021:

Net Position, June 30, 2021	$ 16,545,136
Adjustment to Reclassify Certain Unspent Emergency Housing Voucher funding as Unearned Revenue	(81,000)
Restated Net Position, June 30, 2021	$ 16,464,136

NOTE B: CASH AND CASH EQUIVALENTS

All the deposits of the Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Authority has no policy regarding custodial credit risk for deposits.

At June 30, 2022, the Authority's deposits had a carrying amount of $10,746,250 (including $1,200 of petty cash) and a bank balance of $11,055,669. Of the bank balances, $250,000 was covered by Federal Depository Insurance and the remainder was collateralized by securities pledged in the name of the Authority.

Interest Rate Risk **-** As a means of limiting its exposure to market value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to maturities of 12 months or less. The Authority has no specific policy regarding interest rate risk.

Credit Risk **-** The Authority has no policy regarding credit risk.

Custodial Credit Risk **-** For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority had no funds that were considered to be investments and as such all funds were classified as cash & cash equivalents. The Authority has no policy on custodial credit risk.

Concentration of Credit Risk **-** The Authority places no limit on the amount that it may invest in any one issuer. The Authority has no policy regarding credit risk.

Cash and cash equivalents at June 30, 2022, consisted of the following:

Cash and Cash Equivalents		
Checking - Unrestricted	$	9,441,048
Cash - Restricted		1,304,002
Petty Cash		1,200
Total Cash and Cash Equivalents	$	10,746,250
Restricted Cash and Cash Investments		
Tenant Security Deposits	$	95,234
HCV HAP Equity/RNP		246,051
EHV HAP Equity/RNP		162,726
Restricted for Development		692,613
Unearned EHV Funding Advanced		105,000
Accounts Payable to Beacon Pointe, LP		2,378
Total Restricted Cash and Cash Investments	$	1,304,002

NOTE C: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022, consisted of the following:

Tenants (Net of Allowance of $110,312)	$ 92,564
Accounts Receivable - Other PHAs - HCV Port Cases	162,127
Accounts Recievable - HUD	53,499
Lease Receivable - Current Portion	49,148
	$ 357,338

NOTE D: CAPITAL ASSETS

The following is a summary of changes in the net capital assets during the fiscal year ended June 30, 2022:

	Balance 6/30/2021	Additions	Implementation of GASB 87	Deletions	Balance 6/30/2022
Capital Assets Not Being Depreciated					
Land	$ 3,147,250	$ 0	$ 0	$ 0	$ 3,147,250
Total Capital Assets Not Being Depreciated	3,147,250	0	0	0	3,147,250
Capital Assets Being Depreciated					
Buildings and Improvements	78,194,095	266,979	0	0	78,461,074
Furniture and Equipment	1,132,287	0	89,071	0	1,221,358
Subtotal Capital Assets Being Depreciated	79,326,382	266,979	89,071	0	79,682,432
Accumulated Depreciation					
Buildings and Improvements	(72,153,520)	(1,159,993)	0	0	(73,313,513)
Furniture and Equipment	(1,121,427)	(42,177)	0	0	(1,163,604)
Subtotal Accumulated Depreciation	(73,274,947)	(1,202,170)	0	0	(74,477,117)
Depreciable Assets, Net	6,051,435	(935,191)	89,071	0	5,205,315
Total Capital Assets, Net	$ 9,198,685	$ (935,191)	$ 89,071	$ 0	$ 8,352,565

NOTE E: NOTE RECEIVABLE

Mixed Finance Construction Loan

The Authority is loaning to a development partner in conjunction with a multi-lender mixed finance arrangement for construction of the Beacon Pointe development. Repayment is based on cash flows realized by the Project. A lump sum payment of outstanding principal and interest is due at maturity, which is 40 years. The loan is secured by the property. The note receivable balance was $586,381 and $585,787 at June 30, 2021 and June 30, 2022, respectively.

Allowance

No allowance for an uncollectible amount is deemed necessary against the receivable. No facts are currently known that would lead the Authority to believe that default on the loan is probable. The debt may be satisfied through repayment in full or by transfer of property to the Authority.

NOTE E: NOTE RECEIVABLE (Continued)

Interest Income

Due to the length of time preceding the required payment of interest, interest earned on the note receivable has been deferred and is not recognized in the Statements of Revenues, Expenses, and Change in Net Position.

NOTE F: LEASE RECEIVABLES

The Authority entered into a five-year lease for use of space for cell phone towers calling for monthly payments to be made to the Authority of $3,629.17 beginning May 2021. The interest rate on the lease is estimated to be 4 percent.

The Authority entered into a sixty-month lease for use of space for laundry equipment calling for variable payments based on usage beginning July 2018. Future monthly payments are estimated to be $944.00. The interest rate on the lease is estimated to be 4 percent.

A summary of future principal and interest to be received is as follows:

	Principal	Interest	Total
2023	$ 49,148	$ 5,726	$ 54,874
2024	39,612	3,938	43,550
2025	41,226	2,324	43,550
2026	35,636	644	36,280
	$ 165,622	$ 12,632	$ 178,254

NOTE G: NON-CURRENT LIABILITIES

The Authority entered into a sixty-month lease for copiers and printing equipment calling for monthly payments of $1,685.25 beginning May 2018. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is estimated to be 4 percent.

The Authority entered into a sixty-month lease for postage machine equipment calling for quarterly payments of $834.09 beginning June 2021. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is estimated to be 4 percent.

The Authority entered into a sixty-month lease for phone equipment calling for monthly payments of $1,090.43 beginning January 2020. The equipment is being amortized over the life of the lease. The annual interest rate charged on the lease is estimated to be 4 percent.

NOTE G: NON-CURRENT LIABILITIES (Continued)

Lease commitments for the fiscal years ending June 30 are as follows:

	Principal	Interest	Total
2023	$ 31,536	$ 1,742	$ 33,278
2024	15,589	832	16,421
2025	9,627	249	9,876
2026	2,453	41	2,494
	$ 59,205	$ 2,864	$ 62,069

A summary of changes in long-term liabilities is as follows:

	July 1, 2021	Additions	Deletions	Balance June 30, 2022	Current Portion
Compensated Absences	$ 486,677	$ 31,323	$ (24,293)	$ 493,707	$ 5,927
Net Pension Liability	2,221,618	0	(995,818)	1,225,800	0
Lease Liability	0	92,752	(33,547)	59,205	31,536
Total	$ 2,708,295	$ 124,075	$ (1,053,658)	$ 1,778,712	$ 37,463

NOTE H: DEFINED BENEFIT PENSION PLANS

Net Pension Liability/(Asset)

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

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

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

NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability/(Asset) (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Cost-of living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

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

NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The Authority's contractually required contributions used to fund pension benefits was $301,648 for fiscal year ending June 30, 2022.

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

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/(Asset) Prior Measurement Date	0.015003%	0.018152%	
Proportion of the Net Pension Liability/(Asset) Current Measurement Date	0.014089%	0.013819%	
Change in Proportionate Share	-0.000914%	-0.004333%	
Proportionate Share of the Net Pension Liability/(Asset)	$ 1,225,800	$ (54,448)	$ 1,171,352
Pension Expense	$ (144,481)	$ (687)	$ (145,168)

NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 62,490	$ 338	$ 62,828
Changes of assumptions	153,285	2,735	156,020
Changes in proportion and differences between Authority contributions and proportionate share of contributions	18,554	10,172	28,726
Authority contributions subsequent to the measurement date	148,965	4,537	153,502
Total Deferred Outflows of Resources	$ 383,294	$ 17,782	$ 401,076
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 1,458,044	$ 11,674	$ 1,469,718
Differences between expected and actual experience	26,884	6,091	32,975
Changes in proportion and differences between Authority contributions and proportionate share of contributions	113,434	2,778	116,212
Total Deferred Inflows of Resources	$ 1,598,362	$ 20,543	$ 1,618,905

$153,502 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Plan	Total
Year Ending June 30:			
2023	$ (255,185)	$ (2,301)	$ (257,486)
2024	(534,061)	(3,668)	(537,729)
2025	(342,846)	(1,983)	(344,829)
2026	(231,941)	(1,546)	(233,487)
2027	0	518	518
Thereafter	0	1,682	1,682
Total	$ (1,364,033)	$ (7,298)	$ (1,371,331)

NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

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

NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (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 (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

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

NOTE H: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.9 percent, as well as what the Authority's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Authority's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	$ 3,231,876	$ 1,225,800	$ 443,522
Combined Plan	$ (40,628)	$ (54,448)	$ (65,226)

NOTE I: DEFINED BENEFIT OPEB PLANS

Net OPEB Asset

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

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

NOTE I: <u>DEFINED BENEFIT OPEB PLANS</u> (Continued)

Net OPEB Asset (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. In 2021-2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

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

None of the Authority's contractually required contribution was allocated to health care for the fiscal year ending June 30, 2022.

NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

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

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

	OPERS
Proportion of the Net OPEB Asset:	
Prior Measurement Date	0.014781%
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.013516%
Change in Proportionate Share	-0.001265%
Proportionate Share of the Net OPEB Asset	$ (423,342)
OPEB Expense	$ (359,039)

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

	OPERS
Deferred Outflows of Resources	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	$ 5,166
Total Deferred Outflows of Resources	$ 5,166
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 201,822
Differences between expected and actual experience	64,214
Changes of assumptions	171,365
Changes in proportion and differences between Authority contributions and proportionate share of contributions	23,376
Total Deferred Inflows of Resources	$ 460,777

NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

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

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

	OPERS
Year Ending June 30:	
2023	$ (280,675)
2024	(101,853)
2025	(44,097)
2026	(28,986)
Total	$ (455,611)

Actuarial Assumptions - OPERS

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

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

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

NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (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 (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

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

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB asset	$ (248,965)	$ (423,342)	$ (568,077)

NOTE I: DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OPERS (Continued)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	$ (427,917)	$ (423,342)	$ (417,915)

NOTE J: RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; damage to and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is covered for property damage, general liability, automobile liability, law enforcement liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association, Inc. (SHARP). SHARP is an insurance risk pool comprised of forty (40) housing authorities in Ohio, of which the Authority is a member. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE K: RESTRICTED NET POSITION

Housing Choice Voucher/HAP Equity	$ 246,051
Emergency Housing Voucher/HAP Equity	162,726
Restricted for Development - AMP 51	34,398
Disosition Proceeds - AMP 56	467,845
	$ 911,020

NOTE L: ECONOMIC DEPENDENCY

The Authority's Housing Program and the Section 8 Housing Programs are economically dependent on annual contributions and grants from HUD. These programs operate at a loss prior to receiving the contributions and grants.

NOTE M: CONTINGENCIES

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

NOTE N: PREPAID GROUND LEASE

On June 24, 2011, the Authority entered into a ground lease with Beacon Pointe LP to lease a parcel of land owned by the Authority. The Authority received a pre-payment of $212,000 in fiscal year 2011 which is being amortized over the 98-year lease term. The income recognized each year is $2,163, and the balance at June 30, 2022 was $190,371.

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

NOTE P: SUBSEQUENT EVENTS

The Butler Metropolitan Housing Authority is participating in the Residential Assistance Demonstration Program (RAD) and will be converting approximately 700 Low Income Public Housing Units to the RAD Project Based Voucher System. This conversion will include comprehensive modernization of 585 units and 108 units of new construction. This RAD project will be funded by:

- Approximately $62,050,000 in Bond financing;
- Approximately $72,974,599 in Low Income Housing tax credits;
- Approximately $5,317,706 in Housing Authority Funds (Capital Funds, Operating Reserves);
- Approximately $41,929,749 in notes from the Housing Authority (Seller take back financing, loans from sale surplus);
- Approximately $9,106,380 in deferred developer fees.

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
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)

Traditional Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.014089%	0.015003%	0.014600%	0.015504%	0.015384%	0.015168%	0.015430%	0.013959%	0.013959%
Authority's Proportionate Share of the Net Pension Liability	$ 1,225,800	$ 2,221,618	$ 2,885,789	$ 4,246,230	$ 2,413,451	$ 3,444,395	$ 2,672,670	$ 1,683,612	$ 1,645,585
Authority's Covered Payroll	2,044,709	2,113,088	2,054,180	2,094,126	2,032,957	2,053,136	1,982,818	1,760,869	1,961,892
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.95%	105.14%	140.48%	202.77%	118.72%	167.76%	134.79%	95.61%	83.88%
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%

Combined Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension (Asset)	0.013819%	0.018152%	0.015996%	0.016117%	0.017704%	0.016977%	0.025380%	0.026619%	0.026619%
Authority's Proportionate Share of the Net Pension (Asset)	$ (54,448)	$ (52,398)	$ (33,356)	$ (18,021)	$ (24,101)	$ (9,449)	$ (12,350)	$ (10,248)	$ (2,793)
Authority's Covered Payroll	63,000	79,998	71,209	68,933	72,508	69,196	95,370	95,570	121,708
Authority's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	-86.43%	65.50%	46.84%	26.14%	33.24%	13.66%	12.95%	10.72%	2.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%	104.33%

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

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

See accompanying notes to the required supplementary information

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions									
Traditional Plan	$ 292,701	$ 289,881	$ 295,315	$ 299,482	$ 276,015	$ 243,185	$ 232,780	$ 218,705	$ 235,427
Combined Plan	8,947	9,889	10,992	9,688	9,844	8,196	9,867	10,736	14,605
Total Required Contributions	301,648	299,770	306,307	309,170	285,859	251,381	242,647	229,441	250,032
Contributions in Relation to the Contractually Required Contribution	(301,648)	(299,770)	(306,307)	(309,170)	(285,859)	(251,381)	(242,647)	(229,441)	(250,032)
Contribution Deficiency / (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority's Covered Payroll									
Traditional Plan	$ 2,090,721	$ 2,070,579	$ 2,109,393	$ 2,139,157	$ 2,049,217	$ 1,945,480	$ 1,939,833	$ 1,822,542	$ 1,961,892
Combined Plan	63,907	70,636	78,514	69,200	73,088	65,568	82,225	89,467	121,708
Pension Contributions as a Percentage of Covered Payroll									
Traditional Plan	14.00%	14.00%	14.00%	14.00%	13.47%	12.50%	12.00%	12.00%	12.00%
Combined Plan	14.00%	14.00%	14.00%	14.00%	13.47%	12.50%	12.00%	12.00%	12.00%

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

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability/(Asset)	0.013516%	0.014781%	0.014609%	0.015613%	0.015560%	0.015330%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ (423,342)	$ (263,335)	$ 2,017,882	$ 2,035,568	$ 1,689,701	$ 1,548,382
Authority's Covered Payroll	$ 2,107,709	$ 2,235,343	$ 2,207,070	$ 2,264,597	$ 2,204,108	$ 2,119,018
Authority's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-20.09%	-11.78%	91.43%	89.89%	76.66%	73.07%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS (1)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 0	$ 486	$ 2,408	$ 4,221	$ 15,219	$ 33,837	$ 42,302	$ 38,605
Contributions in Relation to the Contractually Required Contribution	0	(486)	(2,408)	(4,221)	(15,219)	(33,837)	(42,302)	(38,605)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Authority Covered Payroll	$ 2,154,628	$ 2,153,361	$ 2,248,097	$ 2,313,879	$ 2,221,737	$ 2,088,887	$ 2,107,627 0	$ 2,635,386
Contributions as a Percentage of Covered Payroll	0.00%	0.02%	0.11%	0.18%	0.69%	1.62%	2.01%	1.46%

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

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

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

Net OPEB Liability

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

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

BUTLER METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	6,006,099	-	188,329	151,399	42,436	3,053,985	9,442,248	-	9,442,248
112 Cash - Restricted - Modernization and Development	467,845	-	-	-	-	-	467,845	-	467,845
113 Cash - Other Restricted	224,768	-	-	246,051	267,726	-	738,545	-	738,545
114 Cash - Tenant Security Deposits	95,234	-	-	-	-	-	95,234	-	95,234
115 Cash - Restricted for Payment of Current Liabilities	2,378	-	-	-	-	-	2,378	-	2,378
100 Total Cash	6,796,324	-	188,329	397,450	310,162	3,053,985	10,746,250	-	10,746,250
121 Accounts Receivable - PHA Projects	-	-	-	162,127	-	-	162,127	-	162,127
122 Accounts Receivable - HUD Other Projects	-	-	-	-	-	53,499	53,499	-	53,499
125 Accounts Receivable - Miscellaneous	49,148	-	-	-	-	-	49,148	-	49,148
126 Accounts Receivable - Tenants	128,085	-	-	-	-	-	128,085	-	128,085
126.1 Allowance for Doubtful Accounts -Tenants	-59,000	-	-	-	-	-	-59,000	-	-59,000
126.2 Allowance for Doubtful Accounts - Other	-1,000	-	-	-	-	-	-1,000	-	-1,000
127 Notes, Loans, & Mortgages Receivable - Current	2,500	-	-	-	-	-	2,500	-	2,500
128 Fraud Recovery	22,979	-	-	49,312	-	-	72,291	-	72,291
128.1 Allowance for Doubtful Accounts - Fraud	-1,000	-	-	-49,312	-	-	-50,312	-	-50,312
120 Total Receivables, Net of Allowances for Doubtful Accounts	141,712	-	-	162,127	-	53,499	357,338	-	357,338
142 Prepaid Expenses and Other Assets	159,853	-	-	32,241	-	33,686	225,780	-	225,780
143 Inventories	132,587	-	-	-	-	-	132,587	-	132,587
143.1 Allowance for Obsolete Inventories	-15,300	-	-	-	-	-	-15,300	-	-15,300
150 Total Current Assets	7,215,176	-	188,329	591,818	310,162	3,141,170	11,446,655	-	11,446,655
161 Land	3,111,825	-	-	-	-	35,425	3,147,250	-	3,147,250
162 Buildings	76,988,222	-	-	-	-	1,472,852	78,461,074	-	78,461,074
164 Furniture, Equipment & Machinery - Administration	1,114,277	-	-	18,286	-	88,795	1,221,358	-	1,221,358
166 Accumulated Depreciation	-72,904,527	-	-	-16,442	-	-1,556,148	-74,477,117	-	-74,477,117
160 Total Capital Assets, Net of Accumulated Depreciation	8,309,797	-	-	1,844	-	40,924	8,352,565	-	8,352,565
171 Notes, Loans and Mortgages Receivable - Non-Current	585,787	-	-	-	-	-	585,787	-	585,787
174 Other Assets	351,173	-	-	121,720	-	121,371	594,264	-	594,264
180 Total Non-Current Assets	9,246,757	-	-	123,564	-	162,295	9,532,616	-	9,532,616
200 Deferred Outflow of Resources	199,553	-	-	103,493	-	103,196	406,242	-	406,242
290 Total Assets and Deferred Outflow of Resources	16,661,486	-	188,329	818,875	310,162	3,406,661	21,385,513	-	21,385,513
312 Accounts Payable <= 90 Days	78,768	-	-	7,038	-	92,318	178,124	-	178,124
321 Accrued Wage/Payroll Taxes Payable	17,702	-	-	9,404	-	23,335	50,441	-	50,441
322 Accrued Compensated Absences - Current Portion	-	-	-	-	-	5,927	5,927	-	5,927
341 Tenant Security Deposits	95,234	-	-	-	-	-	95,234	-	95,234
342 Unearned Revenue	-	-	-	-	105,000	-	105,000	-	105,000

BUTLER METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
JUNE 30, 2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
345 Other Current Liabilities	4,460	-	-	-	-	-	4,460	-	4,460
346 Accrued Liabilities - Other	31,536	-	-	-	-	-	31,536	-	31,536
310 Total Current Liabilities	227,700	-	-	16,442	105,000	121,580	470,722	-	470,722
353 Non-current Liabilities - Other	27,669	-	-	-	-	-	27,669	-	27,669
354 Accrued Compensated Absences - Non Current	200,143	-	-	71,135	-	216,502	487,780	-	487,780
357 Accrued Pension and OPEB Liabilities	602,135	-	-	312,279	-	311,386	1,225,800	-	1,225,800
350 Total Non-Current Liabilities	829,947	-	-	383,414	-	527,888	1,741,249	-	1,741,249
300 Total Liabilities	1,057,647	-	-	399,856	105,000	649,468	2,211,971	-	2,211,971
400 Deferred Inflow of Resources	1,373,278	-	-	529,809	-	528,296	2,431,383	-	2,431,383
508.4 Net Investment in Capital Assets	8,250,592	-	-	1,844	-	40,924	8,293,360	-	8,293,360
511.4 Restricted Net Position	502,243	-	-	246,051	162,726	-	911,020	-	911,020
512.4 Unrestricted Net Position	5,477,726	-	188,329	-358,685	42,436	2,187,973	7,537,779	-	7,537,779
513 Total Equity - Net Assets / Position	14,230,561	-	188,329	-110,790	205,162	2,228,897	16,742,159	-	16,742,159
600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net	16,661,486	-	188,329	818,875	310,162	3,406,661	21,385,513	-	21,385,513

BUTLER METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	2,313,425	-	-	-	-	-	2,313,425		2,313,425
70400 Tenant Revenue - Other	28,140	-	-	-	-	-	28,140		28,140
70500 Total Tenant Revenue	2,341,565	-	-	-	-	-	2,341,565	-	2,341,565
70600 HUD PHA Operating Grants	4,749,715	656,707	-	13,888,597	213,116	-	19,508,135		19,508,135
70610 Capital Grants	266,979	-	-	-	-	-	266,979		266,979
70710 Management Fee	-	-	-	-	-	766,760	766,760	-766,760	-
70720 Asset Management Fee	-	-	-	-	-	135,960	135,960	-135,960	-
70730 Book Keeping Fee	-	-	-	-	-	157,380	157,380	-157,380	-
70700 Total Fee Revenue	-	-	-	-	-	1,060,100	1,060,100	-1,060,100	-
71100 Investment Income - Unrestricted	8,087	-	194	2,723	-	-	11,004		11,004
71400 Fraud Recovery	-	-	-	92,894	-	-	92,894		92,894
71500 Other Revenue	77,552	-	-	83,505	-	19,444	180,501		180,501
72000 Investment Income - Restricted	226	-	-	-	-	-	226		226
70000 Total Revenue	7,444,124	656,707	194	14,067,719	213,116	1,079,544	23,461,404	-1,060,100	22,401,304
91100 Administrative Salaries	357,402	-	-	569,658	-	566,668	1,493,728		1,493,728
91200 Auditing Fees	5,994	-	-	5,004	-	2,749	13,747		13,747
91300 Management Fee	658,760	-	-	108,000	-	-	766,760	-766,760	-
91310 Book-keeping Fee	89,880	-	-	67,500	-	-	157,380	-157,380	-
91500 Employee Benefit contributions - Administrative	17,294	-	-	-103,351	-	-33,602	-119,659		-119,659
91600 Office Expenses	124,300	8,552	-	68,396	-	165,831	367,079		367,079
91700 Legal Expense	91,070	-	-	53,650	-	65,789	210,509		210,509
91800 Travel	5,652	-	-	6,937	-	10,849	23,438		23,438
91900 Other	120,390	-	21,467	156,403	-	749	299,009		299,009
91000 Total Operating - Administrative	1,470,742	8,552	21,467	932,197	-	779,033	3,211,991	-924,140	2,287,851
92000 Asset Management Fee	135,960	-	-	-	-	-	135,960	-135,960	-
92400 Tenant Services - Other	10,624	-	-	-	-	-	10,624		10,624
92500 Total Tenant Services	10,624	-	-	-	-	-	10,624	-	10,624
93100 Water	170,081	-	-	-	-	233	170,314		170,314
93200 Electricity	446,165	-	-	-	-	19,613	465,778		465,778
93300 Gas	271,142	-	-	-	-	-	271,142		271,142
93800 Other Utilities Expense	371,122	-	-	-	-	161	371,283		371,283
93000 Total Utilities	1,258,510	-	-	-	-	20,007	1,278,517	-	1,278,517
94100 Ordinary Maintenance and Operations - Labor	712,830	-	-	-	-	-	712,830		712,830
94200 Ordinary Maintenance and Operations - Materials and Other	167,720	141,930	-	-	-	-	309,650		309,650
94300 Ordinary Maintenance and Operations Contracts	1,598,710	503,847	-	62	-	103,179	2,205,798		2,205,798
94500 Employee Benefit Contributions - Ordinary Maintenance	32,517	-	-	-	-	-	32,517		32,517

BUTLER METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
94000 Total Maintenance	2,511,777	645,777	-	62	-	103,179	3,260,795	-	3,260,795
95200 Protective Services - Other Contract Costs	86,972	-	-	-	-	3,698	90,670		90,670
95000 Total Protective Services	86,972	-	-	-	-	3,698	90,670	-	90,670
96110 Property Insurance	317,081	-	-	-	-	38,215	355,296		355,296
96120 Liability Insurance	-	-	-	26,849	-	-	26,849		26,849
96100 Total insurance Premiums	317,081	-	-	26,849	-	38,215	382,145	-	382,145
96200 Other General Expenses	20,937	2,378	-	7,964	-	457,864	489,143		489,143
96210 Compensated Absences	9,285	-	-	-	-	18,173	27,458		27,458
96400 Bad debt - Tenant Rents	302,814	-	-	-	-	-	302,814		302,814
96000 Total Other General Expenses	333,036	2,378	-	7,964	-	476,037	819,415	-	819,415
96900 Total Operating Expenses	6,124,702	656,707	21,467	967,072	-	1,420,169	9,190,117	-1,060,100	8,130,017
97000 Excess of Operating Revenue over Operating Expenses	1,319,422	-	-21,273	13,100,647	213,116	-340,625	14,271,287	-	14,271,287
97100 Extraordinary Maintenance	22,517	-	-	-	-	-	22,517		22,517
97200 Casualty Losses - Non-capitalized	1,500	-	-	-	-	-	1,500		1,500
97300 Housing Assistance Payments	-	-	-	12,660,710	31,954	-	12,692,664		12,692,664
97350 HAP Portability-In	-	-	-	74,413	-	-	74,413		74,413
97400 Depreciation Expense	1,193,391	-	-	3,657	-	5,122	1,202,170		1,202,170
90000 Total Expenses	7,342,110	656,707	21,467	13,705,852	31,954	1,425,291	23,183,381	-1,060,100	22,123,281
10010 Operating Transfer In	93,902	-	-	-	-	-	93,902	-93,902	-
10020 Operating transfer Out	-93,902	-	-	-	-	-	-93,902	93,902	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	102,014	-	-21,273	361,867	181,162	-345,747	278,023	-	278,023
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-		-
11030 Beginning Equity	14,128,547	-	209,602	-472,657	105,000	2,574,644	16,545,136		16,545,136
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-81,000	-	-81,000		-81,000
11170 Administrative Fee Equity	-	-	-	-356,841	-	-	-356,841		-356,841
11180 Housing Assistance Payments Equity	-	-	-	246,051	-	-	246,051		246,051
11190 Unit Months Available	-	-	-	-	-	-	-		-
11210 Number of Unit Months Leased	-	-	-	-	-	-	-		-

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/ Program Title	Assistance Listing Number	Total Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Programs	14.850	
Public and Indian Housing		$ 4,445,796
Public and Indian Housing - COVID-19		656,707
Total ALN #14.850		5,102,503
Public Housing Capital Fund	14.872	570,898
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	13,888,597
Section 8 Housing Choice Vouchers - Emergency Housing Vouchers	14.871	213,116
Total Housing Voucher Cluster		14,101,713
Total U.S. Department of Housing and Urban Development		19,775,114
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 19,775,114

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

BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Butler Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended June 30, 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 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

NOTE 3. **INDIRECT COST RATE**

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

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

Butler Metropolitan Housing Authority
Butler County
4110 Hamilton Middletown Road
Hamilton, Ohio 45011

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the Butler Metropolitan Housing Authority, Butler County, Ohio (the Authority), as of and for the year ended June 30, 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 March 21,2023. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio
March 21, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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

Butler Metropolitan Housing Authority
Butler County
4110 Hamilton Middletown Road
Hamilton, Ohio 45011

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Butler Metropolitan Housing Authority, Butler County, Ohio (the Authority's) 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 Butler Metropolitan Housing Authority's major federal program for the year ended June 30, 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 Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio
March 21, 2023

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BUTLER METROPOLITAN HOUSING AUTHORITY
BUTLER COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

BUTLER COUNTY METROPOLITAN HOUSING AUTHORITY

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/28/2023