

**MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY**

Regular Audit

For the Fiscal Year Ended September 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Morrow Metropolitan Housing Authority
201A West High Street
Mount Vernon, Ohio 43050

We have reviewed the *Independent Auditor's Report* of Morrow Metropolitan Housing Authority, Morrow County, prepared by Kevin L. Penn, Inc, for the audit period October 1, 2021 through September 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Morrow Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

April 17, 2023

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MORROW METROPOLITAN HOUSING AUTHORITY
MORROW, OHIO
SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Morrow Metropolitan Housing Authority

Morrow County
201A West High Street
Mount Vernon, Ohio 43050

To the Board of Trustees

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morrow Metropolitan Housing Authority's basic financial statements. The Supplemental Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Supplemental Financial Data Schedules 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*, I have also issued my report dated March 28, 2023, on my consideration of the Morrow Metropolitan Housing Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Morrow Metropolitan Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Morrow Metropolitan Housing Authority's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.
Cleveland, Ohio

March 28, 2023

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(UNAUDITED)

The Morrow 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 fiscal 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 years activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 12).

FINANCIAL HIGHLIGHTS

- During fiscal year 2022, the Authority’s net position increased by \$26,270 (or 52%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net position for fiscal year 2021 was \$50,859 and \$77,129 for fiscal year 2022.
- Revenues increased by \$86,062 (or 14%) during fiscal year 2022, and were \$635,329 and \$721,391 for fiscal year 2021 and fiscal year 2022, respectively.
- Expenses increased by \$123,980 (or 22%) during fiscal year 2022. Total expenses were \$571,141 and \$695,121 for fiscal year 2021 and fiscal year 2022, respectively.

USING THIS ANNUAL REPORT

The following is a graphic outlining the major sections of the report.

<p>MD&A Management's Discussion and Analysis</p>
<p>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</p>
<p>Other Required Supplementary Information Required Supplementary Information (Pension and OPEB Schedules)</p>
<p>Supplementary and Other Information Financial Data Schedules Schedule of Expenditures of Federal Awards</p>

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

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(UNAUDITED)

Basic Financial Statements

The basic financial statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets 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” portion) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position is reported in three broad categories:

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

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

Unrestricted: Consists of assets that do not meet the definition of “Investment in Capital Assets”, or “Restricted”.

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

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

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

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(UNAUDITED)

THE AUTHORITY'S FUND

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

Business-Type Activities:

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of adjusted household income. CARES Act Funding is also included in this program. The CARES Act provided additional funding to housing authorities to prevent, prepare for, and respond to coronavirus, including to maintain normal operations during the period the program was impacted by coronavirus.

Family Self-Sufficiency Program – Represents HUD resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Supportive Housing for Persons with Disabilities/Mainstream Vouchers – Starting November 2018, these programs designated funding to assist clients with disabilities with a Housing Choice Voucher type program.

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Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(UNAUDITED)

Statement of Net Position

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

STATEMENT OF NET POSITION

	<u>2022</u>	<u>2021</u>
Current and Other Noncurrent Assets	\$ 116,516	\$ 90,075
Capital Assets	<u>4,016</u>	<u>4,320</u>
Total Assets	<u>120,532</u>	<u>94,395</u>
Current Liabilities	1,026	13,394
Non-Current Liabilities	<u>42,377</u>	<u>30,142</u>
Total Liabilities	<u>43,403</u>	<u>43,536</u>
Net Position		
Net Investment in Capital Assets	2,726	4,320
Restricted	430	3,052
Unrestricted	<u>73,973</u>	<u>43,487</u>
Total Net Position	<u>\$ 77,129</u>	<u>\$ 50,859</u>

For more detailed information see page 12 for the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current and other noncurrent assets increased \$26,441 primarily due to an increase in cash resulting from grant activity during fiscal year 2022. Total liabilities remained relatively consistent based on increase in FSS escrow balances at fiscal year end 2022 being offset by the decrease in unearned revenue.

Capital assets decreased of \$304 which represents the recognizing leases based on implementation of GASB 87, off-set by the current fiscal year's depreciation expense. For more detail see "Capital Assets and Debt Administration" on page 9.

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

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(UNAUDITED)

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position September 30, 2021		\$ 43,487
Results of Operations:	\$ 27,902	
Adjustments:		
Depreciation (1)	<u>2,584</u>	
Adjusted Results from Operations		<u>30,486</u>
Unrestricted Net Position September 30, 2022		<u>\$ 73,973</u>

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

CHANGE OF RESTRICTED NET POSITION

Restricted Net Position September 30, 2021		\$ 3,052
Results of Operations:		
Use of HCV HAP Reserves	(\$2,625)	
Interest	<u>3</u>	
Adjusted Results from Operations		<u>(2,622)</u>
Restricted Net Position September 30, 2022		<u>\$ 430</u>

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Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(UNAUDITED)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

	<u>2022</u>	<u>2021</u>
Revenues		
Operating Grants	\$ 721,388	\$ 627,729
Interest	3	3
Other Revenues	<u>-</u>	<u>7,597</u>
Total Revenue	<u>721,391</u>	<u>635,329</u>
Expenses		
Administrative	94,928	114,929
Tenant Services	3,000	8,000
Housing Assistance Payments	594,530	533,247
Pension and OPEB Expense	-	(86,007)
Interest	79	-
Depreciation	<u>2,584</u>	<u>972</u>
Total Expenses	<u>695,121</u>	<u>571,141</u>
Change in Net Position	26,270	64,188
Net Position (Deficit) at October 1	<u>50,859</u>	<u>(13,329)</u>
Net Position (Deficit) at September 30	<u>\$ 77,129</u>	<u>\$ 50,859</u>

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

Changes to be noted were corresponding increases to operating grant revenue and increases to Housing Assistance Payments (HAP) expense. Part of the funding provided for the Housing Choice Voucher and Mainstream Voucher programs is used to support administration of the program and part is used to make rental assistance payments on behalf of program participants. The rental assistance payments made under the programs is reported as HAP expense. The corresponding increases to operating grant revenue and HAP expense primarily reflect an increase in rental assistance payments made on behalf of participants assisted by those programs and funding to enable the agency to make those assistance payments. Due to the Authority having no employees, the Pension and OPEB expense for FY22 was zero.

Most other expenses fluctuated moderately due to current fiscal year needs.

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(UNAUDITED)

CAPTIAL ASSETS AND DEBT
ADMINISTRATION

Capital Assets

As of September 30, 2022, the Authority had \$4,016 invested in Capital Assets as reflected in the following schedule, which represents an increase based on additions exceeding depreciation expense.

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

	Business-type Activities	
	<u>2022</u>	<u>2021</u>
Furniture, Fixtures, and Equipment	\$ 22,131	\$ 19,851
Accumulated Depreciation	<u>(18,115)</u>	<u>(15,531)</u>
Total	<u>\$ 4,016</u>	<u>\$ 4,320</u>

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

CHANGE IN CAPITAL ASSETS

	Business-type Activities
Beginning Balance	\$ 4,320
Additions	2,280
Depreciation	<u>(2,584)</u>
Ending Balance	<u>\$ 4,016</u>

The Authority had no disposals. Additions in fiscal year 2022 represent copier lease are result of implementation of GASB 87.

Debt Outstanding

During fiscal year 2022, the Authority entered into a lease agreement for the use of a copier lease. The initial lease liability was \$2,280 and outstanding balance as of September 30, 2022, is \$1,290. Lease liability is presented in detail on page 19 of the notes.

Morrow Metropolitan Housing Authority
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(UNAUDITED)

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, 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.
- Unknown financial and federal program impacts as a result of the COVID-19 pandemic.

FINANCIAL CONTACT

The individual to be contacted regarding this report is Shannon Treisch, Executive Director for the Morrow Metropolitan Housing Authority, at (419) 524-0029. Specific requests may be submitted to the Authority at 201A W. High Street, Mount Vernon, Ohio 43050.

MORROW METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted (Note 2)	\$ 65,845
Accounts Receivable – HUD	8,558
Total Current Assets	<u>74,403</u>

Non-Current Assets

Restricted Cash (Note 2)	42,113
Capital Assets: (Note 3)	
Depreciable Capital Assets	22,131
Accumulated Depreciation	<u>(18,115)</u>
Total Capital Assets	<u>4,016</u>
TOTAL ASSETS	<u>\$ 120,532</u>

LIABILITIES AND NET POSITION

Current Liabilities

Lease Liability - Current Portion	\$ 1,026
Total Current Liabilities	<u>1,026</u>

Non-Current Liabilities

Family Self-Sufficiency Deposit Payable	42,113
Mortgage Note	<u>264</u>
Total Non-Current Liabilities	<u>42,377</u>
Total Liabilities	43,403

Net Position

Net Investment in Capital Assets	2,726
Restricted	430
Unrestricted	<u>73,973</u>
Total Net Position	<u>77,129</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 120,532</u>

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

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

Operating Revenue:

Operating Grants	<u>\$ 721,388</u>
Total Operating Revenue	721,388

Operating Expenses:

Housing Assistance Payments	594,530
Administrative	94,928
Tenant Services	3,000
Depreciation and Amortization Expense	<u>2,584</u>
Total Operating Expenses	<u>695,042</u>

Operating Income (Loss)	26,346
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Non-Operating Revenues (Expenses)

Interest Income	3
Interest Expense	<u>(79)</u>
Total Non-Operating Revenues (Expenses)	<u>(76)</u>

Change in Net Position	26,270
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Net Position - Beginning of Year	<u>50,859</u>
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Net Position - End of Year	<u><u>\$ 77,129</u></u>
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The accompanying notes are an integral part of the financial statements.

MORROW METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Cash Flows From Operating Activities:	
Cash received from HUD and other grantor agencies	\$ 714,995
Cash payments for goods or services - HUD	(594,530)
Cash payments for goods or services	<u>(97,273)</u>
Net Cash Provided (Used) by Operating Activities	23,192
Cash Flows From Capital and Related Financing Activities:	
Capital Asset Additions	(2,280)
Interest paid on Mortgage Note	(79)
Lease Proceeds	2,280
Principal Paid on Mortgage Note	<u>(990)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,069)
Cash Flows From Investing Activities:	
Interest Income	<u>3</u>
Net Cash Provided (Used) by Investing Activities	3
Increase (Decrease) in Cash and Cash Equivalents	22,126
Cash and Cash Equivalents - Beginning of Year	<u>85,832</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 107,958</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:	
Operating Income (Loss)	\$ 26,346
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:	
Depreciation and Amortization	2,584
(Increase) decrease in:	
Accounts Receivable	(4,315)
Increase (decrease) in:	
Accounts Payable	(2,686)
Deferred Inflow of Resources	(10,708)
Other Liabilities	11,971
Net cash used in operating activities	<u><u>\$ 23,192</u></u>

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

MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

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

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through 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. 39, *Determining Whether Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, 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 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. 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 of the funds over which the Authority is financially accountable. Based on the above criteria, the Authority has no component units.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

Fund Accounting

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

Proprietary Fund Type:

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

Enterprise Fund – The Authority accounts for and reports all receipts on a flow of economic resources measurement focus. With this 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 total net position. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

The Authority accounts for and reports all operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body 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.

Accounting and Reporting for Nonexchange Transactions

The Authority accounts for nonexchange transactions in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Nonexchange transactions occur when the Authority receives (or gives) value without directly giving (or receiving) equal value in return. In conformity with the requirements of GASB Statement No. 33, the Authority has recognized grant funds expended for capitalizable capital assets acquired after June 30, 2000 as revenues and the related depreciation thereon, as expenses in the accompanying statement of revenues, expenses and changes in net position.

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, liabilities, and deferred outflows and inflows of resources and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for unspent grant funds of \$430.

Accounts Receivable

Management considers all accounts receivable to be collected in full.

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are reported as prepaid items via the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the fiscal year which services are consumed. The Authority did not report prepaid items at September 30, 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. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The capitalization threshold used by the Authority is \$500. The following are the useful lives used for depreciation purposes:

<u>Description</u>	<u>Estimated Useful Lives - Years</u>
Equipment and Furniture	5-7
Computer Hardware & Software	3

Total depreciation expense for the 2022 fiscal year was \$1,571.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation less any related debt.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

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. The amount reported as restricted net position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments. When an expense is incurred for purposes which both restricted and unrestricted net position is available, the Authority first applies restricted resources. The Authority did not have net position restricted by enabling legislature at September 30, 2022.

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 for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenues.

2. CASH AND CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition. All monies are deposited into banks as determined by the Authority. Funds are deposited in either interest bearing or non-interest bearing accounts at the Authority's discretion. Security shall be furnished for all accounts in the Authority's name.

Cash and cash equivalents included in the Authority's cash position at September 30, 2022 are as follows:

	<u>Checking</u>	<u>Savings</u>	<u>Total</u>
Demand Deposits:			
Bank balance	\$ 65,935	\$ 42,113	\$ 108,048
Items-in-transit	<u>(90)</u>	<u>-</u>	<u>(90)</u>
Carrying balance	<u>\$ 65,845</u>	<u>\$ 42,113</u>	<u>\$ 107,958</u>

Of the fiscal year-end bank balance, \$108,048 of deposits of the total checking and saving account balances were covered by federal deposit insurance. Based on the Authority having only demand deposits at September 30, 2022, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

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

3. CAPITAL ASSETS

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

	<u>Balance</u> <u>9/30/2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2022</u>
Capital Assets depreciated				
Furniture and Equipment	\$ 19,851	\$ 0	\$ 0	\$ 19,851
Intangible Right-to-Use: Leased Equipment	0	2,280		2,280
Total Capital Assets Depreciated/Amortized	<u>19,851</u>	<u>2,280</u>	<u>0</u>	<u>22,131</u>
Accumulated Depreciation				
Furniture and Equipment	(15,531)	(1,571)		(17,102)
Intangible Right-to-Use: Leased Equipment	0	(1,013)		(1,013)
Total Accumulated Depreciation/Amortized	<u>(15,531)</u>	<u>(2,584)</u>	<u>0</u>	<u>(18,115)</u>
Total Capital Assets Depreciated - Net	<u>4,320</u>	<u>(304)</u>	<u>0</u>	<u>4,016</u>
Total Capital Assets - Net	<u>\$ 4,320</u>	<u>\$ (304)</u>	<u>0</u>	<u>\$4,016</u>

4. FSS ESCROW PAYABLE

The Authority is involved in the Family Self-Sufficiency program through the Housing Choice Vouchers Program. Each month contributions are deposited into the Authority's savings account on behalf of the program participants. Participants are limited to a five year contract (with a two year extension option) at which time, they either meet their program goals and may withdraw their money earned from the savings account, or they fail to meet their goals and forfeit their money. If a forfeiture occurs, the money earned is used by the Authority to reinvest into the Housing Choice Voucher Program.

5. 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 fiscal year 2022, the Authority purchased commercial insurance for public officials and employment practices liability for general insurance, property, crime, electronic equipment, and automobile insurance. Public officials' liability and employment practices liability insurance each carries a \$2,500 deductible. Property and electronic equipment insurance each carries a \$500 deductible. Vehicle carries a \$250 deductible for comprehensive damages and \$500 deductible for collision.

Settled claims have not exceeded this coverage in any of the last three fiscal years. There has been no significant reduction in coverage from last fiscal year.

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

6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt and compensated absence for the fiscal year ended September 30, 2022:

<u>Description</u>	<u>Balance</u> <u>09/30/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/22</u>	<u>Due Within</u> <u>One Year</u>
Lease Liability	\$ -	\$ 2,280	(\$ 990)	\$ 1,290	\$ 1,026
Family Self-Sufficiency Payable	<u>30,142</u>	<u>11,971</u>	<u>-</u>	<u>42,113</u>	<u>0</u>
Total	<u>\$ 30,142</u>	<u>\$ 14,251</u>	<u>(\$ 990)</u>	<u>\$ 43,403</u>	<u>\$ 1,026</u>

The Authority entered into a sixty-month lease for a copier which requires monthly payments of \$88.62 beginning January 2019; the lease was added in October 2021 at the remaining balance due based on GASB 87 implementation. The equipment is being amortized over the remaining life of the lease. The imputed interest rate on the lease is 4.50%.

Lease commitments for fiscal years ending September 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,026	\$ 37	\$ 1,063
2024	<u>264</u>	<u>2</u>	<u>266</u>
Total	<u>\$ 1,290</u>	<u>\$ 39</u>	<u>\$ 1,329</u>

7. SERVICE AGREEMENT

The Authority entered into a service contract with the Knox Metropolitan Housing Authority to provide fiscal and consulting services. The Knox Metropolitan Housing Authority shall perform the following services for the Authority in accordance with the service agreement: 1) Month-end accounting; 2) Accounts payable/receivable; and 3) Accounting, fiscal support, tax reporting, and general office support.

8. CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

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

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

9. COVID-19

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

10. CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 87, *Leases*, enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that 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 leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Authority's financial statements; however, there was no effect on the beginning net position.

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

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required employer contribution										
Pension	\$ -	\$ -	\$ 1,041	\$ 5,022	\$ 4,880	\$ 4,331	\$ 4,078	\$ 4,078	\$ 4,078	\$ 4,418
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ (1,041)	\$ (5,022)	\$ (4,880)	\$ (4,331)	\$ (4,078)	\$ (4,078)	\$ (4,078)	\$ (4,418)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority covered-employee payroll	\$ -	\$ -	\$ 7,436	\$ 35,870	\$ 35,491	\$ 33,969	\$ 33,983	\$ 33,983	\$ 33,986	\$ 33,986
Contribution as a percentage of covered-employee payroll										
Pension	14.00%	14.00%	14.00%	14.00%	13.75%	12.75%	12.00%	12.00%	12.00%	13.00%

(1) - The Authority did not have employees as of the plan measurement date.

See accompanying notes to the required supplementary information.

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

	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required employer contribution										
OPEB	\$ -	\$ -	\$ -	\$ -	\$ 88	\$ 428	\$ 680	\$ 680	\$ 680	\$ 340
Contributions in relation to the										
contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ (88)	\$ (428)	\$ (680)	\$ (680)	\$ (680)	\$ (340)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority covered-employee payroll	\$ -	\$ -	\$ 7,436	\$ 35,870	\$ 35,491	\$ 33,969	\$33,983	\$33,983	\$ 33,986	\$33,986
Contribution as a percentage of										
covered-employee payroll										
OPEB	0.00%	0.00%	0.00%	0.00%	0.25%	1.26%	2.00%	2.00%	2.00%	1.00%

(1) - The Authority did not have employees as of the plan measurement date.

See accompanying notes to the required supplementary information.

**MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS (1) (2)**

	2022 (3)	2021 (3)	2020	2019	2018	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.00000%	0.00000%	0.000242%	0.000267%	0.000257%	0.000263%	0.000273%	0.000277%	0.000277%
Authority's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ 47,833	\$ 73,215	\$ 40,318	\$ 59,457	\$ 47,288	\$ 33,410	\$ 32,655
Authority's Covered Employee Payroll	\$ -	\$ -	\$ 35,870	\$ 36,005	\$ 33,987	\$ 33,987	\$ 33,987	\$ 33,987	\$ 33,986
Authority's Proportionate Share of the Net Pension Liability as a percentage of its covered employee payroll	0.00%	0.00%	133.35%	203.35%	118.63%	174.94%	139.14%	98.30%	96.08%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

(2) - Amounts presented as of the Authority's plan measurement date, which is prior calendar year-end.

(3) - The Authority did not have employees as of the plan measurement date.

See accompanying notes to the required supplementary information.

**MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS (1) (2)**

	<u>2022 (3)</u>	<u>2021 (3)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.000000%	0.000000%	0.000225%	0.000248%	0.000240%	0.000250%
Authority's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ 31,077	\$ 32,333	\$ 26,062	\$ 25,251
Authority's Covered Employee Payroll	\$ -	\$ -	\$ 35,870	\$ 36,005	\$ 33,987	\$ 33,983
Authority's Proportionate Share of the Net OPEB Liability as a percentage of its covered employee payroll	0.00%	0.00%	86.64%	89.80%	76.68%	74.30%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	0.00%	0.00%	47.80%	43.33%	54.14%	68.52%

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

(2) - Amounts presented as of the Authority's plan measurement date, which is prior calendar year-end.

(3) - The Authority did not have employees as of the plan measurement date.

See accompanying notes to the required supplementary information.

**MORROW METROPOLITAN HOUSING AUTHORITY
MORROW COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Ohio Public Employees' Retirement System

Net Pension Liability

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

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

Net OPEB Liability

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035.

Morrow Metropolitan Housing Authority
Statement of Net Position
September 30, 2022

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

FDS Line Item No.	Account Description	14.871 Housing Choice Vouchers	14.879 Mainstream Voucher Program	Total
111	Cash – Unrestricted	\$ 65,845	\$ -	\$ 65,845
113	Cash - Other Restricted	42,113		42,113
100	Total Cash	<u>107,958</u>	<u>-</u>	<u>107,958</u>
122	Accounts Receivable - HUD Other Projects	8,128	430	8,558
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>8,128</u>	<u>430</u>	<u>8,558</u>
150	Total Current Assets	<u>116,086</u>	<u>430</u>	<u>116,516</u>
164	Furniture and Equipment - Administration	22,131		22,131
166	Accumulated Depreciation	(18,115)		(18,115)
160	Net Fixed Assets	<u>4,016</u>	<u>-</u>	<u>4,016</u>
180	Total Noncurrent Assets	<u>4,016</u>	<u>-</u>	<u>4,016</u>
190	Total Assets	<u>\$ 120,102</u>	<u>\$ 430</u>	<u>\$ 120,532</u>
343	Current portion of long-term debt	\$ 1,026	\$ -	\$ 1,026
310	Total Current Liabilities	<u>1,026</u>	<u>-</u>	<u>1,026</u>
351	Long-term debt, net of current	264		264
353	Non-Current Liabilities – Other	42,113	-	42,113
350	Total Non-Current Liabilities	<u>42,377</u>	<u>-</u>	<u>42,377</u>
300	Total Liabilities	<u>43,403</u>	<u>-</u>	<u>43,403</u>
508.4	Net Investment in Capital Assets	2,726	-	2,726
511.4	Restricted Net Position	-	430	430
512.4	Unrestricted Net Position	73,973	-	73,973
	Total Net Position	<u>76,699</u>	<u>430</u>	<u>77,129</u>
600	Total Liabilities and Net Position	<u>\$ 120,102</u>	<u>\$ 430</u>	<u>\$ 120,532</u>

See Auditor's Report.

Morrow Metropolitan Housing Authority
Statement of Revenue and Expenses
September 30, 2022

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

FDS Line Item No.	Account Description	14.896 Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.HCC Housing Choice Vouchers CARES	14.879 Mainstream Voucher Program	Total
70600	HUD PHA Operating Grants	\$ 33,750	\$ 560,257	\$ 10,708	\$ 116,673	\$ 721,388
71100	Investment Income - Unrestricted		3			3
70000	Total Revenue	<u>33,750</u>	<u>560,260</u>	<u>10,708</u>	<u>116,673</u>	<u>721,391</u>
91200	Auditing Fees		6,346			6,346
91300	Management Fee	33,750	22,185		13,215	69,150
91600	Office Expenses		11,724	7,708		19,432
91000	Total Operating - Administrative	<u>33,750</u>	<u>40,255</u>	<u>7,708</u>	<u>13,215</u>	<u>94,928</u>
92500	Tenant Services - Other			3,000		3,000
92500	Total Tenant Services			3,000		3,000
96720	Interest on Notes Payable		79			79
96000	Total Other General Expenses		<u>79</u>			<u>79</u>
96900	Total Operating Expenses	<u>33,750</u>	<u>40,334</u>	<u>10,708</u>	<u>13,215</u>	<u>98,007</u>
97000	Excess Operating Rev. over Exp.	<u>-</u>	<u>519,926</u>	<u>-</u>	<u>103,458</u>	<u>623,384</u>
97300	Housing Assistance Payments		491,502		103,028	594,530
97400	Depreciation Expense		2,584			2,584
	Total Other Expenses	<u>-</u>	<u>494,086</u>	<u>-</u>	<u>103,028</u>	<u>597,114</u>
90000	Total Expenses	<u>33,750</u>	<u>534,420</u>	<u>10,708</u>	<u>116,243</u>	<u>695,121</u>
10000	Excess of Revenues under Expenses		25,840		430	26,270
11030	Beginning Net Position		50,859		-	50,859
11170	Administrative Fee Equity		76,699		-	76,699
	Total Ending Net Position	<u>\$ -</u>	<u>\$ 76,699</u>	<u>\$ -</u>	<u>\$ 430</u>	<u>\$ 77,129</u>

See Auditor's Report.

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

Line item	Account Description	Housing Choice Vouchers	Mainstream Vouchers
11030	Beginning Equity	\$ 50,859	\$ -
11170	Administrative Fee Equity	\$ 76,722	\$ -
11180	Housing Assistance Payment Equity	\$ (8,128)	\$ -
11190	Unit Months Available	1224	396
11210	Number of Unit Months Leased	1210	267

See Auditor's Report.



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

Morrow Metropolitan Housing Authority

Morrow County
201A West High Street
Mount Vernon, Ohio 43050

To the Board of Trustees

I have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Morrow Metropolitan Housing Authority, Morrow County, (the Authority) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated March 28, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

I noted certain matters that I reported to management of the Authority's in a separate letter dated March 28, 2023.

Purpose of this Report

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

Kevin L. Penn, Inc.
Cleveland, Ohio

March 28, 2023

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OHIO AUDITOR OF STATE KEITH FABER



MORROW METROPOLITAN HOUSING AUTHORITY

MORROW 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 5/4/2023

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