OHIO AUDITOR OF STATE
**KEITH FABER**

**PERRY COUNTY METROPOLITAN HOUSING AUTHORITY**
**PERRY COUNTY**
**DECEMBER 31, 2021**

## TABLE OF CONTENTS

This page intentionally left blank

OHIO AUDITOR OF STATE
KEITH FABER

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

# INDEPENDENT AUDITOR'S REPORT

Perry County Metropolitan Housing Authority
Perry County
26 Brown Circle Dr.
Crooksville, Ohio 43731

To the Board of Commissioners:

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of the business-type activities of the Perry County Metropolitan Housing Authority, Perry County, Ohio (the Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Perry County Metropolitan Housing Authority, Perry County, Ohio as of December 31, 2021, 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 opinion.

### *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 Proportionate Share of Net Pension and Other Post-Employment Benefit Liabilities/Assets and Pension and Other Post-Employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

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

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2022, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

August 23, 2022

This page intentionally left blank.

UNAUDITED

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjuncture with the Authority's financial statements.

## FINANCIAL HIGHLIGHTS

- The Authority's net position increased by $368,647 (or 19.66%) during 2021 and were $2,243,740 and $1,875,093 for 2021 and 2020, respectively.
- Revenues decreased by $180,945 (or 8.35%) during 2021 and were $1,985,597 and $2,166,542, for 2021 and 2020, respectively.
- The total expenses of all Authority programs decreased by $367,502 (or 18.52%). Total expenses were $1,616,950 and $1,984,452 for 2021 and 2020, respectively.

## USING THIS ANNUAL REPORT

This Report includes four major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", "Required Supplementary Information" and "Other Required Supplementary information":

**MD&A**
~Management's Discussion and Analysis ~

**Basic Financial Statement**
~Statement of Net Position ~
~ Statement of Revenues, Expenses and Changes in Net Position ~
~ Statement of Cash Flows ~
~ Notes to Financial Statements ~

**Required Supplementary Information**
~Pension and OPEB Schedules ~

**Other Supplementary Information**
~Financial Data Schedules ~
~Schedule of Expenditures of Federal Awards~

UNAUDITED

The primary focus of the Authority's financial statements is on both the Authority as a whole (Authority wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the Authority's accountability.

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

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

> **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 borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have any debt related to capital assets.
>
> **Restricted Net Position**: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.
>
> **Unrestricted Net Position**: Consists of Net Position that do not meet the definition of "Investment in Capital Assets", or" Restricted Net Position".

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and changes in Net Position (like 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 Changes in fund Net Position is the "Change in Net Position", which is like Net Income or Loss.

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

UNAUDITED

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

## FUND FINANCIAL STATEMENTS

The Authority administers several programs that are consolidated into a single proprietary type-enterprise fund. The enterprise fund consists of the following programs.

**Conventional Public Housing** - Under the conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

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

**Business Activities** - Represents non-HUD resources developed from Supported Living Program (Perry County DD) activity.

## AUTHORITY-WIDE STATEMENTS

## STATEMENT OF NET POSITION

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

UNAUDITED

**Table 1 - Condensed Statement of Net Position Compared to Prior Year**

| | 2021 | 2020 |
|---|---|---|
| Current Assets | $ 689,478 | $ 645,609 |
| Capital Assets | 2,144,799 | 2,196,586 |
| Other Noncurrent Asset | 32,032 | - |
| Deferred Outflows of Resources | 62,593 | 113,023 |
| Total Assets and Deferred Outflows of Resources | $ 2,928,902 | $ 2,955,218 |
| Current Liabilities | $ 121,101 | $ 148,941 |
| Noncurrent Liabilities | 285,939 | 728,867 |
| Total Liabilities | 407,040 | 877,808 |
| Deferred Inflows of Resources | 278,122 | 202,317 |
| Net Positions: | | |
| Net Investment in Capital Assets | 2,144,799 | 2,196,586 |
| Restricted Net Positions | 2,702 | 25,605 |
| Unrestricted Net Positions | 96,239 | (347,098) |
| Total Net Positions | 2,243,740 | 1,875,093 |
| Total Liabilities, Deferred Inflows and Net Positions | $ 2,928,902 | $ 2,955,218 |

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

## MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

During 2021, current assets increased by $43,869 (or 6.79%), and current liabilities decreased by $27,840 (or 18.69%). The increase in current assets resulted from current year activities. Current liabilities decreased mainly due to change in the amount of invoices not paid by the end of the year.

Capital assets also changed, decreasing from $2,196,586 to $2,144,799. The $51,787 (or 2.36%) decrease is primarily, due to a combination of net acquisitions and dispositions, less current year depreciation and amortization.

**Change in Net Position**

Details on the change in net position can be found below:

**Table 2 - Change in Net Position**

| | Unrestricted | Restricted | Investment in Captial Assets |
|---|---|---|---|
| Beginning Balance - December 31, 2020 | $ (347,098) | $25,605 | $2,196,586 |
| Results of Operation | 391,550 | (22,903) | - |
| Adjustments: | | | |
| Current year Depreciation Expense (1) | 227,120 | - | (227,120) |
| Capital Expenditure (2) | (187,670) | - | 187,670 |
| Loss on Disposal of Capital Assets | 12,335 | - | (12,335) |
| Rounding Adjustment | 2 | - | (2) |
| Ending Balance - December 31, 2021 | $ 96,239 | 2,702 | 2,144,799 |

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

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

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

UNAUDITED

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITIONS

The Following schedule compares the revenues and expenses for the current and previous fiscal year.

**Table 3 - Statement of Revenue, Expenses & Changes in Net Position**

| | 2021 | 2020 |
|---|---|---|
| **Revenues** | | |
| Total Tenant Revenues | $ 345,544 | $ 294,415 |
| Operating Subsidies | 1,456,394 | 1,572,516 |
| Capital Grants | 161,475 | 250,011 |
| Investment Income | 3,407 | 3,442 |
| Other Revenues | 18,777 | 46,158 |
| **Total Revenues** | **1,985,597** | **2,166,542** |
| **Expenses** | | |
| Administrative | 102,515 | 399,686 |
| Tenant Services | 1,771 | 5,162 |
| Utilities | 218,629 | 164,387 |
| Maintenance | 144,055 | 256,064 |
| General and Insurance Expenses | 74,626 | 64,523 |
| Housing Assistance Payaments | 835,899 | 868,464 |
| Loss on Disposal of Capital Assets | 12,335 | 8,695 |
| Depreciation | 227,120 | 217,471 |
| **Total Expenses** | **1,616,950** | **1,984,452** |
| **Net Increases (Decreases)** | **368,647** | **182,090** |
| Net Postion - Beginning | 1,875,093 | 1,693,003 |
| Net Position - Ending | $ 2,243,740 | $ 1,875,093 |

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

Total revenue decreased by $180,945 due mainly by decrease in Operating Subsidies and HUD capital grant funding for the year.

UNAUDITED

Total Expenses decreased in 2021 by $367,502. The decrease was due mainly by decrease in administrative and maintenance expenses due to change in Net Pension and OPEB liability.

## CAPITAL ASSETS AND DEBT ADMINISTRATION CAPITAL ASSETS

As of year-end, the Authority had $2,144,799 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of $51,787 (or 2.36%) from the end of last year:

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

| | | 2021 | | 2020 |
|---|---|---|---|---|
| Land | $ | 241,579 | $ | 241,579 |
| Buildings | | 7,827,574 | | 7,724,137 |
| Equipment | | 396,707 | | 442,422 |
| Leasehold Improvments | | 1,852,064 | | 1,852,064 |
| Accumulated Depreciation | | (8,173,125) | | (8,063,616) |
| Total | $ | 2,144,799 | $ | 2,196,586 |

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 4 of the notes to the basic financial statements.

**Table 5 - Changes in Capital Assets**

| | | |
|---|---|---|
| Beginning Balance - December 31, 2020 | $ | 2,196,586 |
| Current year additions | | 187,670 |
| Current year disposal, net | | (12,335) |
| Current year depreciation expense | | (227,120) |
| Rounding | | (2) |
| Ending Balance - December 31, 2021 | $ | 2,144,799 |

## DEBT OUTSTANDING

At year end the Authority had $0 outstanding debt.

## ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

• Federal funding levels of the Department of Housing and Urban Development

• Local labor supply and demand, which can affect salary and wage rates

• Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income

• Inflationary pressure on utility rates, supplies and other costs

• Market rates for rental housing

• Local rental market rates and housing supply and demand, which affects the Authority's ability to maintain leasing rates.

• Unknown financial and operational impacts as well as impacts to the federal programs because of the COVID-19 pandemic.

## IN CONCLUSION

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

## FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Christina Curtis, Executive Director of the Perry Metropolitan Housing Authority at (740) 982-5991.

**PERRY METROPOLITAN HOUSING AUTHORITY**
**STATEMENT OF NET POSITION**
**DECMEBER 31, 2021**

| | |
|---|---|
| **Assets** | |
| Current Assets: | |
| Cash and Cash Equivalents | $584,177 |
| Cash and Cash Equivalents - restricted | 32,861 |
| Receivables, net | 9,437 |
| Inventories, net | 20,993 |
| Prepaid Items | 42,010 |
| **Total Current Assets** | **689,478** |
| **Non-Current Assets:** | |
| Capital assets: | |
| Land | 241,579 |
| Building and Equipment | 10,076,345 |
| Accumulated Depreciation | (8,173,125) |
| Total Capital Assets | 2,144,799 |
| Other Noncurrent Asset: | |
| OPEB Asset | 32,032 |
| Total Other Noncurrent Asset | 32,032 |
| **Total Non-Current Assets** | **2,176,831** |
| **Total Assets** | **$2,866,309** |
| **Deferred Outflows of Resources** | |
| Pension | $39,135 |
| OPEB | 23,458 |
| **Total Deferred Outflows of Resources** | **$62,593** |
| **Total Assets and Deferred Outflows of Resources** | **$2,928,902** |
| **Liabilities** | |
| **Current Liabilities:** | |
| Accounts Payable | $29,121 |
| Accrued Wages and Payroll Taxes | 13,467 |
| Accrued Compensated Absences | 29,635 |
| Intergovernmental Payables | 11,497 |
| Tenant Security Deposits Payable | 30,159 |
| Unearned Revenue | 7,222 |
| **Total Current Liabilities** | **121,101** |
| **Non-Current liabilities** | |
| Net Pension Liability | 285,939 |
| **Total Non-Current Liabilities** | **285,939** |
| **Total Liabilities** | **$407,040** |

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

**PERRY METROPOLITAN HOUSING AUTHORITY**
**STATEMENT OF NET POSITION (CONTINUED)**
**DECEMBER 31, 2021**

| | |
|---|---|
| **Deferred Inflows of Resources** | |
| Pension | $180,246 |
| OPEB | 97,876 |
| **Total Deferred Inflows of Resources** | **$278,122** |
| **Total Liabilities and Deferred Inflows of Resources** | $685,162 |
| **Net Position** | |
| Investment in Capital Assets | $2,144,799 |
| Restricted | 2,702 |
| Unrestricted | 96,239 |
| **Total Net Position** | **$2,243,740** |

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

## PERRY METROPOLITAN HOUSING AUTHORITY
## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
## FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

| | | |
|---|---|---|
| **Operating Revenues** | | |
| Tenant Revenue | | $345,544 |
| Government Operating Grants | | 1,456,394 |
| Other Revenue | | 18,777 |
| | **Total Operating Revenues** | **1,820,715** |
| **Operating Expenses** | | |
| Administrative | | 102,515 |
| Tenant Services | | 1,771 |
| Utilities | | 218,629 |
| Maintenance | | 144,055 |
| General and Insurance | | 74,626 |
| Housing Assistance Payments | | 835,899 |
| Depreciation | | 227,120 |
| | **Total Operating Expenses** | **1,604,615** |
| | **Operating Loss** | **216,100** |
| **Nonoperating Revenues (Expenses)** | | |
| Investment Income | | 3,407 |
| Loss on Disposal of Capital Assets | | (12,335) |
| Capital Grant Revenue | | 161,475 |
| | **Total Nonoperating Revenues (Expenses)** | **152,547** |
| | **Change in Net Position** | 368,647 |
| | **Net Position - Beginning** | 1,875,093 |
| | **Net Position - Ending** | **$2,243,740** |

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

**PERRY METROPOLITAN HOUSING AUTHORITY**
**STATEMENT OF CASH FLOWS**
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

| | |
|---|---|
| **Cash flows from operating activities:** | |
| Operating grants received | 1,431,840 |
| Tenant revenue received | 343,057 |
| Other revenue received | 18,403 |
| General and administrative expenses paid | (895,716) |
| Housing Assistance Payments | (835,899) |
| Net cash provided (used) by operating activities | **61,685** |
| **Cash flows from investing activities:** | |
| Interest received | 3,407 |
| Net cash provided (used) by investing activities | **3,407** |
| **Cash flows from capital and related financing activities:** | |
| Capital grants received | 161,475 |
| Acquisition of capital assets | (187,670) |
| Net cash provided (used) by capital and related activities | **(26,195)** |
| Net change in cash and cash equivalents | 38,897 |
| Cash and cash equivalents at January 1, 2021 | 578,141 |
| **Cash and cash equivalents December 31, 2021** | **$617,038** |

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

## PERRY METROPOLITAN HOUSING AUTHORITY
## STATEMENT OF CASH FLOWS - Continued
## FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

**Reconciliation of operating loss to net cash used in operating activities:**

| | |
|---|---|
| Net Operating Income (Loss) | $216,100 |
| Adjust. to reconcile operating loss to net cash used by operating activities | |
| Depreciation | 227,120 |
| Changes in: | |
| Accounts receivable, net | (2,859) |
| Inventories, net | (601) |
| Prepaid assets | (1,510) |
| OPEB Assets | (32,032) |
| Deferred outflows | 50,430 |
| Accounts payable | 8,326 |
| Accrued wages and payroll taxes | (4,092) |
| Accounts payable - Intergovermental | (759) |
| Tenant security deposits | 662 |
| Deferred inflows | 75,805 |
| Pension liability | (155,626) |
| OPEB liability | (287,302) |
| Accrued compensated absences | (5,007) |
| Unearned revenue | (26,970) |
| **Net cash provided by operating activities** | **$61,685** |

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

**This page intentionally left blank.**

## 1. DESCRIPTION OF THE HOUSING AUTHORITY AND REPORTING ENTITY

### Summary of Significant Accounting Policies

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

### Reporting Entity

The Authority was created pursuant to the Ohio Revised Code Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through rent subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity (as amended by GASB Statement No. 61), in that the financial statements include all organizations, activities, and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

**Basis of Presentation**

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

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

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

**Measurement Focus**

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

**Fund Accounting**

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

**Enterprise Fund**

The Authority uses the proprietary fund to report on its financial position and the results of its operations for its housing programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

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

**Projects - Conventional Public Housing and Capital Fund Programs**

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

**Housing Choice Voucher Program**

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

**Business Activities**

Business Activities are the miscellaneous activities of the authority that currently include housing activities outside the scope of the conventional and housing choice voucher programs. The Business Activity Program represents MR/DD Supported Living Program activities. The revenue and expenses for these services are identified and tracked separate from the HUD activities.

**<u>Accounting and Reporting for Nonexchange Transactions</u>**

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

- Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).

- Imposed non-exchange revenues: result from assessments imposed on non-governmental entities, including individuals, other than assessments on exchange transactions (i.e., property taxes and fines).

- Government-mandated non-exchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform).

- Voluntary non-exchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

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

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

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

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

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

**Cash and Cash Equivalents**
For the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

**Receivables – net of allowance**
Total receivable as December 31, 2021 is $9,437. This amount is net from the allowance of doubtful accounts of $31,603. Bad debts are provided on the allowance method based on

management's evaluation of the probability of collecting the outstanding tenant receivable balances at the end of the year.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid expenses using the consumption method. A current asset for the amount is recorded at the time of the purchase and expense is reported in the year in which the services are consumed.

**Property and Equipment**

Property and equipment are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The capitalization policy amount is $2,500.

The following are the useful lives used for depreciation purposes:

| | |
|---|---|
| Buildings | 40 years |
| Building improvements | 15 years |
| Furniture and Equipment | 7 years |
| Vehicles | 5 years |
| Computer Equipment | 3 years |

Depreciation is recorded on the straight-line method.

**Investments**

Investments are stated at fair value. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Negotiable certificates of deposit are stated at cost.

**Inventory**

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is stated at cost. The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used. The allowance for obsolete inventory was $2,200 at December 31, 2021.

**Compensated Absences**

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

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

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

| | **Current Accrued Compensated Absence** | **Long-Term Accrued Compensated Absence** | **Total Accrued Compensated Absence** |
|---|---|---|---|
| Public Housing | $18,411 | $0 | $18,411 |
| Housing Choice Voucher | 3,624 | 0 | 3,624 |
| Central Office | 7,600 | 0 | 7,600 |
| Total | $29,635 | $0 | $29,635 |

The following is a summary of changes in compensated absence liability:

| Description | Balance 12/31/2020 | Earned | Used | Balance 12/31/2021 | Due Within One Year |
|---|---|---|---|---|---|
| Compensated Absences | $ 34,642 | $ 35,336 | $ (40,343) | $ 29,635 | $ 29,635 |

## Unearned Revenue

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

## Deferred Outflows and Inflows of Resources

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

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

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

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

**Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted amounts are available.

**Operating Revenues and Expenses**

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

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

**Capital Grant**

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

**Budgetary Accounting**

The Authority annually prepares its program budgets as prescribed by the Department of Housing and Urban Development. These budgets are adopted by the Board of the Authority and submitted to the Federal agencies, as applicable.

**Estimates**

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

## 2. DEPOSITS

**Deposits**

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

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

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

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

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), or by the financial institutions participation in the Ohio Pooled

Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The carrying amount of the Authority's deposits was $617,038 at December 31, 2021. The corresponding bank balances were $649,050. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosure," as of December 31, 2021, $399,050 was exposed to custodial risk as discussed below, while $250,000 was covered by the Federal Depository Insurance Corporation.

## 3. RESTRICTED CASH

Restricted cash balance as of December 31, 2021 of $32,861 represents cash on hand for the following:

| | |
|---|---|
| Tenant Security Deposits | $30,159 |
| Housing Assistance Payments funds | 2,702 |
| | $32,861 |

## 4. CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended December 31, 2021, follows:

| | Balance 12/31/20 | Additions | Disposal | Adjustment | Balance 12/31/21 |
|---|---|---|---|---|---|
| ***Capital Assets Not Being Depreciated:*** | | | | | |
| Land | $ 241,579 | $ - | $ - | $ - | $ 241,579 |
| ***Total Capital Assets Not Being Depreciated*** | 241,579 | - | - | - | 241,579 |
| ***Capital Assets Being Depreciated:*** | | | | | |
| Buildings and Improvements | 9,576,201 | 118,838 | (15,400) | (1) | 9,679,638 |
| Furniture, Machinery and Equipment | 442,422 | 68,832 | (114,547) | - | 396,707 |
| ***Total Capital Assets Being Depreciated:*** | 10,018,623 | 187,670 | (129,947) | (1) | 10,076,345 |
| ***Accumulated Depreciation*** | | | | | |
| Buildings | (7,730,920) | (196,904) | 15,400 | (1) | (7,912,425) |
| Furniture, Machinery and Equipment | (332,696) | (30,216) | 102,212 | - | (260,700) |
| ***Total Accumulated Depreciation*** | (8,063,616) | (227,120) | 117,612 | (1) | (8,173,125) |
| ***Total Capital Assets Being Depreciated, Net*** | 1,955,007 | (39,450) | (12,335) | (2) | 1,903,220 |
| ***Total Capital Assets, Net*** | $ 2,196,586 | $ (39,450) | $ (12,335) | $ (2) | $ 2,144,799 |

## 5. NON-CURRENT LIABILITIES

The balance of the non-current liabilities at December 31, 2021 consists of the following:

| Description | Balance 12/31/2020 | Issued | Retired | Balance 12/31/2021 | Due Within One Year |
|---|---|---|---|---|---|
| Net Pension Liability | $441,565 | $0 | $155,626 | $285,939 | $0 |
| Net OPEB Liability | 287,302 | 0 | 287,302 | 0 | 0 |
| TOTAL | $728,867 | $0 | $442,928 | $285,939 | $0 |

## 6. MRDD PROJECT AGREEMENT

Perry Metropolitan Housing Authority and Perry County Board MRDD have a project agreement for a supported living program. The agreement outlines that monies received by MRDD for supported living will be forwarded to the Authority to purchase real estate with homes previously constructed and title to the said real estate will be in the name of the Authority. MRDD clients will benefit from these real estate transactions. The real estate monies will revert to MRDD if the property is not being used by eligible persons.

## 7. DEFINED BENEFIT PENSION PLAN

### Net Pension Liability

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

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

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

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

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

**Plan Description – Ohio Public Employees Retirement Systems (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 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 www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-PERS.

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

| Group A | Group B | Group C |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| | | |
| **State and Local** | **State and Local** | **State and Local** |
| **Age and Service Requirements:** | **Age and Service Requirements:** | **Age and Service Requirements:** |
| Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| **Formula:** | **Formula:** | **Formula:** |
| 2.2% of FAS multiplied by years of service form the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service form the first 30 years and 2.5% for service years in excess of 30 | 2.2% of FAS multiplied by years of service form the first 30 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 members' 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 upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

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

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

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contributions used to fund pension benefits was $39,134 for the year ended December 31, 2021.

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

The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The

Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | Traditional Plan |
|---|---|
| Proportionate Share of Net Pension Liability | $285,939 |
| Percentate for Proportionate Share of Net Pension Liability | 0.001931% |
| Change in Proportion from Prior Measurement Date | -0.000303% |
| Pension Expense (Income) | ($82,859) |

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Traditional Plan |
|---|---|
| **Deferred Outflows of Resources** | |
| Change in assumption | $0 |
| Change in prportionate share | 0 |
| Authority contributions subsequent to the measurement date | 39,135 |
| Total Deferred Outflows of Resources | $39,135 |
| **Deferred Inflows of Resources** | |
| Net difference between projected and actual earning on pension plan investments | $111,454 |
| Difference Between Expected and Actual Experience | 11,962 |
| Change in proportionate share | 56,830 |
| Total Deferred Inflows of Resources | $180,246 |

$39,135 reported as deferred outflows of resources related to pension resulting from Authority contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:

| | |
|---|---|
| 2022 | ($89,822) |
| 2023 | (29,792) |
| 2024 | (45,430) |
| 2025 | (15,202) |
| Total | ($180,246) |

***Actuarial Assumptions – OPERS***

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

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

| | |
|---|---|
| Actuarial Cost Method | Individual entry age |
| Actuarial Assumptions: | |
| Investment Return | 7.20% |
| Wage Inflation | 3.25% |
| Projected salary increase | 3.25%-10.75%<br>(includes wage inflation at 3.25%) |
| Cost-of-living adjustments | Pre 1/7/2013 Retirees: 3.00% Simple<br>Post 1/7/2013 Retirees: 0.50% Simple through 2021, then 2.15% Simple |

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

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

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

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

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

| Asset Class | Target Allocation for 2020 | Weighted Average Long- Term Expected Real Rate of Return |
|---|---|---|
| Fixed Income | 25.00% | 1.32% |
| Domestic Equities | 21.00% | 5.64% |
| Real Estate | 10.00% | 5.39% |
| Private Equity | 12.00% | 10.42% |
| International Equities | 23.00% | 7.36% |
| Other investments | 9.00% | 4.75% |
| Total | 100.00% | 5.43% |

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

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

| | 1% Decrease (6.2%) | Current Discount Rate 7.2% | 1% Increase (8.2%) |
|---|---|---|---|
| Authority's proporationate share of the net pension liability - Traditional Pension Plan | $545,430 | $285,939 | $70,173 |

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

Subsequent to December 31, 2021, the global economy continued to be impacted by the COVID-19 pandemic and market volatility continued and it is likely that 2022 investment market conditions and other economic factors will be negatively implacted.

**8. DEFINED BENEFIT OPEB PLAN**

***Net OPEB Liability/Asset***

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability/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.

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

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

The Authority's contractually required contribution was $0 for fiscal 2021.

***OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB asset and total OPEB liability were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability (asset) was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

| | **Health Care Plan** |
|---|---|
| Proportionate Share of Net OPEB Liability (Asset) | ($32,032) |
| Proportion of the Net OPEB Liability (Asset) | 0.001798% |
| Change in Proportion from Prior Measurement date | -0.000282% |
| Pension Expense (Income) | ($265,867) |

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Health Care Plan |
|---|---|
| **Deferred Outflows of Resources** | |
| Assumption Changes | $15,748 |
| Change in proportionate share and difference between Employer contribution and proportionate share of contribution | 7,710 |
| Total Deferred Outflows of Resources | $23,458 |
| | |
| **Deferred Inflows of Resources** | |
| Net Difference between projected and actual earning on pension plan investments | $17,063 |
| Assumption Changes | 51,903 |
| Difference between expected and actual experience | 28,910 |
| Total Deferred Inflows of Resources | $97,876 |

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

| | | Health Care Plan |
|---|---|---|
| Year Ending December 31: | | |
| | 2022 | ($41,758) |
| | 2023 | (23,235) |
| | 2024 | (7,413) |
| | 2025 | (2,012) |
| | Total | ($74,418) |

***Actuarial Assumptions - OPERS***

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

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

| **Actuarial Information** | |
|---|---|
| Wage Inflation | 3.25% |
| Future Salary Increases, including inflation 3.25% | 3.25 - 10.75% |
| Single Discount Rate: | |
| Current measurement rate | 6.00% |
| Prior measurement rate | 3.16% |
| | |
| Investment Rate of Return | 6.00% |
| Municipal Bond Rate | 2.00% |
| Health Care Cost Trend Rate | 8.5% initial, 3.5% ultimate in 2035 |
| Actuarial Cost Method | Individual entry age |

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

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

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

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

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

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return |
|---|---|---|
| Fixed Income | 34.00% | 1.07% |
| Domestic Equities | 25.00% | 5.64% |
| REITs | 7.00% | 6.48% |
| International Equities | 25.00% | 7.36% |
| Other Investments | 9.00% | 4.02% |
| TOTAL | 100.00% | 4.43% |

***Discount Rate*** A single discount rate of 6.0 percent was used to measure the OPEB liability (asset) on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability (asset) on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate*** The following table presents the Authority's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

| | 1% Decrease (5.0%) | Current Discount Rate (6.0%) | 1% Increase (7.0%) |
|---|---|---|---|
| Authority's proportionate share of the net OPEB liability (asset) | ($7,965) | ($32,032) | ($51,818) |

***Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability (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 liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

| | 1% Decrease | Current Health Care Cost Trent Rate Assumption | 1% Increase |
|---|---|---|---|
| Authority's proportionate share of the net OPEB liability (asset) | ($32,814) | ($32,032) | ($31,159) |

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

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2022 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

## 9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year ended December 31, 2021, the Authority maintained comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. There was no significant reduction in coverage and no settlements exceeded insurance coverage during the past three years.

Also, during 2021, the Authority was insured through the State Housing Authority Risk Pool Association, Inc. (SHARP), a public entity risk pool operating a common risk management and insurance program for its housing authority members. The State Housing Authority Risk Pool Association, Inc. is self-sustaining through member premiums and reinsures through commercial insurance companies.

## 10. CONTINGENCIES

### Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture. However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at December 31, 2021.

### Commitments and Contingencies

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

### Litigations

In the normal course of operations, the Authority may be subject to litigations and claims. At December 31, 2021, the Authority was not aware of any such matters.

## 11. PAYMENT IN LIEU OF TAXES

The Authority has cooperation agreements with certain municipalities under which it makes payment in lieu of real estate taxes for various public services. Expense recognized for payment in lieu of taxes for the year ended December 31, 2021 totaled $11,510.

## 12. FINANCIAL DATA SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2021, the Authority electronically submitted an unaudited version of the balance sheet, statement of revenue and expenses and changes in net position, and other data to HUD as required on the GAAP basis. The schedules are presented in the manner prescribed by HUD.

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

**This page intentionally left blank.**

Perry Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of Pension Liability
Years Available

| Traditional Plan | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Authority's Proportion of the Net Pension Liability | 0.001931% | 0.002234% | 0.002554% | 0.002445% | 0.002387% | 0.002295% | 0.002365% | 0.002365% |
| Authority's Proportionate Share of the Net Pension Liability - Traditional Plan | $285,939 | $441,565 | $699,490 | $383,573 | $542,049 | $397,524 | $285,245 | $278,803 |
| Authority's Covered Employee Payroll | 271,925 | 328,387 | 344,911 | 322,804 | 312,961 | 302,696 | 290,129 | 276,103 |
| Authority's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll | 105.15% | 134.46% | 202.80% | 118.83% | 173.20% | 131.33% | 98.32% | 100.98% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.88% | 82.17% | 74.70% | 84.66% | 77.25% | 81.08% | 86.45% | 86.36% |

(1) Information prior to 2014 is not available
(2) The amounts presented for each year were determined as of the Authority's measurement date with is the prior year end.

Perry Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of Net OPEB Liability/(Asset)
For the Last Five Years

| Traditional Plan | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Authority's Proportion of the Net OPEB Liability/(Asset) | 0.001798% | 0.002080% | 0.002378% | 0.002280% | 0.002280% |
| Authority's Proportionate Share of the Net OPEB Liability/(Asset) | ($32,032) | $287,302 | $310,035 | $247,591 | $230,228 |
| Authority's Covered Employee Payroll | 271,925 | 328,387 | 344,911 | 322,804 | 312,961 |
| Authority's Proportionate Share of Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll | -11.78% | 87.49% | 89.89% | 76.70% | 73.56% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset) | 115.57% | 47.80% | 46.33% | 54.14% | 68.52% |

(1) Information prior to 2017 is not available
(2) The amounts presented for each year were determined as of the Authority's measurement date with is the prior year end.

Perry Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Contributions
Last Ten Years

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | | | | | | | | | | |
| Pension | $39,134 | $38,069 | $46,037 | $48,288 | $41,965 | $37,556 | $36,310 | $34,821 | $35,817 | $29,491 |
| OPEB | - | - | - | - | 3,228 | 6,259 | 6,067 | 5,796 | 2,761 | 11,796 |
| Contributions in Relation to the Contractually Required Contribution | 39,134 | 38,069 | 46,037 | 48,288 | 45,193 | 43,815 | 42,377 | 40,617 | 38,578 | 41,287 |
| Contribution Deficiency (Excess) | - | - | - | - | - | - | - | - | - | - |
| Authority's Covered Employee Payroll | 279,526 | 271,925 | 328,387 | 344,911 | 322,804 | 312,961 | 302,696 | 290,129 | 276,103 | 294,909 |
| Contributions as a Percentage of Covered Employee Payroll | | | | | | | | | | |
| Pension | 14.00% | 14.00% | 14.02% | 14.00% | 13.00% | 12.00% | 12.00% | 12.00% | 12.97% | 10.00% |
| OPEB | 0.00% | 0.00% | 0.00% | 0.00% | 1.00% | 2.00% | 2.00% | 2.00% | 1.00% | 4.00% |

PERRY METROPOLITAN HOUSING AGENCY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

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

***Net Pension Liability***

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

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

***Net OPEB Liability***

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

*Changes in assumptions:* For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.0%.

**PERRY COUNTY METROPOLITAN HOUSING AUTHORITY**
**PERRY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED DECEMBER 31, 2021**

| **FEDERAL GRANTOR**<br>***Pass Through Grantor***<br>**Program / Cluster Title** | **Federal AL Number** | **Total Federal Expenditures** |
|---|---|---|
| **U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT** | | |
| ***Direct Program*** | | |
| Public and Indian Housing | 14.850 | $419,526 |
| Public Housing Capital Fund | 14.872 | 235,065 |
| Housing Voucher Cluster | | |
| Section 8 Housing Choice Vouchers | 14.871 | 938,724 |
| COVID-19: Section 8 Housing Choice Vouchers | 14.871 | 24,554 |
| Total Housing Voucher Cluster | | 963,278 |
| Total U.S. Department of Housing and Urban Development | | 1,617,869 |
| **Total Expenditures of Federal Awards** | | **$1,617,869** |

*The accompanying notes are an integral part of this Schedule.*

PERRY COUNTY METROPOLITAN HOUSING AUTHORITY
PERRY COUNTY

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

## NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Perry County Metropolitan Housing Authority, Perry County (the Authority's) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## NOTE C – INDIRECT COST RATE

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

Perry Metropolitan Housing Authority
Entity Wide Financial Data Schedule
Year End 12/31/2021

| | Project Total | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 111 Cash - Unrestricted | $361,697 | $8,706 | $104,070 | $0 | $109,704 | $584,177 | $0 | $584,177 |
| 113 Cash - Other Restricted | $0 | $0 | $2,702 | $0 | $0 | $2,702 | $0 | $2,702 |
| 114 Cash - Tenant Security Deposits | $29,959 | $200 | $0 | $0 | $0 | $30,159 | $0 | $30,159 |
| 100 Total Cash | $391,656 | $8,906 | $106,772 | $0 | $109,704 | $617,038 | $0 | $617,038 |
| | | | | | | | | |
| 125 Accounts Receivable - Miscellaneous | $4,510 | $0 | $0 | $0 | $0 | $4,510 | $0 | $4,510 |
| 126 Accounts Receivable - Tenants | $6,456 | $0 | $0 | $0 | $0 | $6,456 | $0 | $6,456 |
| 126.1 Allowance for Doubtful Accounts -Tenants | -$1,529 | $0 | $0 | $0 | $0 | -$1,529 | $0 | -$1,529 |
| 128 Fraud Recovery | $0 | $0 | $30,074 | $0 | $0 | $30,074 | $0 | $30,074 |
| 128.1 Allowance for Doubtful Accounts - Fraud | $0 | $0 | -$30,074 | $0 | $0 | -$30,074 | $0 | -$30,074 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | $9,437 | $0 | $0 | $0 | $0 | $9,437 | $0 | $9,437 |
| | | | | | | | | |
| 142 Prepaid Expenses and Other Assets | $23,654 | $779 | $7,127 | $0 | $10,450 | $42,010 | $0 | $42,010 |
| 143 Inventories | $23,193 | $0 | $0 | $0 | $0 | $23,193 | $0 | $23,193 |
| 143.1 Allowance for Obsolete Inventories | -$2,200 | $0 | $0 | $0 | $0 | -$2,200 | $0 | -$2,200 |
| 150 Total Current Assets | $445,740 | $9,685 | $113,899 | $0 | $120,154 | $689,478 | $0 | $689,478 |
| | | | | | | | | |
| 161 Land | $233,579 | $7,000 | $0 | $0 | $1,000 | $241,579 | $0 | $241,579 |
| 162 Buildings | $7,720,213 | $61,500 | $29,361 | $0 | $16,500 | $7,827,574 | $0 | $7,827,574 |
| 163 Furniture, Equipment & Machinery - Dwellings | $329,032 | $0 | $0 | $0 | $0 | $329,032 | $0 | $329,032 |
| 164 Furniture, Equipment & Machinery - Administration | $24,669 | $0 | $16,915 | $0 | $26,091 | $67,675 | $0 | $67,675 |
| 165 Leasehold Improvements | $1,852,064 | $0 | $0 | $0 | $0 | $1,852,064 | $0 | $1,852,064 |
| 166 Accumulated Depreciation | -$8,034,125 | -$56,482 | -$40,134 | $0 | -$42,384 | -$8,173,125 | $0 | -$8,173,125 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | $2,125,432 | $12,018 | $6,142 | $0 | $1,207 | $2,144,799 | $0 | $2,144,799 |

Perry Metropolitan Housing Authority
Entity Wide Financial Data Schedule
Year End 12/31/2021

| | Project Total | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 174 Other Assets | $21,298 | $0 | $3,600 | $0 | $7,134 | $32,032 | $0 | $32,032 |
| 180 Total Non-Current Assets | $2,146,730 | $12,018 | $9,742 | $0 | $8,341 | $2,176,831 | $0 | $2,176,831 |
| | | | | | | | | |
| 200 Deferred Outflow of Resources | $27,140 | $0 | $14,355 | $0 | $21,098 | $62,593 | $0 | $62,593 |
| | | | | | | | | |
| 290 Total Assets and Deferred Outflow of Resources | $2,619,610 | $21,703 | $137,996 | $0 | $149,593 | $2,928,902 | $0 | $2,928,902 |
| | | | | | | | | |
| 312 Accounts Payable <= 90 Days | $28,885 | $55 | $144 | $0 | $37 | $29,121 | $0 | $29,121 |
| 321 Accrued Wage/Payroll Taxes Payable | $3,406 | $0 | $699 | $0 | $9,362 | $13,467 | $0 | $13,467 |
| 322 Accrued Compensated Absences - Current Portion | $18,411 | $0 | $3,624 | $0 | $7,600 | $29,635 | $0 | $29,635 |
| 333 Accounts Payable - Other Government | $11,497 | $0 | $0 | $0 | $0 | $11,497 | $0 | $11,497 |
| 341 Tenant Security Deposits | $29,959 | $200 | $0 | $0 | $0 | $30,159 | $0 | $30,159 |
| 342 Unearned Revenue | $7,222 | $0 | $0 | $0 | $0 | $7,222 | $0 | $7,222 |
| 310 Total Current Liabilities | $99,380 | $255 | $4,467 | $0 | $16,999 | $121,101 | $0 | $121,101 |
| | | | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | $143,756 | $0 | $59,176 | $0 | $83,007 | $285,939 | $0 | $285,939 |
| 350 Total Non-Current Liabilities | $143,756 | $0 | $59,176 | $0 | $83,007 | $285,939 | $0 | $285,939 |
| | | | | | | | | |
| 300 Total Liabilities | $243,136 | $255 | $63,643 | $0 | $100,006 | $407,040 | $0 | $407,040 |
| | | | | | | | | |
| 400 Deferred Inflow of Resources | $176,367 | $0 | $36,376 | $0 | $65,379 | $278,122 | $0 | $278,122 |
| | | | | | | | | |
| 508.4 Net Investment in Capital Assets | $2,125,432 | $12,018 | $6,142 | $0 | $1,207 | $2,144,799 | $0 | $2,144,799 |

Perry Metropolitan Housing Authority
Entity Wide Financial Data Schedule
Year End 12/31/2021

| | Project Total | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 511.4 Restricted Net Position | $0 | $0 | $2,702 | $0 | $0 | $2,702 | $0 | $2,702 |
| 512.4 Unrestricted Net Position | $74,675 | $9,430 | $29,133 | $0 | -$16,999 | $96,239 | $0 | $96,239 |
| 513 Total Equity - Net Assets / Position | $2,200,107 | $21,448 | $37,977 | $0 | -$15,792 | $2,243,740 | $0 | $2,243,740 |
| | | | | | | | | |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | $2,619,610 | $21,703 | $137,996 | $0 | $149,593 | $2,928,902 | $0 | $2,928,902 |
| 70300 Net Tenant Rental Revenue | $328,409 | $15,580 | $0 | $0 | $0 | $343,989 | $0 | $343,989 |
| 70400 Tenant Revenue - Other | $1,555 | $0 | $0 | $0 | $0 | $1,555 | $0 | $1,555 |
| 70500 Total Tenant Revenue | $329,964 | $15,580 | $0 | $0 | $0 | $345,544 | $0 | $345,544 |
| | | | | | | | | |
| 70600 HUD PHA Operating Grants | $493,116 | $0 | $938,724 | $24,554 | $0 | $1,456,394 | $0 | $1,456,394 |
| 70610 Capital Grants | $161,475 | $0 | $0 | $0 | $0 | $161,475 | $0 | $161,475 |
| 70710 Management Fee | $0 | $0 | $0 | $0 | $107,669 | $107,669 | -$107,669 | $0 |
| 70730 Book Keeping Fee | $0 | $0 | $0 | $0 | $25,267 | $25,267 | -$25,267 | $0 |
| 70700 Total Fee Revenue | $0 | $0 | $0 | $0 | $132,936 | $132,936 | -$132,936 | $0 |
| | | | | | | | | |
| 71100 Investment Income - Unrestricted | $1,952 | $7 | $71 | $0 | $1,377 | $3,407 | $0 | $3,407 |
| 71400 Fraud Recovery | $0 | $0 | $4,878 | $0 | $0 | $4,878 | $0 | $4,878 |
| 71500 Other Revenue | $13,275 | $0 | $0 | $0 | $624 | $13,899 | $0 | $13,899 |
| 71600 Gain or Loss on Sale of Capital Assets | -$12,335 | $0 | $0 | $0 | $0 | -$12,335 | $0 | -$12,335 |
| 70000 Total Revenue | $987,447 | $15,587 | $943,673 | $24,554 | $134,937 | $2,106,198 | -$132,936 | $1,973,262 |
| | | | | | | | | |
| 91100 Administrative Salaries | $94,110 | $0 | $4,211 | $24,554 | $51,644 | $174,519 | $0 | $174,519 |
| 91200 Auditing Fees | $5,112 | $0 | $4,306 | $0 | $56 | $9,474 | $0 | $9,474 |
| 91300 Management Fee | $84,074 | $396 | $23,199 | $0 | $0 | $107,669 | -$107,669 | $0 |
| 91310 Book-keeping Fee | $10,598 | $248 | $14,421 | $0 | $0 | $25,267 | -$25,267 | $0 |

Perry Metropolitan Housing Authority
Entity Wide Financial Data Schedule
Year End 12/31/2021

| | Project Total | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 91400 Advertising and Marketing | $606 | $0 | $0 | $0 | $0 | $606 | $0 | $606 |
| 91500 Employee Benefit contributions - Administrative | -$96,393 | $0 | -$28,638 | $0 | -$45,374 | -$170,405 | $0 | -$170,405 |
| 91600 Office Expenses | $29,363 | $0 | $8,210 | $0 | $3,528 | $41,101 | $0 | $41,101 |
| 91700 Legal Expense | $3,116 | $0 | $0 | $0 | $0 | $3,116 | $0 | $3,116 |
| 91800 Travel | $1,524 | $0 | $514 | $0 | $0 | $2,038 | $0 | $2,038 |
| 91900 Other | $14,546 | $1,017 | $25,209 | $0 | $1,294 | $42,066 | $0 | $42,066 |
| 91000 Total Operating - Administrative | $146,656 | $1,661 | $51,432 | $24,554 | $11,148 | $237,463 | -$132,936 | $102,515 |
| | | | | | | | | |
| 92400 Tenant Services - Other | $1,771 | $0 | $0 | $0 | $0 | $1,771 | $0 | $1,771 |
| 92500 Total Tenant Services | $1,771 | $0 | $0 | $0 | $0 | $1,771 | $0 | $1,771 |
| | | | | | | | | |
| 93100 Water | $84,975 | $1,645 | $427 | $0 | $263 | $87,310 | $0 | $87,310 |
| 93200 Electricity | $48,095 | $216 | $180 | $0 | $156 | $48,647 | $0 | $48,647 |
| 93300 Gas | $3,299 | $284 | $0 | $0 | $0 | $3,583 | $0 | $3,583 |
| 93600 Sewer | $78,629 | $0 | $285 | $0 | $175 | $79,089 | $0 | $79,089 |
| 93000 Total Utilities | $214,998 | $2,145 | $892 | $0 | $594 | $218,629 | $0 | $218,629 |
| | | | | | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | $61,732 | $0 | $0 | $0 | $0 | $61,732 | $0 | $61,732 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | $38,114 | $4,271 | $0 | $0 | $0 | $42,385 | $0 | $42,385 |
| 94300 Ordinary Maintenance and Operations Contracts | $101,460 | $179 | $0 | $0 | $0 | $101,639 | $0 | $101,639 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | -$63,201 | $0 | $0 | $0 | $0 | -$63,201 | $0 | -$63,201 |
| 94000 Total Maintenance | $138,105 | $4,450 | $0 | $0 | $0 | $142,555 | $0 | $142,555 |
| | | | | | | | | |
| 96110 Property Insurance | $17,448 | $626 | $0 | $0 | $0 | $18,074 | $0 | $18,074 |
| 96120 Liability Insurance | $0 | $0 | $2,318 | $0 | $2,150 | $4,468 | $0 | $4,468 |

Perry Metropolitan Housing Authority
Entity Wide Financial Data Schedule
Year End 12/31/2021

| | Project Total | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 96130 Workmen's Compensation | $0 | $0 | $0 | $0 | $2,516 | $2,516 | $0 | $2,516 |
| 96100 Total insurance Premiums | $17,448 | $626 | $2,318 | $0 | $4,666 | $25,058 | $0 | $25,058 |
| | | | | | | | | |
| 96210 Compensated Absences | $19,717 | $0 | $2,945 | $0 | $11,884 | $34,546 | $0 | $34,546 |
| 96300 Payments in Lieu of Taxes | $11,496 | $14 | $0 | $0 | $0 | $11,510 | $0 | $11,510 |
| 96400 Bad debt - Tenant Rents | $3,512 | $0 | $0 | $0 | $0 | $3,512 | $0 | $3,512 |
| 96000 Total Other General Expenses | $34,725 | $14 | $2,945 | $0 | $11,884 | $49,568 | $0 | $49,568 |
| | | | | | | | | |
| 96900 Total Operating Expenses | $553,703 | $8,896 | $57,587 | $24,554 | $28,292 | $673,032 | -$132,936 | $540,096 |
| | | | | | | | | |
| 97000 Excess of Operating Revenue over Operating Expenses | $433,744 | $6,691 | $886,086 | $0 | $106,645 | $1,433,166 | $0 | $1,433,166 |
| | | | | | | | | |
| 97200 Casualty Losses - Non-capitalized | $1,500 | $0 | $0 | $0 | $0 | $1,500 | $0 | $1,500 |
| 97300 Housing Assistance Payments | $0 | $0 | $835,899 | $0 | $0 | $835,899 | $0 | $835,899 |
| 97400 Depreciation Expense | $223,204 | $1,745 | $1,347 | $0 | $824 | $227,120 | $0 | $227,120 |
| 90000 Total Expenses | $778,407 | $10,641 | $894,833 | $24,554 | $29,116 | $1,737,551 | -$132,936 | $1,604,615 |
| | | | | | | | | |
| 10010 Operating Transfer In | $49,060 | $0 | $0 | $0 | $0 | $49,060 | -$49,060 | $0 |
| 10020 Operating transfer Out | -$49,060 | $0 | $0 | $0 | $0 | -$49,060 | $49,060 | $0 |
| | | | | | | | | |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | $209,040 | $4,946 | $48,840 | $0 | $105,821 | $368,647 | $0 | $368,647 |
| | | | | | | | | |
| 11030 Beginning Equity | $1,991,067 | $16,502 | -$10,863 | $0 | -$121,613 | $1,875,093 | $0 | $1,875,093 |
| 11170 Administrative Fee Equity | $0 | $0 | $35,275 | $0 | $0 | $35,275 | $0 | $35,275 |

Perry Metropolitan Housing Authority
Entity Wide Financial Data Schedule
Year End 12/31/2021

| | Project Total | 1 Business Activities | 14.871 Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | COCC | Subtotal | ELIM | Total |
|---|---|---|---|---|---|---|---|---|
| 11180 Housing Assistance Payments Equity | $0 | $0 | $2,702 | $0 | $0 | $2,702 | $0 | $2,702 |
| 11190 Unit Months Available | 1,416 | 0 | 2,616 | 0 | 0 | 4,032 | 0 | 4,032 |
| 11210 Number of Unit Months Leased | 1,402 | 0 | 2,507 | 0 | 0 | 3,909 | 0 | 3,909 |
| 11270 Excess Cash | $257,617 | $0 | $0 | $0 | $0 | $257,617 | $0 | $257,617 |
| 11630 Furniture & Equipment - Dwelling Purchases | $54,644 | $0 | $0 | $0 | $0 | $54,644 | $0 | $54,644 |
| 11650 Leasehold Improvements Purchases | $106,832 | $0 | $0 | $0 | $0 | $106,832 | $0 | $106,832 |

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Perry County Metropolitan Housing Authority
Perry County
26 Brown Circle Drive
Crooksville, Ohio 43731

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Perry County Metropolitan Housing Authority, Perry County, Ohio (the Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 23, 2022.

***Report on Internal Control Over Financial Reporting***

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

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

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

### *Report on Compliance and Other Matters*

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

### *Purpose of This Report*

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

Keith Faber
Auditor of State
Columbus, Ohio

August 23, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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

**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**

Perry County Metropolitan Housing Authority
Perry County
26 Brown Circle Drive
Crooksville, Ohio 43731

To the Board of Commissioners:

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

***Qualified Opinion***

We have audited Perry County Metropolitan Housing Authority, Perry County, Ohio (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Perry County Metropolitan Housing Authority's major federal program for the year ended December 31, 2021. The Perry County Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

*Qualified Opinion on Housing Voucher Cluster, AL #14.871*

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Housing Voucher Cluster, AL #14.871 for the year ended December 31, 2021.

***Basis for Qualified Opinion***

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.

*Matter Giving Rise to Qualified Opinion on Housing Voucher Cluster, AL #14.871*

As described in Finding 2021-001 in the accompanying Schedule of Findings, the Authority did not comply with requirements regarding Special Tests & Provisions—Reasonable Rent applicable to its *Housing Voucher Cluster, AL #14.871* major federal program.

Compliance with this requirement is necessary, in our opinion, for the Authority to comply with requirements applicable to that program.

***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.

***Other Matters***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Corrective Action Plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2021-001, to be a material weakness.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Corrective Action Plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

August 23, 2022

**PERRY COUNTY METROPOLITAN HOUSING AUTHORITY**
**PERRY COUNTY**

**SCHEDULE OF FINDINGS**
**2 CFR § 200.515**
**DECEMBER 31, 2021**

## 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?** | Yes |
| *(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** | Qualified |
| *(d)(1)(vi)* | **Are there any reportable findings under 2 CFR § 200.516(a)?** | Yes |
| *(d)(1)(vii)* | **Major Programs (list):**<br>• Housing Voucher Cluster AL #14.871 | |
| *(d)(1)(viii)* | **Dollar Threshold: Type A\B Programs** | Type A: > $ 750,000<br>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

**Reasonable Rent**

| | |
|---|---|
| **Finding Number:** | **2021-001** |
| **Assistance Listing Number and Title:** | **AL # 14.871- Section 8 Housing Choice Vouchers/ Housing Voucher Cluster** |
| **Federal Award Identification Number / Year:** | **2021** |
| **Federal Agency:** | **U.S. Department of Housing and Urban Development** |
| **Compliance Requirement:** | **Special Tests & Provisions—Reasonable Rent** |
| **Pass-Through Entity:** | **N/A** |
| **Repeat Finding from Prior Audit?** | **No** |

**Noncompliance and Material Weakness**

24 CFR sections 982.158(f)(7) provides that the Public Housing Authority (PHA) must keep records to document the basis for PHA determination that rent to owner is a reasonable rent (initially and during the term of a HAP contract).

24 CFR sections 982.54(d)(15) provides the Public Housing Authority (PHA) administrative plan must cover policies on the method of determining that rent to owner is a reasonable rent (initially and during the term of a Housing Assistance Payment contract).

The Authority's Housing Choice Voucher Administrative Plan Section 13(5)(c) provides the Authority will retain the following in the tenant file:

1. Request for Lease Approval
2. Lease
3. Inspection report(s)
4. Certification of Rent Reasonableness
5. Executed contract.

The Authority could not provide the reasonable rent certification for 7.5 percent of the current tenant files tested for the Housing Choice Voucher program. The tenants lacking this certification in their file had been in the program for several years. The failure to document rent reasonableness could lead to future questioned costs, reduced future federal funding, and the requirement to repay the U.S. Department of Housing and Urban Development.

The Executive Director and Housing Choice Voucher employees should ensure all tenant files maintain the appropriate documentation and meet the requirements for rent reasonableness.

**Official's Response:** The files requested were old, one dating back 19 years ago. With that time frame, there have been other staff than those here now, including a different Executive Director. Rent reasonableness information was not carried forward to the current file. The office did move locations at some point over the years as well. Going forward there will be a rent reasonableness folder for each client kept with the current files. There will be documentation with the rent reasonableness in the file stating when the rent reasonableness was completed, why there was a rent reasonableness done, and whom it was completed by. The rent reasonableness will continue to be in with the 50058 that it pertains to along with an additional folder kept with current file.

PERRY METROPOLITAN HOUSING AUTHORITY
26 Brown Circle Drive, Crooksville, Ohio 43731

Public Housing/ADM Office
(740) 982-5991
(740) 982-1274 FAX
TTY: 711 or 1-800-750-0750

Section 8 - HCV Office
(740) 982-8021
(740) 982-8025 FAX
TTY: 711 or 1-800-750-0750

**CORRECTIVE ACTION PLAN**
**2 CFR § 200.511(c)**
**DECEMBER 31, 2021**

**Finding Number: 2021-001**
**Planned Corrective Action:** Rent Reasonableness will be carried forward.
**Anticipated Completion Date:** IMMEDIATELY
**Responsible Contact Person:** Christina Curtis

In the very old files rent reasonableness was not found due to the information not being carried forward to the current file.

Going forward the rent reasonableness will continue to go with the 50058 that it pertains to. We will also be placing the rent reasonableness in a folder that will remain with the current file. There will be documentation with the rent reasonableness stating when completed, why rent reasonableness was done and whom it was completed by. All of our files our color coded and will be adding the purple file for the rent reasonableness.

OHIO AUDITOR OF STATE
KEITH FABER

**PERRY COUNTY METROPOLITAN HOUSING AUTHORITY**

**PERRY 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 9/6/2022**

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