



OHIO AUDITOR OF STATE
KEITH FABER



**FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY
DECEMBER 31, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Fayette Metropolitan Housing Authority
Fayette County
121 E. East Street
Washington Court House, Ohio 43160

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Schedules (FDS) required by the Department of Housing and Urban Development are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedules 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 September 19, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
September 19, 2023

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FAYETTE METROPOLITAN HOUSING AUTHORITY
 FAYETTE COUNTY
 MANAGEMENT’S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2022

(UNAUDITED)

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

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

FINANCIAL HIGHLIGHTS

- During 2022 the Authority’s Net Position increased by \$270,966 (or 31.5%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type Net Position. Net Position was \$860,301 and \$1,131,297 for years 2021 and 2022, respectively.
- The revenue increased by \$184,472 (or 6.64%) during 2022 and was \$2,780,273 and \$2,964,745 for the years 2021 and 2022, respectively.
- The total expenses for the Authority increased by \$80,330 (or 3.07%). Total expenses were \$2,613,419 and \$2,693,752 for the years 2021 and 2022, respectively.

USING THIS ANNUAL REPORT

The Report includes the following sections:

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

FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

(UNAUDITED)

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

Government-Wide Financial Statements

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

These Statements include a Statement of Net Position, which is 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, minus liabilities, 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 (formerly equity) 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 borrowings that are attributable to the acquisition, construction, or improvement of those 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 "Net Position Invested in Capital Assets, Net of Related Debt", or "Restricted Net Position".

The Government-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund 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 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, Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

(UNAUDITED)

Fund Financial Statements

The Authority is accounted for as an Enterprise Fund. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector.

Many of the programs maintained by the Authority are required by the U. S. Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's Programs

Housing Choice Voucher (HCV) 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 adjusted household income.

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

Section 8 New Construction/Single Unit Program – SRO - Provides housing assistance payments to participating owners on behalf of eligible tenants occupying the units under a lease agreement between the landlords and tenants.

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

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

Shelter Plus Care – Provides rental assistance for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS), and related diseases. Rental assistance grants must be matched with supportive services.

Emergency Housing Vouchers – This Program is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

Business Activities – Represents non-HUD resources developed from a variety of activities.

FAYETTE METROPOLITAN HOUSING AUTHORITY
 FAYETTE COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2022

(UNAUDITED)

AUTHORITY-WIDE STATEMENT

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.

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

	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 836,048	\$ 673,543
Capital Assets	1,842,498	1,390,849
Total Assets and Deferred Outflows of Resources	<u>\$ 2,678,546</u>	<u>\$ 2,064,392</u>
Current Liabilities	\$ 228,133	\$ 201,088
Long-Term Liabilities	1,319,116	1,003,003
Total Liabilities and Deferred Inflows of Resources	<u>1,547,249</u>	<u>1,204,091</u>
Net Position:		
Net Investment in Capital Assets	424,698	303,522
Restricted Net Position	43,808	7,795
Unrestricted Net Position	<u>662,791</u>	<u>548,984</u>
Total Net Position	<u>1,131,297</u>	<u>860,301</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 2,678,546</u>	<u>\$ 2,064,392</u>

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

Major Factors Affecting the Statement of Net Position

Current assets increased by \$162,505 or 24.13% in 2022 as a result of a much higher cash balance. Total liabilities also increased during the year by \$343,158 or 28.50% which was the result of the purchase of two properties and capitalized improvements with debt to cover all.

Capital Assets increased by a net amount of \$451,649 or 32.47%. This was the result of two new purchases, other capitalized improvements, and the current year's depreciation.

For more detail see "Capital Assets and Debt Administration" below.

FAYETTE METROPOLITAN HOUSING AUTHORITY
 FAYETTE COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2022

(UNAUDITED)

Table 2 - Changes of Net Position

	Net Investment in Capital		
	Unrestricted	Assets	Restricted
Beginning Balance	\$548,984	\$303,522	\$7,795
Results of Operation	234,983	0	36,013
Adjustments:			
Current year Depreciation Expense (1)	73,224	(73,224)	0
Capital Expenditure (2)	(524,875)	524,875	0
Retirement of Debt	(390,431)	390,431	0
New Debt Issued	720,906	(720,906)	0
Ending Balance	<u>\$662,791</u>	<u>\$424,698</u>	<u>\$43,808</u>

- 1) Depreciation is treated as an expense and reduces the results of operations, but does not have an impact on Unrestricted Net Position
- 2) Capital expenditures represent an outflow of unrestricted net position but are treated as an expense against results of operations and must be deducted.

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

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FAYETTE METROPOLITAN HOUSING AUTHORITY
 FAYETTE COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2022

(UNAUDITED)

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

	<u>2022</u>	<u>2021</u>
<u>Revenues</u>		
Total Tenant Revenues	\$ 196,716	180,181
Operating Grants	2,477,398	2,328,546
Investment Income	1,323	1,106
Other Revenues	289,308	270,440
Total Revenues	<u>2,964,745</u>	<u>2,780,273</u>
<u>Expenses</u>		
Administrative	425,246	372,488
Utilities	2,192	730
Maintenance	35,696	34,072
General and Interest	16,230	19,376
Housing Assistance Payments	2,141,161	2,129,137
Depreciation	73,224	57,616
Total Expenses	<u>2,693,749</u>	<u>2,613,419</u>
Net Increases (Decreases)	270,996	166,854
Beginning net position	860,301	693,447
Total net position - ending	<u>\$ 1,131,297</u>	<u>\$ 860,301</u>

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

The Operating Grant Revenue increased \$148,852 or 6.39% for 2022. The increase is due to HUD funding received during the year.

Total expenses increased by \$80,330 or 3.07%. The main reason for this increase is due to additional administrative expenses incurred for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2022, the Authority had \$1,842,498 invested in capital assets as reflected in the following schedule, which represents a net change due to current year additions, disposals, and depreciation.

FAYETTE METROPOLITAN HOUSING AUTHORITY
 FAYETTE COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2022

(UNAUDITED)

Table 4 - Condensed Statement of Changes in Capital Assets

	<u>2022</u>	<u>2021</u>
Land	\$ 282,114	\$ 295,538
Building and Improvement	1,921,103	1,608,854
Equipment	41,991	41,991
Construction in Progress	207,060	38,735
Accumulated Depreciation	<u>(609,770)</u>	<u>(594,269)</u>
 Total	 \$ <u>1,842,498</u>	 \$ <u>1,390,849</u>

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

Table 5 - Changes in Capital Assets

Beginning Balance	\$	1,390,849
Current year Additions		572,955
Current Year Dispositions, net of depreciation		(48,081)
Current year Depreciation Expense		(73,224)
Rounding Adjustment		<u>(1)</u>
 Ending Balance	 \$	 <u>1,842,498</u>
 Current year Additions are summarized as follows:		
Land - 330-332 W Oak Street	\$	10,000
Duplex - 330-332 W Oak Street		91,085
House - 731 Gregg Street		20,745
Improvements - 1254 Dayton Ave		7,450
Improvements - 364 Carolyn Rd		16,225
Improvements - 363 Ely St		24,825
Improvements - 60 Hickory Ln		155,186
Improvements - 330-332 W Oak Street		79,115
Construction in Process		<u>168,325</u>
 Total Current Year Additions	 \$	 <u>572,955</u>

FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

(UNAUDITED)

Debt Outstanding

As of December 31, 2022, the Authority had \$1,417,800 of outstanding debt compared to \$1,087,325 last year. Please see note 8 of the financial statement for further detail. The table below summarizes the changes that took place during the year:

Table 6 - Condensed Statement of Changes in Debt Outstanding

Beginning Balance	\$ 1,087,325
Current Year Debt Issued	720,906
Current Year Debt Retired	<u>(390,431)</u>
Ending Balance	<u>\$ 1,417,800</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Larry Gray, Executive Director for the Fayette Metropolitan Housing Authority, at (740) 335-7525. Specific requests may be submitted to the Authority at 121 E. East Street, Washington Court House, OH 43160.

FAYETTE METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
For the Year Ended December 31, 2022

ASSETS

Current assets

Cash and cash equivalents	\$ 776,992
Restricted cash and cash equivalents	45,952
Receivables, net	13,104
Total current assets	<u>836,048</u>

Noncurrent assets

Capital assets:	
Non-Depreciable capital assets	489,174
Depreciable capital assets, net	1,353,324
Total capital assets	<u>1,842,498</u>
Total noncurrent assets	<u>1,842,498</u>
Total assets	<u><u>\$ 2,678,546</u></u>

LIABILITIES

Current liabilities

Accounts payable	\$ 98,248
Unearned revenue	29,057
Tenant security deposits	2,144
Long-Term Debt - Current Portion	98,684
Total current liabilities	<u>228,133</u>

Noncurrent liabilities

Long-Term Debt - Noncurrent Portion	1,319,116
Total noncurrent liabilities	<u>1,319,116</u>
Total liabilities	<u><u>\$ 1,547,249</u></u>

NET POSITION

Invested in capital assets	\$ 424,698
Restricted net position	43,808
Unrestricted net position	662,791
Total net position	<u><u>\$ 1,131,297</u></u>

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

FAYETTE METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended December 31, 2022

OPERATING REVENUES

Tenant revenue	\$ 196,716
Operating grants	2,477,398
Other operating revenue	184,848
Total operating revenues	<u>2,858,962</u>

OPERATING EXPENSES

Administrative	425,246
Utilities	2,192
Maintenance	35,696
General and insurance	2,237
Housing assistance payment	2,141,161
Depreciation	73,224
Total operating expenses	<u>2,679,756</u>
Operating income (loss)	<u>179,206</u>

NONOPERATING REVENUES (EXPENSES)

Gain from sale of capital assets	104,460
Interest income	1,323
Interest expense	(13,993)
Total nonoperating revenues (expenses)	<u>91,790</u>
Change in net position	270,996
Beginning net position	860,301
Total net position - ending	<u>\$ 1,131,297</u>

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

FAYETTE METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Operating Grants	\$ 2,422,290
Cash Received from Tenants	196,716
Cash Received from Other Revenue	184,848
Cash Payments for Operating expenses	(453,799)
Cash Payments for Housing Assistance	<u>(2,141,161)</u>
Net Cash Provided (Used) by Operating Activities	<u>208,894</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	<u>1,323</u>
Net Cash Provided (Used) by Investing Activities	<u>1,323</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Loan Debt Payments	(328,716)
Loan Proceeds	720,906
Proceeds from sale of Asset	152,541
Property and Equipment Purchased	(572,955)
Interest Paid	<u>(13,993)</u>
Net Cash Provided (Used) by Capital and Related A	<u>(42,217)</u>
Net Increase (Decrease) in Cash	168,000
Cash and cash equivalents - Beginning of year	<u>654,944</u>
Cash and cash equivalents - End of year	<u><u>\$ 822,944</u></u>

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

**FAYETTE METROPOLITAN HOUSING AUTHORITY Statement of
Cash Flows - Cont'd
For the Year Ended December 31, 2022**

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

Net Operating Income (Loss)	\$ 179,206
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	73,224
- ODODD Loan Forgiveness	(61,716)
- (Increases) Decreases in Accounts Receivable	5,495
- Increases (Decreases) in Accounts Payable	15,174
- Increases (Decreases) in Unearned Revenue	(2,489)
	(2,489)
Net Cash Provided by Operating Activities	\$ 208,894

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

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation

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

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

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

Measurement Focus and Basis of Accounting

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

Fund Accounting

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

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

Proprietary Fund Types

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Description of Programs

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

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

Section 8 New Construction Program- Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for very low-income families at rents they can afford. Housing Assistance Payments are used to make up the difference between that approved rent due to the owner for the dwelling unit and the occupant family's required contribution towards rent. Assisted families must pay the highest of 30% of their monthly adjusted income, 10% of gross family income, or the portion of welfare assistance designated for housing toward rent.

Emergency Housing Vouchers – This Program is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

Other Business Activities- Represents non-HUD resources and derived from a variety of other activities mainly DD rentals.

Use of Estimates

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

Cash and Cash Equivalents

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

Restricted Cash and Investments

Restricted cash and investments represent amounts received from HUD to be used strictly for providing housing assistance to families and individuals in need. As of December 31, 2022 total restricted cash to be used for housing assistance was \$43,808. In addition, the Authority is also holding \$2,144 of funds for tenant security deposits.

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2022

Accounts Receivable-Net

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenant receivable balances at the end of the year. The allowance for uncollectable receivables was \$23,413 as of December 31, 2022.

Due From/To Other Programs

There was no Inter-program receivables and payables as of December 31, 2022 on the Financial Data Schedule.

Accounting and Reporting for Non-exchange Transactions

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

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

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

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

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

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

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2022

Capital Assets

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

Building-residential	30 years	Furniture	7 years
Building-non-residential	40 years	Equipment-dwelling	5 years
Building improvements	15 years	Equipment-non-dwelling	7 years
Land improvements	15 years	Vehicles	5 years
Leasehold improvements	15 years	Computer Software & hardware	3 years

Budgetary Accounting

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

Net Position

Net position represents the difference between assets and liabilities. The investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, constructions, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

2. ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

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

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A Lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The leases of the Authority have been reflected in the financial statements.

The Authority also implemented Guide 2020-1 "Implementation Guide Update – 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 92, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. These changes were incorporated in the Authority’s financial statements; however, there was no effect on the beginning net position balance."

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2022

3. DEPOSITS AND INVESTMENTS

Deposits

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

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

Inactive deposits are public deposits that the Authority 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.

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

For the year ended December 31, 2022, the carrying amount of the Authority's deposits was \$822,944 and its bank balances were \$825,085. Based on the criteria described in GASB Statement No.40, *Deposits and Investment Risk Disclosure*, as of December 31, 2022, deposits totaling \$250,000 were covered by Federal Depository Insurance, while \$575,085 was exposed by custodial risk as discussed below.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the Federal Reserve System, in the name of the respective depository banks held at the Federal Reserve Bank in the name of the Authority.

4. RESTRICTED CASH

The restricted cash balance of \$43,808 on December 31, 2022, represents the following:

Advanced housing assistance cash	\$43,808
Tenant security deposits	<u>2,144</u>
TOTAL RESTRICTED CASH	<u>\$45,952</u>

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2022

5. CAPITAL ASSETS

The following is a summary of capital assets on December 31, 2022:

	Balance 12/31/2021	Additions	Deletions	Rounding Adjustment	Balance 12/31/2022
Capital Assets Not Being Depreciated:					
Land	\$295,538	\$10,000	(\$23,424)	\$0	\$282,114
Construction in Progress	38,735	\$207,060	(\$38,735)	\$0	207,060
Total Capital Assets Not Being Depreciated	334,273	217,060	(62,159)	0	489,174
Capital Assets Being Depreciated:					
Buildings and Improvement	1,608,854	394,630	(82,381)	0	1,921,103
Administration Equipment	41,991	0	0	0	41,991
Total Capital Assets Being Depreciated	1,650,845	394,630	(82,381)	0	1,963,094
Accumulated Depreciation:					
Buildings and Improvement	(553,556)	(71,946)	57,724	(1)	(567,779)
Furnt, Mach. and Equip.	(40,713)	(1,278)	0	0	(41,991)
Total Accumulated Depreciation	(594,269)	(73,224)	57,724	(1)	(609,770)
Total Capital Assets Being Depreciated, Net	1,056,576	321,406	(24,657)	(1)	1,353,324
Total Capital Assets, Net	\$1,390,849	\$538,466	(\$86,816)	(\$1)	\$1,842,498

6. CONTRACT SERVICES

The Authority contracts with:

- Fayette County Commissioners to obtain financial services for the Authority. The Authority does not have any employees; instead, services are subcontracted from Fayette County.
- Highland Metropolitan Housing Authority to provide management and financial reporting services. Compensation shall be based on the amount allowed by HUD for performing these services.
- Fayette County Board of Developmental Disabilities (DD) to provide a rent subsidy program for persons with developmental disabilities. To provide these services, the Authority acquired residential houses on behalf of the DD. The DD will maintain a legal interest in the property acquired with community assistance funds while under the compliance period. Fayette County Board of Development and Disabilities will compensate the Authority expenses when vacancies occur in the properties.

7. ECONOMIC DEPENDENCY

The Authority is economically dependent of receiving operating subsidies from the U.S. Department of Housing and Urban Development (HUD).

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2022

8. RISK MANAGEMENT

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

9. LONG-TERM DEBT

The Authority has an obligation with the Ohio Department of Developmental Disabilities for which the Authority received several grants with the condition that the grant funds are used to acquire several properties or make repairs to those properties. The properties are then to be rented to DODD clients for the next 15 to 30 years. As long as the Authority complies with this restriction, the grant funds are forgiven for each year that has expired. These grants while they are under the compliance period are reported as long-term debt on the financial statements.

Below is a summary of the Authority debt with Merchants National Bank and DODD as of December 31, 2022:

Merchants National Bank:

Note payable to Merchants National Bank to purchase 364 Carolyn Rd. Total loan was refinanced on June 17, 2016 with an interest rate of 3.80% for 30-years due on September 11, 2031. Monthly payments of principal and interest is \$396.56. \$35,323

On May 19, 2022, the Authority entered a loan with Merchants National Bank to consolidate its outstanding loans. The new loan was in the amount of \$267,399.58. The term of the loan was a 10-year loan maturing on May 15, 2032, with a fixed interest rate of 4.25%. The outstanding balance at December 31, 2022 was \$254,672. \$254,672

Ohio Department of Development Disabilities

Loans to either purchase or rehab properties as follows:

Note Description	Origination Date	Maturity Date	Interest Rate	Original Loan Balance	Outstanding Balance
388 Leslie Trace - flooring	06/21/18	06/21/33	0.00%	\$ 7,330	\$ 5,171
412 Lindberg Ave	02/01/08	02/01/23	0.00%	\$ 81,075	\$ 450
1254 Dayton Ave	07/01/10	07/01/25	0.00%	\$ 40,000	\$ 6,666
1254 Dayton Ave	07/23/13	07/23/28	0.00%	\$ 10,188	\$ 3,510
855 Blackstone St NW	09/26/18	09/26/48	0.00%	\$ 69,738	\$ 59,663
530 Pearl St	01/29/19	01/29/49	0.00%	\$ 91,887	\$ 79,635
818 Yeoman St	04/01/19	04/01/49	0.00%	\$ 95,454	\$ 83,522
834 Lincoln Dr - Fence	11/07/19	11/07/49	0.00%	\$ 7,087	\$ 6,340
1254 Dayton Ave - Windows	12/02/19	12/02/49	0.00%	\$ 17,650	\$ 15,837
363 Ely St	12/13/19	12/13/49	0.00%	\$ 84,757	\$ 76,047
834 Lincoln - Roof	12/19/19	12/19/49	0.00%	\$ 11,219	\$ 10,066
1103 Golfview DR	10/12/20	10/12/35	0.00%	\$ 19,810	\$ 16,838
818 Yeoman St	10/12/20	10/12/35	0.00%	\$ 4,668	\$ 3,968

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note Description	Origination Date	Maturity Date	Interest Rate	Original Loan Balance	Outstanding Balance
1029 S Fayette St	04/24/20	04/24/35	0.00%	\$ 12,210	\$ 9,972
530 Pearl St	06/24/20	06/24/35	0.00%	\$ 4,850	\$ 4,015
1029 S Fayette St	03/29/21	03/29/36	0.00%	\$ 5,900	\$ 5,212
60 Hickory purchase	04/16/21	04/16/36	0.00%	\$ 127,818	\$ 113,616
905 Vine Street Purchase	08/24/21	08/24/36	0.00%	\$ 135,000	\$ 123,000
60 Hickory rehab	09/22/21	09/22/36	0.00%	\$ 56,552	\$ 51,839
905 Vine Street Rehab	12/17/21	12/17/36	0.00%	\$ 16,230	\$ 15,148
1103 Golfview DR	01/31/22	01/31/37	0.00%	\$ 23,153	\$ 21,738
1254 Dayton Ave - Windows	02/14/22	02/11/37	0.00%	\$ 19,604	\$ 18,515
1412 Lindberg Ave	02/01/22	02/01/37	0.00%	\$ 15,869	\$ 14,899
364 Carolyn Rd	02/01/22	02/01/37	0.00%	\$ 16,225	\$ 15,233
363 Ely St	03/28/22	03/28/37	0.00%	\$ 24,825	\$ 23,584
60 Hickory lane	03/28/22	03/28/37	0.00%	\$ 76,425	\$ 72,604
Various property	05/16/22	05/16/37	0.00%	\$ 90,765	\$ 87,235
330 Oak Str	07/24/22	07/24/37	0.00%	\$ 25,757	\$ 24,898
60 Hickory	08/18/22	08/18/37	0.00%	\$ 32,325	\$ 31,607
330 Oak Str	08/18/22	08/18/37	0.00%	\$ 13,828	\$ 13,521
1220 Grace St	10/24/22	10/24/37	0.00%	\$ 114,730	\$ 113,456

The following is a summary of changes in long-term debt for the year ended December 31, 2022:

	Balance			Balance	Due Within
	<u>12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2022</u>	<u>One Year</u>
Loan Payable - Bank	\$349,442	\$267,400	(\$326,847)	289,995	\$26,036
DODD Grant Funds Unexpired	737,883	453,506	(63,584)	1,127,805	72,648
Total Long-Term Liabilities	<u>\$1,087,325</u>	<u>\$720,906</u>	<u>(\$390,431)</u>	<u>\$1,417,800</u>	<u>\$98,684</u>

Please note the total debt retirement of \$390,432 includes \$61,716 of debt forgiveness by ODODD.

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2022

Loan maturity is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	98,684	11,593	110,277
2024	99,345	10,481	109,826
2025	99,171	9,321	108,492
2026	99,049	8,112	107,161
2027	100,309	6,851	107,160
2028-2032	492,578	13,780	506,358
2033-2037	286,454	76	286,530
2038-2042	62,966	0	62,966
2043-2047	62,966	0	62,966
2048-2052	16,278	0	16,278
Total	<u>\$1,417,800</u>	<u>\$60,214</u>	<u>\$1,478,014</u>

10. CONTINGENCIES

- A. The Authority has received several Federal and state grants for specific purposes which are subject to audit and adjustment 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, 2022.
- B. The Authority is unaware of any outstanding lawsuits or other contingencies.

11. LEASES

GASB Statement No. 87, *Leases* (GASB 87), is a comprehensive change by the governmental accounting standards board for lease arrangements. Previous GASB lease guidance, including GASB 13 and GASB 62, did not require all leases to be recognized on the statement of financial position. Instead, only those classified as capital leases were recognized and disclosed as assets and liabilities in the financial statements.

To improve the consistency and transparency of accounting and financial reporting for leases by governments, GASB 87 requires lessees to recognize an intangible right-to-use asset and liability for leases that were previously classified as operating leases and establishes a single classification model for leases going forward.

GASB 87 requires lessees to recognize a lease asset associated with their lease agreements. Therefore, one of the newly required quantitative disclosures is to disclose the total amount of lease assets and the related accumulated amortization, summarized by the major classifications of the underlying assets. The Authority did not have any leases that needed to be disclosed.

Fayette Metropolitan Housing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2022

12. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Fayette Metropolitan Housing Authority (OH056)
Washington CH, OH
Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2022

	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$45,378	\$254,412	\$27,312	\$424,682	\$25,208	\$776,992	\$0	\$776,992
113 Cash - Other Restricted	\$0	\$0	\$17,387	\$26,421	\$0	\$43,808	\$0	\$43,808
114 Cash - Tenant Security Deposits	\$0	\$2,144	\$0	\$0	\$0	\$2,144	\$0	\$2,144
100 Total Cash	\$45,378	\$256,556	\$44,699	\$451,103	\$25,208	\$822,944	\$0	\$822,944
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$9,008	\$9,008	\$0	\$9,008
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$4,000	\$0	\$4,000	\$0	\$4,000
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$96	\$0	\$96	\$0	\$96
128 Fraud Recovery	\$0	\$0	\$0	\$23,413	\$0	\$23,413	\$0	\$23,413
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	-\$23,413	\$0	-\$23,413	\$0	-\$23,413
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0	\$4,096	\$9,008	\$13,104	\$0	\$13,104
144 Inter Program Due From	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
150 Total Current Assets	\$45,378	\$256,556	\$44,699	\$455,199	\$34,216	\$836,048	\$0	\$836,048
161 Land	\$0	\$282,114	\$0	\$0	\$0	\$282,114	\$0	\$282,114
162 Buildings	\$0	\$1,368,244	\$0	\$0	\$0	\$1,368,244	\$0	\$1,368,244
164 Furniture, Equipment & Machinery - Administration	\$0	\$1,849	\$0	\$40,142	\$0	\$41,991	\$0	\$41,991
165 Leasehold Improvements	\$0	\$552,859	\$0	\$0	\$0	\$552,859	\$0	\$552,859
166 Accumulated Depreciation	\$0	-\$569,628	\$0	-\$40,142	\$0	-\$609,770	\$0	-\$609,770
167 Construction in Progress	\$0	\$207,060	\$0	\$0	\$0	\$207,060	\$0	\$207,060
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$1,842,498	\$0	\$0	\$0	\$1,842,498	\$0	\$1,842,498
180 Total Non-Current Assets	\$0	\$1,842,498	\$0	\$0	\$0	\$1,842,498	\$0	\$1,842,498
290 Total Assets and Deferred Outflow of Resources	\$45,378	\$2,099,054	\$44,699	\$455,199	\$34,216	\$2,678,546	\$0	\$2,678,546
312 Accounts Payable <= 90 Days	\$28,265	\$24,284	\$0	\$45,699	\$0	\$98,248	\$0	\$98,248
341 Tenant Security Deposits	\$0	\$2,144	\$0	\$0	\$0	\$2,144	\$0	\$2,144
342 Unearned Revenue	\$0	\$0	\$0	\$0	\$29,057	\$29,057	\$0	\$29,057
343 Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue	\$0	\$98,684	\$0	\$0	\$0	\$98,684	\$0	\$98,684
347 Inter Program - Due To	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$28,265	\$125,112	\$0	\$45,699	\$29,057	\$228,133	\$0	\$228,133
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$1,319,116	\$0	\$0	\$0	\$1,319,116	\$0	\$1,319,116

Fayette Metropolitan Housing Authority (OH056)
Washington CH, OH
Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2022

	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
350 Total Non-Current Liabilities	\$0:	\$1,319,116:	\$0:	\$0:	\$0:	\$1,319,116:	\$0:	\$1,319,116:
300 Total Liabilities	\$28,265:	\$1,444,228:	\$0:	\$45,699:	\$29,057:	\$1,547,249:	\$0:	\$1,547,249:
508.4 Net Investment in Capital Assets	\$0:	\$424,698:	\$0:	\$0:	\$0:	\$424,698:	\$0:	\$424,698:
511.4 Restricted Net Position	\$0:	\$0:	\$17,387:	\$26,421:	\$0:	\$43,808:	\$0:	\$43,808:
512.4 Unrestricted Net Position	\$17,113:	\$230,126:	\$27,312:	\$383,079:	\$5,159:	\$662,791:	\$0:	\$662,791:
513 Total Equity - Net Assets / Position	\$17,113:	\$654,826:	\$44,699:	\$409,500:	\$5,159:	\$1,131,297:	\$0:	\$1,131,297:
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$45,378:	\$2,099,054:	\$44,699:	\$455,199:	\$34,216:	\$2,678,546:	\$0:	\$2,678,546:

Fayette Metropolitan Housing Authority (OH056)
Washington CH, OH
Entity Wide Revenue and Expense Summary
Fiscal Year End: 12/31/2022

	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$0:	\$196,716:	\$0:	\$0:	\$0:	\$196,716:	\$0:	\$196,716:
70500 Total Tenant Revenue	\$0:	\$196,716:	\$0:	\$0:	\$0:	\$196,716:	\$0:	\$196,716:
70600 HUD PHA Operating Grants	\$65,684:	\$0:	\$782,408:	\$1,616,008:	\$13,298:	\$2,477,398:	\$0:	\$2,477,398:
71100 Investment Income - Unrestricted	\$0:	\$95:	\$0:	\$1,218:	\$10:	\$1,323:	\$0:	\$1,323:
71400 Fraud Recovery	\$0:	\$0:	\$0:	\$4,216:	\$0:	\$4,216:	\$0:	\$4,216:
71500 Other Revenue	\$0:	\$61,716:	\$0:	\$118,916:	\$0:	\$180,632:	\$0:	\$180,632:
71600 Gain or Loss on Sale of Capital Assets	\$0:	\$104,460:	\$0:	\$0:	\$0:	\$104,460:	\$0:	\$104,460:
70000 Total Revenue	\$65,684:	\$362,987:	\$782,408:	\$1,740,358:	\$13,308:	\$2,964,745:	\$0:	\$2,964,745:
91200 Auditing Fees	\$223:	\$0:	\$0:	\$8,961:	\$0:	\$9,184:	\$0:	\$9,184:
91600 Office Expenses	\$0:	\$0:	\$0:	\$18,618:	\$256:	\$18,874:	\$0:	\$18,874:
91800 Travel	\$0:	\$0:	\$0:	\$3,055:	\$0:	\$3,055:	\$0:	\$3,055:
91900 Other	\$13,562:	\$32,487:	\$113,713:	\$231,936:	\$2,435:	\$394,133:	\$0:	\$394,133:
91000 Total Operating - Administrative	\$13,785:	\$32,487:	\$113,713:	\$262,570:	\$2,691:	\$425,246:	\$0:	\$425,246:
93100 Water	\$0:	\$2,192:	\$0:	\$0:	\$0:	\$2,192:	\$0:	\$2,192:
93000 Total Utilities	\$0:	\$2,192:	\$0:	\$0:	\$0:	\$2,192:	\$0:	\$2,192:
94200 Ordinary Maintenance and Operations - Materials and Other	\$0:	\$34,238:	\$0:	\$0:	\$0:	\$34,238:	\$0:	\$34,238:
94300 Ordinary Maintenance and Operations Contracts	\$0:	\$1,317:	\$0:	\$0:	\$141:	\$1,458:	\$0:	\$1,458:
94000 Total Maintenance	\$0:	\$35,555:	\$0:	\$0:	\$141:	\$35,696:	\$0:	\$35,696:
96110 Property Insurance	\$0:	\$2,002:	\$0:	\$0:	\$0:	\$2,002:	\$0:	\$2,002:
96100 Total insurance Premiums	\$0:	\$2,002:	\$0:	\$0:	\$0:	\$2,002:	\$0:	\$2,002:
96200 Other General Expenses	\$0:	\$0:	\$0:	\$0:	\$75:	\$75:	\$0:	\$75:
96300 Payments in Lieu of Taxes	\$0:	\$160:	\$0:	\$0:	\$0:	\$160:	\$0:	\$160:
96000 Total Other General Expenses	\$0:	\$160:	\$0:	\$0:	\$75:	\$235:	\$0:	\$235:
96710 Interest of Mortgage (or Bonds) Payable	\$0:	\$13,993:	\$0:	\$0:	\$0:	\$13,993:	\$0:	\$13,993:
96700 Total Interest Expense and Amortization Cost	\$0:	\$13,993:	\$0:	\$0:	\$0:	\$13,993:	\$0:	\$13,993:
96900 Total Operating Expenses	\$13,785:	\$86,389:	\$113,713:	\$262,570:	\$2,907:	\$479,364:	\$0:	\$479,364:

Fayette Metropolitan Housing Authority (OH056)
Washington CH, OH
Entity Wide Revenue and Expense Summary
Fiscal Year End: 12/31/2022

	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
97000 Excess of Operating Revenue over Operating Expenses	\$51,899	\$276,598	\$668,695	\$1,477,788	\$10,401	\$2,485,381	\$0	\$2,485,381
97300 Housing Assistance Payments	\$51,899	\$0	\$659,103	\$1,375,539	\$38,533	\$2,125,074	\$0	\$2,125,074
97350 HAP Portability-In	\$0	\$0	\$0	\$16,087	\$0	\$16,087	\$0	\$16,087
97400 Depreciation Expense	\$0	\$71,946	\$0	\$1,278	\$0	\$73,224	\$0	\$73,224
90000 Total Expenses	\$65,684	\$158,335	\$772,816	\$1,655,474	\$41,440	\$2,693,749	\$0	\$2,693,749
10010 Operating Transfer In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10020 Operating transfer Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10060 Proceeds from Property Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$204,652	\$9,592	\$84,884	-\$28,132	\$270,996	\$0	\$270,996
11020 Required Annual Debt Principal Payments	\$0	\$98,684	\$0	\$0	\$0	\$98,684	\$0	\$98,684
11030 Beginning Equity	\$17,113	\$450,174	\$35,107	\$324,616	\$33,291	\$860,301	\$0	\$860,301
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11170 Administrative Fee Equity	\$0	\$0	\$0	\$383,079	\$0	\$383,079	\$0	\$383,079
11180 Housing Assistance Payments Equity	\$0	\$0	\$0	\$26,421	\$0	\$26,421	\$0	\$26,421
11190 Unit Months Available	204	168	2,124	3,576	105	6,177	0	6,177
11210 Number of Unit Months Leased	188	168	1,878	3,319	78	5,631	0	5,631

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**FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
<i>Direct Programs:</i>		
Housing Voucher Program- Cluster		
Housing Choice Voucher Program	14.871	1,616,008
Emergency Housing Voucher	14.871	13,298
		1,629,306
Mainstream Voucher Program	14.879	782,408
Total Housing Voucher Program- Cluster		2,411,714
 Section 8 Project-Based Cluster		
Section 8 New Construction and Substantial Rehab	14.182	65,684
Total Section 8 New Construction and Substantial Rehabilitation Cluster		65,684
 Total Direct Awards		2,477,398
 Total U.S. Department of Housing and Urban Development		2,477,398
 Total Expenditures of Federal Awards		\$2,477,398

The accompanying notes are an integral part of this schedule.

**FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the GAAP 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.

NOTE D – SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended December 31, 2022.

NOTE E – DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2022.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2022.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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

Fayette Metropolitan Housing Authority
Fayette County
121 E. East Street
Washington Court House, Ohio 43160

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Fayette Metropolitan Housing Authority, Fayette County, (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements and have issued our report thereon dated September 19, 2023. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

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*.

Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs and / or corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
September 19, 2023



**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**

Fayette Metropolitan Housing Authority
Fayette County
121 E East Street
Washington Court House, Ohio 43160

To the Governing Body:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Fayette Metropolitan Housing Authority's, Fayette County, (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 Fayette Metropolitan Housing Authority's major federal program for the year ended December 31, 2022. Fayette Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Fayette Metropolitan Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio
September 19, 2023

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**FAYETTE METROPOLITAN HOUSING AUTHORITY
FAYETTE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2022-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make

**FINDING NUMBER 2022-001
(Continued)**

it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The Authority should maintain an accounting system and accounting records sufficient to enable the Authority to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Net Invested in Capital Assets was not reduced by related long-term debt resulting in the net invested in capital assets being overstated by \$1,417,800 and unrestricted net position understated by \$1,417,800. This misstatement was due to an error in compilation calculation.

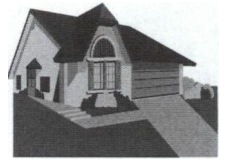
Failure to properly report financial activity in accordance with generally accepted accounting principles could result in material misstatements occurring and remaining undetected and fail to provide management with an accurate picture of the Authority's financial position and operations.

As a result, adjustments, with which the Authority's management agrees, were made to the financial statements.

To ensure the Authority's financial statements and notes to the financial statements are complete and accurate, the Authority should adopt policies and procedures, including a final review of the statements and footnotes by the Executive Director to identify and correct errors and omissions.

Officials' Response:

To ensure the Authority's financial statements and notes to the financial statements are complete and accurate, the Authority will adopt policies and procedures, including a final review of the statements and footnotes by the Executive Director to identify and correct errors and omissions.



FAYETTE METROPOLITAN HOUSING AUTHORITY

121 E. East St.
Washington C.H., OH 43160
Phone: (740) 335-7525
Fax: (740) 335-6644

2 CFR § 200.511(c)
December 31, 2022

Finding Number: 2022-001

Planned Corrective Action: To ensure the Authority's financial statements and notes to the financial statements are complete and accurate, the Authority will adopt policies and procedures, including a final review of the statements and footnotes by the Executive Director to identify and correct errors and omissions.

Anticipated Completion Date: 09/19/2023

Responsible Contact Person: Larry Gray

OHIO AUDITOR OF STATE KEITH FABER



FAYETTE METROPOLITAN HOUSING AUTHORITY

FAYETTE 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 9/28/2023

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

This report is a matter of public record and is available online at
www.ohioauditor.gov