

**PICKAWAY METROPOLITAN
HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO**

SINGLE AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020**

James G. Zupka, CPA, Inc.
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



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Board Members
Pickaway Metropolitan Housing Authority
176 Rustic Drive
Circleville, Ohio 43113

We have reviewed the *Independent Auditor's Report* of the Pickaway Metropolitan Housing Authority, Pickaway County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2020 through December 31, 2020. 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. The Pickaway 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

August 30, 2021

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**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020**

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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INDEPENDENT AUDITOR’S REPORT

To the Members of the Board
Pickaway Metropolitan Housing Authority
Circleville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Pickaway Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the Table of Contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of PMHA Pickaway Terrace, LLC, and PMHA Eden Place, LLC, blended component units, which represent 36 percent of the assets and deferred outflows, -22 percent of the net position, and 10 percent of the revenues of the business-type activities. The statements of the component unit were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the blended component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority’s preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Pickaway Metropolitan Housing Authority, Ohio, as of December 31, 2020 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the Authority entered into an agreement to create a new entity, PMHA Eden Place, LLC, in 2020. The inclusion of this entity caused a restatement of net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of the Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 the 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules are presented for purposes of additional analysis and are not a part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2021, on our consideration of the Pickaway Metropolitan Housing Authority, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Authority's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 26, 2021

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**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

It is a privilege to present for you the financial picture of Pickaway Metropolitan Housing Authority. The Pickaway 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 the single enterprise 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

- A subsidiary was created, PMHA Pickaway Terrace, LLC, with the Authority as its sole member. The Authority determined that net position as of the end of 2019 should be restated by \$(568,399), because of this subsidiary.
- The net position increased by \$717,666 (or 32.23 percent) during 2020, and was \$2,944,210 and \$2,226,544 for 2020 and 2019 (restated), respectively.
- The revenue increased by \$1,804,256 (or 38.40 percent) during 2020, and was \$6,502,428 and \$4,698,172 for 2020 and 2019, respectively.
- Total expenses increased by \$962,017 (or 19.95 percent) during 2020. Total expenses were \$5,784,762 and \$4,822,745 for 2020 and 2019, respectively.

FINANCIAL STATEMENTS

The financial statements are designed such that all programs are consolidated into one single enterprise fund for the Authority.

These statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources equals “Net Position”, formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current”.

The focus of the Statement of Net Position 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 (as applicable):

Net Investment in Capital Assets: This component of net position consists of all capital assets net of depreciation and 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.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

Unrestricted Net Position: Consists of net position that does not meet the definition of “Net Investments in Capital Assets”, or “Restricted Net Position”.

The 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 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 similar to Net Income or Loss.

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

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

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

Rural Rental Housing Loans – Williamsport Terrace is a multiple family housing project funded by the United States Department of Agriculture (USDA). Each month a subsidy is paid to the Authority and the USDA deducts the mortgage payment from that subsidy. The rental assistance part of the subsidy is reflected as federal expenditures for this Program.

Housing Choice Vouchers – Under the Housing Choice Voucher Program, the Authority subsidizes rents to 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 with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30 percent, and the Authority subsidizes the balance.

Subsidiary Entity – PMHA Pickaway Terrace, LLC (PT), an entity formed in 2019 with the Authority as its sole member, is a nonprofit corporation owning real estate consisting of land and an apartment complex that provides housing primarily to senior citizens. PT has an on-going Housing Assistance Payments contract whereby HUD subsidizes PT to the extent of the fair market value of rents.

The Board of Directors of Churches United for Senior Citizens, Inc., a nonprofit corporation owning real estate consisting of land and an apartment complex that provides housing primarily to senior citizens, entered into an agreement to become a subsidiary of the Authority. A new entity, PMHA Eden Place, LLC (EP), was formed with the Authority as a sole member. A loan closed on October 1, 2020 was used by EP to refinance existing debt and allow for renovations to the property. EP and HUD entered into a Housing Assistance Payments contract, effective October 1, 2020, whereby HUD subsidizes EP to the extent of the fair market value of rents through 2040.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

PIH Family Self-Sufficiency Program – The Authority receives a grant from HUD that provides assistance, support, and escrow savings to participants of the Housing Choice Voucher Program.

Business Activities – These are the miscellaneous activities of the Authority that currently include housing activities outside the scope of the Conventional and Housing Choice Voucher programs. Management contracts for non-profit elderly projects.

The Authority has previously adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an Amendment of GASB Statement No. 68*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Many end users of this financial statement will gain a clearer understanding of the Authority’s actual financial condition by adding deferred inflows related to pension and other post-employment benefits (OPEB) and their net liabilities to the reported net position and subtracting their related deferred outflows.

Increases and decreases related to pension and OPEB were realized in deferred inflow and outflow of resources and non-current liabilities noted on the Statements of Net Position below. These balances reported pursuant to the accounting standards, GASB 68 and 75 noted above, truly do not reflect an operating issue at the Authority, but rather reflect changes at the Ohio Public Employees Retirement System. The standards require the Authority to report on its financial statements what is determined to be its share of the unfunded pension and OPEB liability and related balances of the Ohio Public Employees Retirement System (OPERS). The concept behind the standards is for OPERS to resolve the unfunded pension and OPEB liability it has; it will impose an additional funding burden on the entities that contribute to it. State law mandates that employees of the Authority are participants in OPERS and that the Authority makes retirement contributions to OPERS on behalf of all of its employees.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension and OPEB liability. As explained above, changes in pension and OPEB benefits, contribution rates, and return on investments affect the balance of the net pension and OPEB liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension and OPEB liability are satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68 and 75, the Authority’s statements prepared on an accrual basis of accounting include an annual pension and OPEB expense for their proportionate share of each plan’s *change* in net pension and OPEB liability not accounted for as deferred inflows/outflows. As a result of GASB 68 and 75, the Authority is reporting a net pension and OPEB liability and deferred inflows/outflows of resources related to pension and OPEB on the accrual basis of accounting.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

Statement of Net Position

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

Table 1 - Condensed Statement of Net Position

| | 2020 | 2019 Restated |
|--|---------------------|----------------------|
| <u>Assets</u> | | |
| Current Assets and Other | \$ 2,890,233 | \$ 2,992,475 |
| Capital Assets, Net | 6,769,213 | 5,352,533 |
| Total Assets | 9,659,446 | 8,345,008 |
| Deferred Outflow of Resources | 263,018 | 470,413 |
| Total Assets and Deferred Outflow of Resources | \$ 9,922,464 | \$ 8,815,421 |
| <u>Liabilities</u> | | |
| Current Liabilities | \$ 416,348 | \$ 375,231 |
| Non-Current Liabilities - Pension and OPEB | 1,451,967 | 1,782,779 |
| Non-Current Liabilities - Other | 4,825,925 | 4,326,195 |
| Total Liabilities | 6,694,240 | 6,484,205 |
| Deferred Inflow of Resources | 284,014 | 104,672 |
| <u>Net Position</u> | | |
| Net Investment in Capital Assets | 1,896,220 | 952,901 |
| Restricted | 1,217,086 | 1,662,166 |
| Unrestricted | (169,096) | (388,523) |
| Total Net Position | 2,944,210 | 2,226,544 |
| Total Liabilities, Deferred Inflow of Resources, and Net Position | \$ 9,922,464 | \$ 8,815,421 |

Major Factors affecting the Statement of Net Position:

The increase in capital assets and long-term debt resulted in a small increase in net position.

STATEMENTS 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:

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

Table 2 - Statements of Revenues, Expenses, and Changes in Net Position

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|---------------------|---------------------|
| Revenues | | |
| Tenant Revenue - Rents and Other | \$ 581,520 | \$ 485,817 |
| Operating Subsidies and Grants | 5,186,682 | 4,329,351 |
| Capital Grants | 594,418 | 23,633 |
| Investment Income/Other Revenues | 139,808 | 91,074 |
| Total Revenues | <u>6,502,428</u> | <u>4,929,875</u> |
| Expenses | | |
| Administration | 850,970 | 946,842 |
| Tenant Services | 11,720 | 514 |
| Utilities | 260,910 | 187,137 |
| Maintenance | 488,530 | 348,177 |
| General/PILOT/Insurance | 112,234 | 105,195 |
| Housing Assistance Payment | 3,475,087 | 3,314,648 |
| Depreciation | 445,314 | 376,279 |
| Interest Expense | 122,917 | 62,582 |
| Bad Debt/Fraud Losses | 17,080 | 11,279 |
| Total Expenses | <u>5,784,762</u> | <u>5,352,653</u> |
| Changes in Net Position | 717,666 | (422,778) |
| Net Position - Beginning of Year | 2,226,544 | 3,217,721 |
| Restatement of Net Position - 2019 | 0 | (568,399) |
| Net Position - End of Year | <u>\$ 2,944,210</u> | <u>\$ 2,226,544</u> |

Major Factors Affecting the Statement of Revenue, Expenses, and Changes in Net Position include:

The new subsidiary in 2020, PMHA Eden Place, LLC (EP), increased tenant revenues by \$87,000 for 3 months, and PMHA Pickaway Terrace, LLC (PT), increased tenant revenues by \$284,000 for 12 months in 2020, and only 6 months in 2019. The 2020 HUD CARES Act one-time funding due to the pandemic was \$414,000. HUD Public Housing Capital funding increased \$590,000 due to major capitalized renovations. HUD Housing Assistance grants increased \$214,000 due to higher lease-up activity in the Circleville community, creating more housing of low-income clients.

The subsidiaries increased expenses by \$350,000. HUD Housing Assistance payments to landlords and residents of private housing increased \$277,000, increasing the Authority's investment into the Circleville community.

CAPITAL ASSETS

As of the current fiscal year-end, the Authority had \$6,769,213 invested in net capital assets as reflected in the following schedule, which represents a net increase (additions less depreciation) of \$1,416,680 from the end of last fiscal year. This increase was mainly capitalized renovation of Public Housing.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

Table 3 - Capital Assets at Fiscal Year-End, Net of Depreciation

| | 2020 | 2019 (Restated) |
|----------------------------|---------------------|------------------------|
| Land and Land Rights | \$ 749,223 | \$ 793,345 |
| Buildings | 18,043,763 | 15,012,663 |
| Equipment - Administrative | 233,066 | 233,066 |
| Equipment - Dwellings | 396,872 | 396,872 |
| Leasehold Improvements | 3,405 | 3,405 |
| Construction-in-Progress | 23,600 | 1,148,585 |
| Accumulated Depreciation | (12,680,716) | (12,235,403) |
| Total | \$ 6,769,213 | \$ 5,352,533 |

The following reconciliation summarizes the change in capital assets. Capital fund projects were the main factors affecting a change in capital assets. See notes to the financial statements for more detail of the capital assets.

Table 4 - Change in Capital Assets

| | |
|------------------------------|---------------------|
| Beginning Balance, Restated | \$ 5,352,533 |
| Additions (Net of Deletions) | 1,861,994 |
| Depreciation | (445,314) |
| Ending Balance | \$ 6,769,213 |

DEBT OUTSTANDING

The Authority's debt is listed as current and long-term debt on the Statement of Net Position. There is a mortgage and rehab loan in the Williamsport Terrace Project, a Rural Rental Housing Project. Total outstanding debt was \$729,662 and \$743,111 for 2020 and 2019, respectively. There is a mortgage in the Authority's subsidiary PMHA Pickaway Terrace, LLC project. Total outstanding debt was \$2,580,188 and \$2,617,406 for 2020 and 2019, respectively. Additionally, there is a mortgage note issued October 1, 2020 for \$1,570,000 in the Authority's subsidiary PMHA Eden Place, LLC project. This mortgage refinanced existing debt. Total outstanding debt was \$1,563,143 and \$1,039,116 for 2020 and 2019 (restated), respectively.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

1. Federal funding of the U.S. Department of Housing and Urban Development.
2. Local labor supply and demand, which can affect salary and wage rates.
3. Local inflationary, recession, and employment trends, which can affect resident incomes and, therefore, the demand for housing assistance.
4. Inflationary pressure on utility rates, supplies, and other costs.
5. Market rates for rental housing

IN CONCLUSION

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact Kim Hartinger, Executive Director of the Pickaway Metropolitan Housing Authority at (740) 477-2514.

Respectfully submitted,

Kim Hartinger
Executive Director

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2020

Assets

Current Assets

| | |
|--|-------------------------|
| Cash and Cash Equivalents - Unrestricted | \$ 1,460,239 |
| Cash and Cash Equivalents - Restricted | 1,304,475 |
| Receivables, Net | 40,332 |
| Prepaid Expenses and Other Assets | 85,187 |
| Total Current Assets | <u>2,890,233</u> |

Noncurrent Assets

| | |
|---------------------------------|-------------------------|
| Capital Assets: | |
| Non-Depreciable Capital Assets | 772,823 |
| Depreciable Capital Assets, Net | 5,996,390 |
| Total Noncurrent Assets | <u>6,769,213</u> |

Deferred Outflows of Resources

| | |
|---------|---------|
| Pension | 164,232 |
| OPEB | 98,786 |

Total Deferred Outflows of Resources **263,018**

Total Assets and Deferred Outflow of Resources **\$ 9,922,464**

Liabilities

Current Liabilities

| | |
|---------------------------------|------------|
| Accounts Payable | \$ 142,043 |
| Accrued Liabilities | 112,858 |
| Accrued Interest | 8,982 |
| Intergovernmental Payables | 11,096 |
| Tenant Security Deposits | 58,759 |
| Bonds, Notes, and Loans Payable | 82,610 |

Total Current Liabilities **416,348**

Noncurrent Liabilities

| | |
|--|-----------|
| Bonds, Notes, and Loans Payable | 4,790,383 |
| Accrued Liabilities - Noncurrent | 27,280 |
| Accrued Compensated Absences Non-Current | 8,262 |
| Accrued Pension Liabilities | 879,573 |
| Accrued OPEB Liabilities | 572,394 |

Total Noncurrent Liabilities **6,277,892**

Total Liabilities **6,694,240**

Deferred Inflow of Resources

| | |
|---------|---------|
| Pension | 194,594 |
| OPEB | 89,420 |

Total Deferred Inflow of Resources **284,014**

Total Liabilities and Deferred Inflow of Resources **\$ 6,978,254**

Net Position

| | |
|----------------------------------|----------------------------|
| Net Investment in Capital Assets | \$ 1,896,220 |
| Restricted Net Position | 1,217,086 |
| Unrestricted Net Position | (169,096) |
| Total Net Position | <u>\$ 2,944,210</u> |

See the accompanying notes to the financial statements.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

| | |
|---|---------------------|
| <u>Operating Revenues</u> | |
| Tenant Revenue | \$ 581,520 |
| Government Operating Grants | 5,186,682 |
| Other Revenue | 178,399 |
| Total Operating Revenues | 5,946,601 |
| <u>Operating Expenses</u> | |
| Administrative | 850,970 |
| Tenant Services | 11,720 |
| Utilities | 260,910 |
| Maintenance | 488,530 |
| Insurance | 66,559 |
| PILOT | 17,171 |
| Compensated Absences | 28,504 |
| Housing Assistance Payments | 3,475,087 |
| Bad Debts | 17,080 |
| Depreciation | 445,314 |
| Total Operating Expenses | 5,661,845 |
| Operating Income | 284,756 |
| <u>Non-Operating Revenues (Expenses)</u> | |
| Interest and Investment Revenue | 5,531 |
| Interest Expense | (122,917) |
| Gain (Loss) on Sale of Assets | (44,122) |
| Total Non-Operating Revenue (Expenses) | (161,508) |
| Income Before Grants | 123,248 |
| Capital Grants - HUD | 594,418 |
| Changes in Net Position | 717,666 |
| Total Net Position - Beginning of Year - Restated | 2,226,544 |
| Total Net Position - End of Year | \$ 2,944,210 |

See the accompanying notes to the financial statements.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

| | |
|---|----------------------------|
| <u>Cash Flows from Operating Activities</u> | |
| Operating Grants Received | \$ 5,186,682 |
| Tenant Revenue Received | 591,076 |
| Other Revenue Received | 176,309 |
| General and Administrative Expenses Paid | (1,595,358) |
| Housing Assistance Payments | (3,475,087) |
| Net Cash Provided by Operating Activities | <u>883,622</u> |
| <u>Cash Flows from Investing Activities</u> | |
| Interest Earned Received | 5,531 |
| Net Cash Provided by Investing Activities | <u>5,531</u> |
| <u>Cash Flows from Capital and Related Activities</u> | |
| Capital Grant Funds Received | 594,418 |
| Property, Construction in Progress, and Equipment Purchased | (1,906,115) |
| Debt Proceeds | 1,570,000 |
| Principal Payments | (1,096,639) |
| Interest Payments | (127,750) |
| Net Cash (Used) by Capital and Related Activities | <u>(966,086)</u> |
| Change in Cash and Cash Equivalents | (76,933) |
| Cash and Cash Equivalents - Beginning of Year, Restated | <u>2,841,647</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 2,764,714</u> |
| <u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</u> | |
| Net Operating Income | \$ 284,756 |
| Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation | 445,314 |
| (Increases) Decreases in: | |
| Accounts Receivables, Net of Allowance | 41,347 |
| Prepaid Expenses and Other Assets | (16,038) |
| Deferred Outflow of Resources - Pension | 247,146 |
| Deferred Outflow of Resources - OPEB | (39,751) |
| Increases (Decreases) in: | |
| Accounts Payable | 69,070 |
| Accrued Liabilities | 26,147 |
| Intergovernmental Payables | (24,397) |
| Tenant Security Deposits | 1,991 |
| Accrued Compensated Absence Non-Current | (493) |
| Accrued Pension Liability | (355,625) |
| Accrued OPEB Liability | 24,813 |
| Deferred Inflows of Resources - Pension | 127,815 |
| Deferred Inflows of Resources - OPEB | 51,527 |
| Net Cash Provided by Operating Activities | <u>\$ 883,622</u> |

See accompanying notes to the financial statements.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pickaway Metropolitan Housing Authority (the “Authority”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units (GAAP). 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 for the Authority over which the Authority is financially accountable.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 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 Revenue, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

The Authority uses a single enterprise fund to present its financial records for 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 to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the Statement of Net Position. The Statement of 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 the cash flow needs of its enterprise activity.

Fund Accounting

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

Enterprise Fund

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

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

Rural Rental Housing Loans – Williamsport Terrace (WT) is a multiple family housing project funded by the USDA. Each month a subsidy is paid to the Authority, and the USDA deducts the mortgage payment from that subsidy. The rental assistance part of the subsidy is reflected as federal expenditures for this Program.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Enterprise Fund (Continued)

Housing Choice Vouchers (HCV) – Under the Housing Choice Voucher Program, the Authority subsidizes rents to 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 with HUD. HUD provides funding to enable the Authority to structure a lease that requires the participant to pay a rent based on a percentage of their adjusted gross household income, typically 30 percent, and the Authority subsidizes the balance.

Subsidiary Entities – PMHA Pickaway Terrace, LLC (PT), an entity formed in 2019 with the Authority as its sole member, is a nonprofit corporation owning real estate consisting of land and an apartment complex that provides housing primarily to senior citizens. PT has an on-going Housing Assistance Payments Contract, whereby HUD subsidizes PT to the extent of the fair market value of rents. PT received \$319,195 of subsidy during the year ended December 31, 2020. The contract is effective through June of 2039.

On October 1, 2020, the Board of Directors of Churches United for Senior Housing, Inc., a nonprofit corporation owning real estate consisting of land and an apartment complex that provides housing primarily to senior citizens, entered into an agreement to become a subsidiary of the Authority. A new entity, PMHA Eden Place, LLC (EP), was formed with the Authority as its sole member. A loan closed on October 1, 2020 was used by EP to refinance existing debt and allow for renovations to the property. EP and HUD entered into a Housing Assistance Payments Contract, effective October 1, 2020, whereby HUD subsidizes EP to the extent of the fair market value of rents through 2040. EP received \$52,715 of subsidy for the period October 1, 2020 to December 31, 2020.

The Authority has determined that the net position as of the end of 2019 should be restated based on this new subsidiary (EP):

| | |
|---|-----------------------------------|
| Net Position December 31, 2019 | \$ 2,794,943 |
| Net Position of PMHA Eden Place, LLC on becoming subsidiary | <u>(568,399)</u> |
| Restated Net Position December 31, 2019 | <u><u>\$ 2,226,544</u></u> |

PIH Family Self-Sufficiency Program (FSS) – The Authority receives a grant from HUD that provides assistance, support, and escrow savings to participants of the Housing Choice Voucher Program.

Business Activities – This is the Other Business Activities (OBA) of the Authority that currently include housing activities outside the scope of the Conventional and Housing Choice Voucher programs and management contracts for non-profit elderly projects.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Use of Estimates

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

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.

Tenant Receivables – Recognition of Bad Debts

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. There is a small allowance for bad debts for tenant-related receivables at December 31, 2020.

Property and Equipment

Property and equipment is recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. The capitalization policy amount is \$5,000.

Useful Lives

| | |
|--------------------------------------|---------------|
| Buildings | 27.5-40 years |
| Buildings and Leasehold Improvements | 15 |
| Furniture and Equipment | 7 |
| Autos | 5 |
| Computers | 3 |

Depreciation is recorded on the straight-line method.

Investments

Investments, if any, are stated at fair value. Non-negotiable certificates of deposit and money market investments are stated at cost.

Restricted Cash and Investments

Restricted cash and investments represent amounts received for the PH 5H Home Ownership Program, restricted HCV HAP monies, the subsidiary's construction escrow and reserves, and WT Rural Rental Housing reserves.

Certain assets may be classified as restricted assets on the Statement of Net Position, because their use is restricted by contracts or agreements with outside third parties and lending institutions, or laws and regulations of other governments. It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, 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 Board of Commissioners or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Restricted net position consists of HCV HAP funds of \$286,987, EP real estate tax, relocation, construction, and replacement reserve escrow funds of \$594,137, PT replacement reserves, insurance, and MIP escrow funds of \$258,716, and WT replacement reserve funds of \$77,246.

Compensated Absences

Vacation and sick leave policies are established by the Board of Commissioners based on local and state laws. All permanent employees will earn 4.0 hours sick leave per 80 hours of service. Unused sick leave may be accumulated without limit; however, only 25 percent up to a maximum of 160 hours will be paid upon separation. All permanent employees will earn vacation hours accumulated based on length of service. All vacation time accumulated will be paid upon separation.

Classifications

Some items in the financial statements have been classified differently than the FDS schedules in the supplementary financial data.

Deferred inflow/outflow of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported on the Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 6 and 7. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the Statement of Net Position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

Pension and Other Postemployment Benefits (OPEB)

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

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2020, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Payments*. The objective of this Statement is to improve the information that is disclosed in notes to governmental financials related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the Authority's 2020 financial statements; however, there was no effect on the Authority's beginning net position.

NOTE 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 by eligible securities pledged by the financial institution as security for repayment, but surety company bonds deposited with the treasurer 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.

The carrying amount of the Authority's deposits was \$2,764,714, including \$225 petty cash, at December 31, 2020. The corresponding bank balances were \$2,862,869. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosure*," as of December 31, 2020, \$1,000,000 was covered by federal depository insurance, while \$462,931 was not insured or collateralized.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)

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 that are collateralized are with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve banks or at member banks of the Federal Reserve system, in the name of the respective depository banks and pledged as a pool of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Book balances at December 31, 2020 were as follows:

| | <u>Cash and Cash Equivalents</u> |
|--|--|
| <u>Unrestricted Cash and Cash Equivalents</u> | |
| Public Housing | \$ 429,730 |
| Housing Choice Vouchers | 704,659 |
| Rural Rental Housing | 1,747 |
| Pickaway Terrace - Component Unit | 62,142 |
| Eden Place - Component Unit | 17,819 |
| Business Activities | 244,142 |
| Total Unrestricted Cash and Cash Equivalents | <u>\$ 1,460,239</u> |
| <u>Restricted Cash and Cash Equivalents</u> | |
| Tenant Security Deposits - PH | \$ 14,198 |
| Tenant Security Deposits - WT | 8,992 |
| Tenant Security Deposits - OBA | 4,302 |
| Tenant Security Deposits - PT | 19,606 |
| Tenant Security Deposits - EP | 10,511 |
| Rural Rental Housing | 77,246 |
| PT Escrow Funds | 258,716 |
| EP Escrow Funds | 594,137 |
| HCV HAP Funds | 286,987 |
| FSS Funds | 29,780 |
| Total Restricted Cash and Cash Equivalents | <u>\$ 1,304,475</u> |

Investments

In accordance with the Ohio Revised Code and HUD regulations, the Authority is permitted to invest in certain highly rated commercial paper, obligations of certain political subdivisions of Ohio and the United States government and its agencies, and repurchase agreements with any eligible depository or any eligible dealers. Public depositories must give security for all public funds on deposit. Repurchase agreements must be secured by the specific qualifying securities upon which the repurchase agreements are based.

The Authority is prohibited from investing in any financial instruments, contracts, or obligations whose value or return is based or linked to another asset or index, or both, separate from the financial instrument, contract or obligation itself (commonly known as a derivative). The Authority is also prohibited from investing in reverse purchase agreements.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Interest Rate Risk – The Authority does not have a formal investment policy that limits investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested with any one issuer. However, it is the Authority’s practice to do business with more than one depository.

The Authority had no investments in 2020.

NOTE 4: **CAPITAL ASSETS**

A summary of capital assets at December 31, 2020, is as follows:

| | Balance (Restated) 12/31/2019 | Additions | Disposals/ Reclassifications | Balance 12/31/2020 |
|--|-------------------------------------|---------------------|---------------------------------|-----------------------|
| <i>Capital Assets Not Being Depreciated</i> | | | | |
| Land | \$ 793,345 | \$ 0 | \$ (44,122) | \$ 749,223 |
| Construction in Progress | 1,148,585 | 23,600 | (1,148,585) | 23,600 |
| <i>Total Capital Assets Not Being Depreciated</i> | 1,941,930 | 23,600 | (1,192,707) | 772,823 |
| <i>Capital Assets Being Depreciated</i> | | | | |
| Buildings and Improvements | 15,012,663 | 1,882,515 | 1,148,585 | 18,043,763 |
| Furniture and Equipment - Dwelling | 396,872 | 0 | 0 | 396,872 |
| Furniture and Equipment - Administrative | 233,066 | 0 | 0 | 233,066 |
| Leasehold Improvements | 3,405 | 0 | 0 | 3,405 |
| <i>Total Capital Assets Being Depreciated</i> | 15,646,006 | 1,882,515 | 1,148,585 | 18,677,106 |
| <i>Accumulated Depreciation</i> | | | | |
| Buildings and Improvements | (11,633,831) | (437,162) | 0 | (12,070,993) |
| Furniture and Equipment - Dwelling | (377,569) | (1,241) | 0 | (378,810) |
| Furniture and Equipment - Administrative | (222,981) | (6,683) | 0 | (229,664) |
| Leasehold Improvements | (1,022) | (227) | 0 | (1,249) |
| <i>Total Accumulated Depreciation</i> | (12,235,403) | (445,313) | 0 | (12,680,716) |
| Total Depreciable Capital Assets, Net | \$ 5,352,533 | \$ 1,460,802 | \$ (44,122) | \$ 6,769,213 |

NOTE 5: **ADMINISTRATIVE FEE**

The Authority receives an “administrative fee” as part of the annual contribution from HUD to cover the costs (including overhead) of administering the Section 8 Housing Assistance Payments (HAP) Program. The fee is a percentage of a HUD determined base rate for each unit per month under HAP contracts.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

| | State and Local |
|--|--------------------|
| 2020 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee * | 10.0 % |
| 2020 Actual Contribution Rates | |
| Employer: | |
| Pension ** | 14.0 % |
| Post-Employment Health Care Benefits ** | 0.0 % |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2020 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed Plan for 2020. The Authority's contractually required contributions used to fund pension benefits was \$94,366 for fiscal year ending December 31, 2020.

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

The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

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

| | OPERS Traditional Pension Plan |
|---|--------------------------------------|
| Proportion of the Net Pension Liability Prior Measurement Date | 0.004510% |
| Proportion of the Net Pension Liability Current Measurement Date | 0.004450% |
| Change in Proportionate Share | -0.000060% |
| | |
| Proportionate Share of the Net Pension Liability | \$ 879,573 |
| Pension Expense | \$ 113,702 |

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

| | OPERS Traditional Pension Plan |
|---|--------------------------------------|
| Deferred Outflows of Resources | |
| Changes of assumptions | \$ 46,979 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 22,887 |
| Authority contributions subsequent to the measurement date | 94,366 |
| Total Deferred Outflows of Resources | \$ 164,232 |
| | |
| Deferred Inflows of Resources | |
| Net difference between projected and actual earnings on pension plan investments | \$ 175,455 |
| Differences between expected and actual experience | 11,120 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 8,019 |
| Total Deferred Inflows of Resources | \$ 194,594 |

\$94,366 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | OPERS Traditional Pension Plan |
|--------------------------|--------------------------------------|
| Year Ending December 31: | |
| 2021 | \$ (2,800) |
| 2022 | (59,525) |
| 2023 | 7,265 |
| 2024 | (69,668) |
| Total | \$ (124,728) |

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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

| | |
|---|--|
| Wage Inflation | 3.25 percent |
| Future Salary Increases, including inflation COLA or Ad Hoc COLA | 3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 1.40 percent, simple through 2020, then 2.15 percent simple |
| Investment Rate of Return | 7.2 percent |
| Actuarial Cost Method | Individual Entry Age |

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

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

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

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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------|----------------------|---|
| Fixed Income | 25.00 % | 1.83 % |
| Domestic Equities | 19.00 | 5.75 |
| Real Estate | 10.00 | 5.20 |
| Private Equity | 12.00 | 10.70 |
| International Equities | 21.00 | 7.66 |
| Other investments | 13.00 | 4.98 |
| Total | <u>100.00 %</u> | <u>5.61 %</u> |

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

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

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NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial Assumptions – OPERS (Continued)

| | 1% Decrease (6.20%) | Current Discount Rate (7.20%) | 1% Increase (8.20%) |
|---|------------------------|-------------------------------------|------------------------|
| Authority's proportionate share of the net pension liability | \$ 1,450,700 | \$ 879,573 | \$ 366,146 |

Changes Between Measurement Date and Report Date

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

Net OPEB Liability

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

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

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

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

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NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Net OPEB Liability (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. During 2020, health care is not being funded.

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NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the Traditional Plan and the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution allocated to health care was \$0 for fiscal year 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

| | OPERS |
|---|------------|
| Proportion of the Net OPEB Liability: | |
| Prior Measurement Date | 0.004200% |
| Proportion of the Net OPEB Liability: | |
| Current Measurement Date | 0.004144% |
| Change in Proportionate Share | -0.000056% |
| Proportionate Share of the Net OPEB Liability | \$ 572,394 |
| OPEB Expense | \$ 36,589 |

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

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NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

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

| | OPERS |
|--|------------------|
| Deferred Outflows of Resources | |
| Differences between expected and actual experience | \$ 14 |
| Changes of assumptions | 90,605 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 8,167 |
| Total Deferred Outflows of Resources | \$ 98,786 |
| Deferred Inflows of Resources | |
| Net difference between projected and actual earnings on OPEB plan investments | \$ 29,146 |
| Differences between expected and actual experience | 52,348 |
| Changes in proportion and differences Authority contributions and proportionate share of contributions | 7,926 |
| Total Deferred Inflows of Resources | \$ 89,420 |

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

| | OPERS |
|--------------------------|-----------------|
| Year Ending December 31: | |
| 2021 | \$ 16,664 |
| 2022 | 5,136 |
| 2023 | 22 |
| 2024 | (12,456) |
| Total | \$ 9,366 |

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions – OPERS (Continued)

| | |
|--|--|
| Wage Inflation | 3.25 percent |
| Projected Salary Increases, including inflation | 3.25 to 10.75 percent including wage inflation |
| Single Discount Rate: | |
| Current measurement date | 3.16 percent |
| Prior Measurement date | 3.96 percent |
| Investment Rate of Return | 6.00 percent |
| Municipal Bond Rate | 2.75 percent |
| Health Care Cost Trend Rate | 10.5 percent initial, 3.50 percent ultimate in 2030 |
| Actuarial Cost Method | Individual Entry Age |

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested for the Health Care portfolio was 19.70 percent for 2019.

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NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------------|----------------------|---|
| Fixed Income | 36.00 % | 1.53 % |
| Domestic Equities | 21.00 | 5.75 |
| Real Estate Investment Trust | 6.00 | 5.69 |
| International Equities | 23.00 | 7.66 |
| Other investments | 14.00 | 4.90 |
| Total | 100.00 % | 4.55 % |

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

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NOTE 7: **POST-EMPLOYMENT BENEFITS** (Continued)

Actuarial Assumptions – OPERS (Continued)

| | 1% Decrease <u>(2.16%)</u> | Current Discount Rate <u>(3.16%)</u> | 1% Increase <u>(4.16%)</u> |
|--|-------------------------------|--|-------------------------------|
| Authority's proportionate share of the net OPEB liability | \$ 749,069 | \$ 572,394 | \$ 430,935 |

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

| | 1% Decrease | Current Health Care Cost Trend Rate Assumption | 1% Increase |
|--|-------------|--|-------------|
| Authority's proportionate share of the net OPEB liability | \$ 555,503 | \$ 572,394 | \$ 589,070 |

Changes Between Measurement Date and Report Date

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

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

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NOTE 8: COMPENSATED ABSENCES

At December 31, 2020, based on the vesting method, \$75,900 was accrued by the Authority for unused vacation and sick time. This balance is the combined total of long-term compensated absences of \$8,262 and short-term compensated absences of \$67,638, which is included in accrued liabilities.

| | Beginning Balance 12/31/19 | Earned | Used | Ending Balance 12/31/20 | Due in One Year |
|------------------------------|----------------------------------|-----------|-------------|-------------------------------|--------------------|
| Compensated Absences Payable | \$ 58,778 | \$ 75,952 | \$ (58,830) | \$ 75,900 | \$ 67,638 |

NOTE 9 FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended December 31, 2020, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis.

NOTE 10: ECONOMIC DEPENDENCY

The Authority is economically dependent on receiving operating subsidies from HUD.

NOTE 11: RISK MANAGEMENT

The Authority is covered for property damage, general liability, automobile liability, public officials' liability, and other crime liabilities through membership in the State Housing Authority Risk Pool Association (SHARP). SHARP is an insurance risk pool comprised of 39 Ohio housing authorities, of which the Authority is a member. SHARP is a member of the Public Entity Risk Consortium (PERC), a self-insurance pool owned by its members. PERC provides SHARP specific excess coverage above its net retained limits. Deductible and coverage limits are summarized below:

| <u>Type of Coverage</u> | <u>Deductible</u> | <u>Coverage Limits</u> |
|----------------------------|-------------------|------------------------|
| Property | \$ 1,500 | \$ 250,000,000 |
| Automobile Physical Damage | 500 | (per occurrence) |
| Boiler and Machinery | 1,000 | 100,000,000 |
| Liability: | | |
| General | 0 | 2,000,000 |
| Automobile | 0 | 2,000,000 |
| Public Officials | 0 | 2,000,000 |
| Law Enforcement | 0 | 2,000,000 |
| Professional Liability | 5,000 | 1,000,000 |

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year. Health, dental, vision, and life insurance is offered to Authority employees through a commercial insurance company.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 11: **RISK MANAGEMENT** (Continued)

Additionally, workers' compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively.

NOTE 12: **LONG-TERM DEBT**

The Authority manages a multiple family housing project funded by the USDA under its Rural Housing Service. Annual payments required for the USDA mortgage vary based on a calculation performed on a monthly basis using the standard loan payment amount, coverages on tenant accounts, and the rental assistance requested. The USDA mortgage loan is payable in monthly installments of \$637 and \$1,173.

The following is a summary of activity occurring during 2020:

| | Ending Balance 12/31/19 | Additions | Payments | Ending Balance 12/31/20 | Due in One Year |
|---|-------------------------------|-------------|------------------|-------------------------------|--------------------|
| USDA Rural Rental Housing Mortgage Issued May 10, 1985 Interest Rate 11.875% | \$ 458,887 | \$ 0 | \$ 11,109 | \$ 447,778 | \$ 12,502 |
| USDA Rural Rental Housing Rehab Loan Issued April 19, 2011 Interest Rate 4.625% | 284,223 | 0 | 2,339 | 281,884 | 2,450 |
| | <u>\$ 743,110</u> | <u>\$ 0</u> | <u>\$ 13,448</u> | <u>\$ 729,662</u> | <u>\$ 14,952</u> |

Long-term debt principal and interest for the years ending December 31 are as follows:

| Year | Principal | Interest | Total |
|-----------|-------------------|------------------|-------------------|
| 2021 | \$ 14,952 | \$ 6,771 | \$ 21,723 |
| 2022 | 16,636 | 5,292 | 21,928 |
| 2023 | 18,552 | 4,961 | 23,513 |
| 2024 | 20,636 | 4,834 | 25,470 |
| 2025 | 23,004 | 4,701 | 27,705 |
| 2026-2030 | 161,916 | 21,779 | 183,695 |
| 2031-2035 | 243,987 | 16,876 | 260,863 |
| 2036-2040 | 26,908 | 11,329 | 38,237 |
| 2041-2045 | 33,894 | 4,344 | 38,238 |
| 2046-2050 | 42,693 | 4 | 42,697 |
| 2051-2055 | 53,777 | 0 | 53,777 |
| 2056-2060 | 67,739 | 0 | 67,739 |
| 2061-2061 | 4,968 | 0 | 4,968 |
| Total | <u>\$ 729,662</u> | <u>\$ 80,891</u> | <u>\$ 810,553</u> |

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 12: **LONG-TERM DEBT** (Continued)

Direct Borrowings of the Authority's Subsidiaries

PMHA Pickaway Terrace, LLC, a subsidiary of the Authority, has a mortgage note payable to Centennial Mortgage, LLC, with total principal outstanding at December 31, 2020 of \$2,580,188. The mortgage has a 35-year term and carries an interest rate of 3.81 percent. It is payable in monthly installments, including interest, of \$11,358 through July 2054 and is secured by PT's apartment building and other property in Circleville, Ohio. This mortgage is guaranteed by HUD. PT has the right to prepay this mortgage note in whole on the last day of any calendar month and concurrently pay to Centennial Mortgage, LLC, a prepayment premium of 9 percent, which decreases 1 percent each year until 2029, after which there is no prepayment premium.

The following is a summary of that activity occurring during 2020:

| | Beginning Balance <u>12/31/2019</u> | Additions | Payments | Ending Balance <u>12/31/2020</u> | Due in One Year |
|--------------------------|---|-----------|-----------|--|--------------------|
| Centennial Mortgage, LLC | | | | | |
| Issued June 20, 2019 | | | | | |
| Interest Rate 3.81% | \$ 2,617,406 | \$ 0 | \$ 37,218 | \$ 2,580,188 | \$ 38,661 |

Long-term debt principal and interest for the years ending December 31 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|---------------------|---------------------|
| 2021 | \$ 38,661 | \$ 97,635 | \$ 136,296 |
| 2022 | 40,160 | 96,136 | 136,296 |
| 2023 | 41,717 | 94,579 | 136,296 |
| 2024 | 43,334 | 92,961 | 136,295 |
| 2025 | 45,014 | 91,281 | 136,295 |
| 2026-2030 | 252,644 | 428,632 | 681,276 |
| 2031-2035 | 305,570 | 375,906 | 681,476 |
| 2036-2040 | 369,584 | 311,892 | 681,476 |
| 2041-2045 | 447,008 | 234,468 | 681,476 |
| 2046-2050 | 540,652 | 140,824 | 681,476 |
| 2051-2054 | 455,844 | 32,547 | 488,391 |
| Total | <u>\$ 2,580,188</u> | <u>\$ 1,996,861</u> | <u>\$ 4,577,049</u> |

PMHA Eden Place, LLC, an Authority subsidiary, has a mortgage note payable to The Savings Bank with total principal outstanding at December 31, 2020 of \$1,563,143. The mortgage has a 30-year term and carries an interest rate of 4 percent. It is payable in monthly installments of \$7,497, including interest, through September 30, 2050, and is secured by a 40-unit apartment building in Circleville, Ohio. This mortgage is guaranteed by HUD. The mortgage note payable to The Savings Bank paid off the principal balance of a mortgage note payable to Red Capital Mortgage, Inc. with total principal outstanding at October 1, 2020 of \$1,039,116.

PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

NOTE 12: **LONG-TERM DEBT** (Continued)

Direct Borrowings of the Authority's Subsidiaries (Continued)

The following is a summary of that activity occurring during 2020:

| | Beginning Balance 12/31/2019 (Restated) | Additions | Payments | Ending Balance 12/31/2020 | Due in One Year |
|------------------------|--|---------------------|---------------------|---------------------------------|--------------------|
| The Savings Bank | | | | | |
| Issued October 1, 2020 | | | | | |
| Interest Rate 4.0% | \$ 0 | \$ 1,570,000 | \$ 6,857 | \$ 1,563,143 | \$ 27,949 |
| Red Cap Mortgage | | | | | |
| Issued October 1, 2009 | | | | | |
| Interest Rate 5.5% | 1,039,116 | 0 | 1,039,116 | 0 | 0 |
| | <u>\$ 1,039,116</u> | <u>\$ 1,570,000</u> | <u>\$ 1,045,973</u> | <u>\$ 1,563,143</u> | <u>\$ 27,949</u> |

Long-term debt principal and interest for the years ending December 31 are as follows:

| Year | Principal | Interest | Total |
|-----------|---------------------|---------------------|---------------------|
| 2021 | \$ 27,949 | \$ 62,015 | \$ 89,964 |
| 2022 | 29,088 | 60,876 | 89,964 |
| 2023 | 30,273 | 59,961 | 90,234 |
| 2024 | 31,339 | 58,625 | 89,964 |
| 2025 | 32,783 | 57,181 | 89,964 |
| 2026-2030 | 184,909 | 264,918 | 449,827 |
| 2031-2035 | 225,786 | 224,040 | 449,826 |
| 2036-2040 | 275,614 | 174,212 | 449,826 |
| 2041-2045 | 336,683 | 113,144 | 449,827 |
| 2046-2050 | 388,719 | 38,678 | 427,397 |
| Total | <u>\$ 1,563,143</u> | <u>\$ 1,113,650</u> | <u>\$ 2,676,793</u> |

NOTE 13: **ACCRUED LIABILITIES**

The following is the detail of accrued liabilities at December 31, 2020:

| | |
|--|-------------------|
| Accrued Payroll and Payroll Taxes | \$ 18,860 |
| Accrued Compensated Absences - Current | 67,638 |
| Other Accrued Liabilities | 26,360 |
| Total Accrued Liabilities | <u>\$ 112,858</u> |

NOTE 14: **OPERATING LEASES**

In December 2015, the Authority entered into a lease agreement for a postage machine. Terms of the lease call for 60 monthly payments of \$244 billed quarterly.

Future minimum payments for lease obligations for the years ending December 31 are:

| | |
|------|-----------------|
| 2020 | <u>\$ 2,928</u> |
|------|-----------------|

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020
(CONTINUED)**

NOTE 15: **SUBSEQUENT EVENTS**

The financial impact of the 2020 COVID-19 pandemic may impact 2021 and may impact subsequent periods of the Authority. The investments of the pension and other postemployment benefit plans in which the Authority participants incurred a significant decline in fair value in 2020, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, due to market volatility, the gains and losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and 2020 emergency funding, either federal or state, cannot be estimated.

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

| Traditional Plan | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|--------------|-------------|--------------|-------------|-------------|-------------|
| Authority's Proportion of the Net Pension Liability | 0.004450% | 0.004510% | 0.004085% | 0.005064% | 0.005180% | 0.004064% | 0.004064% |
| Authority's Proportionate Share of the Net Pension Liability | \$ 879,573 | \$ 1,235,199 | \$ 640,857 | \$ 1,149,948 | \$ 897,242 | \$ 498,921 | \$ 490,164 |
| Authority's Covered Payroll | \$ 626,150 | \$ 609,236 | \$ 558,692 | \$ 561,020 | \$ 552,569 | \$ 591,258 | \$ 601,615 |
| Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 140.47% | 202.75% | 114.71% | 204.97% | 162.38% | 84.38% | 81.47% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 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 the information becomes available.

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

See accompanying notes to the required supplementary information

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually Required Contributions | \$ 94,366 | \$ 87,661 | \$ 85,293 | \$ 72,630 | \$ 67,322 | \$ 66,308 | \$ 70,951 | \$ 78,210 | \$ 80,177 | \$ 76,078 |
| Contributions in Relation to the Contractually Required Contribution | <u>(94,366)</u> | <u>(87,661)</u> | <u>(85,293)</u> | <u>(72,630)</u> | <u>(67,322)</u> | <u>(66,308)</u> | <u>(70,951)</u> | <u>(78,210)</u> | <u>(80,177)</u> | <u>(76,078)</u> |
| Contribution Deficiency / (Excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Authority's Covered Payroll | \$ 674,043 | \$ 626,150 | \$ 609,236 | \$ 558,692 | \$ 561,020 | \$ 552,569 | \$ 591,258 | \$ 601,615 | \$ 801,770 | \$ 760,780 |
| Pension Contributions as a Percentage of Covered Payroll | 14.00% | 14.00% | 14.00% | 13.00% | 12.00% | 12.00% | 12.00% | 13.00% | 10.00% | 10.00% |

See accompanying notes to the required supplementary information

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|
| Authority's Proportion of the Net OPEB Liability | 0.004144% | 0.004200% | 0.003970% | 0.004990% |
| Authority's Proportion Share of the Net OPEB Liability | \$ 572,394 | \$ 547,581 | \$ 431,113 | \$ 504,007 |
| Authority's Covered Payroll | \$ 626,150 | \$ 609,236 | \$ 582,868 | \$ 586,333 |
| Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 91.41% | 89.88% | 73.96% | 85.96% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 47.80% | 46.33% | 54.14% | 54.05% |

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

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

See accompanying notes to the required supplementary information

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|----------------|-----------------|-----------------|
| Contractually Required Contribution | \$ 0 | \$ 0 | \$ 0 | \$ 5,829 | \$ 11,727 | \$ 11,695 |
| Contributions in Relation to the Contractually Required Contribution | <u>0</u> | <u>0</u> | <u>0</u> | <u>(5,829)</u> | <u>(11,727)</u> | <u>(11,695)</u> |
| Contribution Deficiency (Excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Authority Covered Payroll | \$ 674,043 | \$ 626,150 | \$ 609,236 | \$ 582,868 | \$ 586,333 | \$ 584,750 |
| Contributions as a Percentage of Covered Payroll | 0.00% | 0.00% | 0.00% | 1.00% | 2.00% | 2.00% |

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

See accompanying notes to the required supplementary information

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2020.

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

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2020.

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%.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2020**

| | Project Total | 6.2 Component Unit - Blended | 14.896 PIH Family Self-Sufficiency Program | 1 Business Activities | 10.415 Rural Rental Housing Loans | 14.871 Housing Choice Vouchers | 14.PHC Public Housing CARES Act Funding | 14.HCC HCV CARES Act Funding | Subtotal | ELIM | Total |
|---|------------------|------------------------------|--|-----------------------|-----------------------------------|--------------------------------|---|------------------------------|------------------|----------|------------------|
| 111 Cash - Unrestricted | 429,730 | 79,961 | - | 244,142 | 1,747 | 704,659 | - | - | 1,460,239 | - | 1,460,239 |
| 112 Cash - Restricted - Modernization and Development | - | 852,853 | - | - | 77,246 | - | - | - | 930,099 | - | 930,099 |
| 113 Cash - Other Restricted | - | - | - | - | - | 314,267 | - | - | 314,267 | - | 314,267 |
| 114 Cash - Tenant Security Deposits | 14,198 | 30,117 | - | 4,302 | 8,992 | - | - | - | 57,609 | - | 57,609 |
| 115 Cash - Restricted for Payment of Current Liabilities | - | - | - | - | - | 2,500 | - | - | 2,500 | - | 2,500 |
| 100 Total Cash | 443,928 | 962,931 | - | 248,444 | 87,985 | 1,021,426 | - | - | 2,764,714 | - | 2,764,714 |
| 125 Accounts Receivable - Miscellaneous | - | - | - | 16,861 | 4,565 | 3,582 | - | - | 25,008 | - | 25,008 |
| 126 Accounts Receivable - Tenants | 3,705 | 2,884 | - | 646 | 810 | - | - | - | 8,045 | - | 8,045 |
| 126.1 Allowance for Doubtful Accounts - Tenants | -9 | - | - | - | - | - | - | - | -9 | - | -9 |
| 126.2 Allowance for Doubtful Accounts - Other | - | - | - | - | - | -950 | - | - | -950 | - | -950 |
| 127 Notes, Loans, & Mortgages Receivable - Current | 8,238 | - | - | - | - | - | - | - | 8,238 | - | 8,238 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | 11,934 | 2,884 | - | 17,507 | 5,375 | 2,632 | - | - | 40,332 | - | 40,332 |
| 142 Prepaid Expenses and Other Assets | 36,808 | 26,044 | - | 1,783 | 2,539 | 18,013 | - | - | 85,187 | - | 85,187 |
| 150 Total Current Assets | 492,670 | 991,859 | - | 267,734 | 95,899 | 1,042,071 | - | - | 2,890,233 | - | 2,890,233 |
| 161 Land | 449,081 | 223,944 | - | 61,198 | 15,000 | - | - | - | 749,223 | - | 749,223 |
| 162 Buildings | 11,465,539 | 4,918,586 | - | 305,022 | 1,354,616 | - | - | - | 18,043,763 | - | 18,043,763 |
| 163 Furniture, Equipment & Machinery - Dwellings | 140,552 | 242,376 | - | 13,944 | - | - | - | - | 396,872 | - | 396,872 |
| 164 Furniture, Equipment & Machinery - Administration | 139,558 | 26,932 | - | - | 4,653 | 61,923 | - | - | 233,066 | - | 233,066 |
| 165 Leasehold Improvements | - | - | - | - | - | 3,405 | - | - | 3,405 | - | 3,405 |
| 166 Accumulated Depreciation | -8,817,881 | -2,829,216 | - | -183,426 | -787,021 | -63,172 | - | - | -12,680,716 | - | -12,680,716 |
| 167 Construction in Progress | - | 23,600 | - | - | - | - | - | - | 23,600 | - | 23,600 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | 3,376,849 | 2,606,222 | - | 196,738 | 587,248 | 2,156 | - | - | 6,769,213 | - | 6,769,213 |
| 180 Total Non-Current Assets | 3,376,849 | 2,606,222 | - | 196,738 | 587,248 | 2,156 | - | - | 6,769,213 | - | 6,769,213 |
| 200 Deferred Outflow of Resources | 91,174 | - | - | 99,706 | - | 72,138 | - | - | 263,018 | - | 263,018 |
| 290 Total Assets and Deferred Outflow of Resources | 3,960,693 | 3,598,081 | - | 564,178 | 683,147 | 1,116,365 | - | - | 9,922,464 | - | 9,922,464 |
| 311 Bank Overdraft | - | - | - | - | - | - | - | - | - | - | - |
| 312 Accounts Payable <= 90 Days | 112,150 | 26,319 | - | - | 610 | 2,964 | - | - | 142,043 | - | 142,043 |
| 313 Accounts Payable >90 Days Past Due | - | - | - | - | - | - | - | - | - | - | - |
| 321 Accrued Wage/Payroll Taxes Payable | 16,623 | - | - | 638 | - | 1,599 | - | - | 18,860 | - | 18,860 |
| 322 Accrued Compensated Absences - Current Portion | 17,493 | - | - | 26,167 | 828 | 23,150 | - | - | 67,638 | - | 67,638 |
| 324 Accrued Contingency Liability | - | - | - | - | - | - | - | - | - | - | - |
| 325 Accrued Interest Payable | - | 8,358 | - | - | 624 | - | - | - | 8,982 | - | 8,982 |
| 331 Accounts Payable - HUD PHA Programs | - | - | - | - | - | - | - | - | - | - | - |
| 332 Account Payable - PHA Projects | - | - | - | - | - | - | - | - | - | - | - |
| 333 Accounts Payable - Other Government | 11,096 | - | - | - | - | - | - | - | 11,096 | - | 11,096 |
| 341 Tenant Security Deposits | 14,198 | 31,267 | - | 4,302 | 8,992 | - | - | - | 58,759 | - | 58,759 |
| 342 Unearned Revenue | - | - | - | - | - | - | - | - | - | - | - |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | - | 66,610 | - | - | 16,000 | - | - | - | 82,610 | - | 82,610 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | - | - | - | - | - | - | - | - | - | - | - |
| 345 Other Current Liabilities | - | 23,860 | - | - | - | 2,500 | - | - | 26,360 | - | 26,360 |
| 346 Accrued Liabilities - Other | - | - | - | - | - | - | - | - | - | - | - |
| 347 Inter Program - Due To | - | - | - | - | - | - | - | - | - | - | - |

PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2020

| | Project Total | 6.2 Component Unit - Blended | 14.896 PIH Family Self-Sufficiency Program | 1 Business Activities | 10.415 Rural Rental Housing Loans | 14.871 Housing Choice Vouchers | 14.PHC Public Housing CARES Act Funding | 14.HCC HCV CARES Act Funding | Subtotal | ELIM | Total |
|--|---------------|------------------------------|--|-----------------------|-----------------------------------|--------------------------------|---|------------------------------|-----------|------|-----------|
| 348 Loan Liability - Current | - | - | - | - | - | - | - | - | - | - | - |
| 310 Total Current Liabilities | 171,560 | 156,414 | - | 31,107 | 27,054 | 30,213 | - | - | 416,348 | - | 416,348 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | - | 4,076,721 | - | - | 713,662 | - | - | - | 4,790,383 | - | 4,790,383 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | - | - | - | - | - | - | - | - | - | - | - |
| 353 Non-current Liabilities - Other | - | - | - | - | - | 27,280 | - | - | 27,280 | - | 27,280 |
| 354 Accrued Compensated Absences - Non Current | 2,024 | - | - | 3,256 | 68 | 2,914 | - | - | 8,262 | - | 8,262 |
| 355 Loan Liability - Non Current | - | - | - | - | - | - | - | - | - | - | - |
| 356 FASB 5 Liabilities | - | - | - | - | - | - | - | - | - | - | - |
| 357 Accrued Pension and OPEB Liabilities | 561,352 | - | - | 464,399 | - | 426,216 | - | - | 1,451,967 | - | 1,451,967 |
| 350 Total Non-Current Liabilities | 563,376 | 4,076,721 | - | 467,655 | 713,730 | 456,410 | - | - | 6,277,892 | - | 6,277,892 |
| 300 Total Liabilities | 734,936 | 4,233,135 | - | 498,762 | 740,784 | 486,623 | - | - | 6,694,240 | - | 6,694,240 |
| 400 Deferred Inflow of Resources | 113,551 | - | - | 85,285 | - | 85,178 | - | - | 284,014 | - | 284,014 |
| 508.4 Net Investment in Capital Assets | 3,376,849 | -1,537,109 | - | 196,738 | -142,414 | 2,156 | - | - | 1,896,220 | - | 1,896,220 |
| 511.4 Restricted Net Position | - | 852,853 | - | - | 77,246 | 286,987 | - | - | 1,217,086 | - | 1,217,086 |
| 512.4 Unrestricted Net Position | -264,643 | 49,202 | - | -216,607 | 7,531 | 255,421 | - | - | -169,096 | - | -169,096 |
| 513 Total Equity - Net Assets / Position | 3,112,206 | -635,054 | - | -19,869 | -57,637 | 544,564 | - | - | 2,944,210 | - | 2,944,210 |
| 600 Total Liabilities, Deferred Inflow of Resources, and Equity - Net | 3,960,693 | 3,598,081 | - | 564,178 | 683,147 | 1,116,365 | - | - | 9,922,464 | - | 9,922,464 |

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

| | Project Total | 6.2 Component Unit - Blended | 14.896 PIH Family Self-Sufficiency Program | 1 Business Activities | 10.415 Rural Rental Housing Loans | 14.871 Housing Choice Vouchers | 14.PHC Public Housing CARES Act Funding | 14.HCC HCV CARES Act Funding | Subtotal | ELIM | Total |
|---|------------------|------------------------------|--|-----------------------|-----------------------------------|--------------------------------|---|------------------------------|------------------|----------|------------------|
| 70300 Net Tenant Rental Revenue | 215,908 | 280,079 | - | 29,855 | 42,483 | - | - | - | 568,325 | - | 568,325 |
| 70400 Tenant Revenue - Other | 12,667 | - | - | - | 528 | - | - | - | 13,195 | - | 13,195 |
| 70500 Total Tenant Revenue | 228,575 | 280,079 | - | 29,855 | 43,011 | - | - | - | 581,520 | - | 581,520 |
| 70600 HUD PHA Operating Grants | 403,546 | 371,910 | 24,069 | - | - | 3,905,625 | 55,952 | 357,908 | 5,119,010 | - | 5,119,010 |
| 70610 Capital Grants | 594,418 | - | - | - | - | - | - | - | 594,418 | - | 594,418 |
| 70800 Other Government Grants | - | - | - | - | 67,672 | - | - | - | 67,672 | - | 67,672 |
| 71100 Investment Income - Unrestricted | 4,776 | 641 | - | 16 | 41 | 57 | - | - | 5,531 | - | 5,531 |
| 71200 Mortgage Interest Income | - | - | - | - | - | - | - | - | - | - | - |
| 71300 Proceeds from Disposition of Assets Held for Sale | - | - | - | - | - | - | - | - | - | - | - |
| 71310 Cost of Sale of Assets | - | - | - | - | - | - | - | - | - | - | - |
| 71400 Fraud Recovery | - | - | - | - | - | 7,164 | - | - | 7,164 | - | 7,164 |
| 71500 Other Revenue | 884 | 26,783 | - | 88,849 | 1,074 | 53,645 | - | - | 171,235 | - | 171,235 |
| 71600 Gain or Loss on Sale of Capital Assets | - | - | - | -44,122 | - | - | - | - | -44,122 | - | -44,122 |
| 72000 Investment Income - Restricted | - | - | - | - | - | - | - | - | - | - | - |
| 70000 Total Revenue | 1,232,199 | 679,413 | 24,069 | 74,598 | 111,798 | 3,966,491 | 55,952 | 357,908 | 6,502,428 | - | 6,502,428 |
| 91100 Administrative Salaries | 72,947 | 40,263 | 18,069 | 60,000 | 4,245 | 59,959 | 23,776 | 135,454 | 414,713 | - | 414,713 |
| 91200 Auditing Fees | 1,561 | 4,145 | - | 445 | 98 | 8,314 | - | - | 14,563 | - | 14,563 |
| 91300 Management Fee | - | - | - | - | 9,792 | - | - | - | 9,792 | - | 9,792 |
| 91500 Employee Benefit contributions - Administrative | 45,517 | 10,386 | 6,000 | 30,953 | 2,417 | 38,147 | 4,450 | 26,204 | 164,074 | - | 164,074 |
| 91600 Office Expenses | 16,170 | 12,269 | - | 11,253 | 3,651 | 76,235 | - | - | 119,578 | - | 119,578 |
| 91700 Legal Expense | 4,015 | 12 | - | 25 | 771 | 951 | - | - | 5,774 | - | 5,774 |
| 91800 Travel | 922 | 1,058 | - | 354 | 90 | 6,004 | - | - | 8,428 | - | 8,428 |
| 91900 Other | 4,881 | 84,962 | - | 6,464 | 700 | 17,041 | - | - | 114,048 | - | 114,048 |
| 91000 Total Operating - Administrative | 146,013 | 153,095 | 24,069 | 109,494 | 21,764 | 206,651 | 28,226 | 161,658 | 850,970 | - | 850,970 |
| 92400 Tenant Services - Other | - | - | - | - | - | - | 2,050 | 9,670 | 11,720 | - | 11,720 |
| 92500 Total Tenant Services | - | - | - | - | - | - | 2,050 | 9,670 | 11,720 | - | 11,720 |
| 93100 Water | 40,024 | 34,300 | - | 155 | 7,096 | - | - | - | 81,575 | - | 81,575 |
| 93200 Electricity | 15,964 | 73,474 | - | - | 1,605 | - | - | - | 91,043 | - | 91,043 |
| 93300 Gas | 8,178 | 1,278 | - | 32 | - | - | - | - | 9,488 | - | 9,488 |
| 93400 Fuel | - | - | - | - | 215 | - | - | - | 215 | - | 215 |
| 93600 Sewer | 40,700 | 30,889 | - | - | 7,000 | - | - | - | 78,589 | - | 78,589 |
| 93000 Total Utilities | 104,866 | 139,941 | - | 187 | 15,916 | - | - | - | 260,910 | - | 260,910 |
| 94100 Ordinary Maintenance and Operations - Labor | 83,276 | 32,105 | - | 3,284 | 11,641 | - | 21,573 | - | 151,879 | - | 151,879 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | 59,684 | 36,827 | - | 5,388 | 4,093 | - | - | - | 105,992 | - | 105,992 |
| 94300 Ordinary Maintenance and Operations Contracts | 107,964 | 53,640 | - | 1,394 | 28,101 | - | - | - | 191,099 | - | 191,099 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | 20,901 | 6,599 | - | 232 | 2,225 | - | 4,103 | - | 34,060 | - | 34,060 |
| 94000 Total Maintenance | 271,825 | 129,171 | - | 10,298 | 46,060 | - | 25,676 | - | 483,030 | - | 483,030 |
| 96110 Property Insurance | 22,573 | 31,589 | - | - | 2,170 | - | - | - | 56,332 | - | 56,332 |
| 96120 Liability Insurance | - | - | - | 1,085 | - | 424 | - | - | 1,509 | - | 1,509 |
| 96140 All Other Insurance | 6,367 | - | - | - | - | 2,351 | - | - | 8,718 | - | 8,718 |
| 96100 Total insurance Premiums | 28,940 | 31,589 | - | 1,085 | 2,170 | 2,775 | - | - | 66,559 | - | 66,559 |
| 96210 Compensated Absences | 19,500 | - | - | 5,604 | 400 | 3,000 | - | - | 28,504 | - | 28,504 |
| 96300 Payments in Lieu of Taxes | 11,096 | 6,075 | - | - | - | - | - | - | 17,171 | - | 17,171 |

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
SUPPLEMENTAL FINANCIAL SCHEDULE
ENTITY WIDE REVENUE AND EXPENSE SUMMARY
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

| | Project Total | 6.2 Component Unit - Blended | 14.896 PIH Family Self-Sufficiency Program | 1 Business Activities | 10.415 Rural Rental Housing Loans | 14.871 Housing Choice Vouchers | 14.PHC Public Housing CARES Act Funding | 14.HCC HCV CARES Act Funding | Subtotal | ELIM | Total |
|---|----------------|------------------------------|--|-----------------------|-----------------------------------|--------------------------------|---|------------------------------|------------------|----------|------------------|
| 96400 Bad debt - Tenant Rents | 16,259 | - | - | - | 821 | - | - | - | 17,080 | - | 17,080 |
| 96000 Total Other General Expenses | 46,855 | 6,075 | - | 5,604 | 1,221 | 3,000 | - | - | 62,755 | - | 62,755 |
| 96710 Interest of Mortgage (or Bonds) Payable | - | 114,761 | - | - | 8,156 | - | - | - | 122,917 | - | 122,917 |
| 96700 Total Interest Expense and Amortization Cost | - | 114,761 | - | - | 8,156 | - | - | - | 122,917 | - | 122,917 |
| 96900 Total Operating Expenses | 598,499 | 574,632 | 24,069 | 126,668 | 95,287 | 212,426 | 55,952 | 171,328 | 1,858,861 | - | 1,858,861 |
| 97000 Excess of Operating Revenue over Operating Expenses | 633,700 | 104,781 | - | -52,070 | 16,511 | 3,754,065 | - | 186,580 | 4,643,567 | - | 4,643,567 |
| 97100 Extraordinary Maintenance | 5,500 | - | - | - | - | - | - | - | 5,500 | - | 5,500 |
| 97300 Housing Assistance Payments | - | - | - | - | - | 3,239,325 | - | 186,580 | 3,425,905 | - | 3,425,905 |
| 97350 HAP Portability-In | - | - | - | - | - | 49,182 | - | - | 49,182 | - | 49,182 |
| 97400 Depreciation Expense | 336,142 | 53,792 | - | 11,029 | 44,124 | 227 | - | - | 445,314 | - | 445,314 |
| 90000 Total Expenses | 940,141 | 628,424 | 24,069 | 137,697 | 139,411 | 3,501,160 | 55,952 | 357,908 | 5,784,762 | - | 5,784,762 |
| 10010 Operating Transfer In | 40,000 | - | - | - | - | - | - | - | 40,000 | -40,000 | - |
| 10020 Operating transfer Out | -40,000 | - | - | - | - | - | - | - | -40,000 | 40,000 | - |
| 10100 Total Other financing Sources (Uses) | - | - | - | - | - | - | - | - | - | - | - |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | 292,058 | 50,989 | - | -63,099 | -27,613 | 465,331 | - | - | 717,666 | - | 717,666 |
| 11020 Required Annual Debt Principal Payments | - | 65,167 | - | - | 16,000 | - | - | - | 81,167 | - | 81,167 |
| 11030 Beginning Equity | 2,820,148 | 24,317 | - | -98,731 | -30,024 | 79,233 | - | - | 2,794,943 | - | 2,794,943 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | - | -710,360 | - | 141,961 | - | - | - | - | -568,399 | - | -568,399 |
| 11170 Administrative Fee Equity | - | - | - | - | - | 257,577 | - | - | 257,577 | - | 257,577 |
| 11180 Housing Assistance Payments Equity | - | - | - | - | - | 286,987 | - | - | 286,987 | - | 286,987 |
| 11190 Unit Months Available | 1,296 | 840 | - | 48 | 192 | 7,932 | - | - | 10,308 | - | 10,308 |
| 11210 Number of Unit Months Leased | 1,283 | 811 | - | 47 | 190 | 6,750 | - | - | 9,081 | - | 9,081 |

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Expenditures | Loan Balance |
|---|------------------------------------|---------------------|-------------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| <i>Direct Awards:</i> | | | |
| Public Housing Programs | | | |
| Public and Indian Housing | 14.850 | \$ 363,546 | \$ 0 |
| Public and Indian Housing - CARES Act Funding | 14.850 | 55,952 | 0 |
| Total Public Housing Programs | | <u>419,498</u> | <u>0</u> |
| Public Housing Capital Fund | 14.872 | <u>634,418</u> | <u>0</u> |
| Housing Voucher Cluster: | | | |
| Section 8 Housing Choice Vouchers | 14.871 | 3,905,625 | 0 |
| Section 8 Housing Choice Vouchers - CARES Act Funding | 14.871 | 357,908 | 0 |
| Total Housing Voucher Cluster | | <u>4,263,533</u> | <u>0</u> |
| Family Self-Sufficiency Program | 14.896 | <u>24,069</u> | <u>0</u> |
| Total U.S. Department of Housing and Urban Development | | <u>5,341,518</u> | <u>0</u> |
| <u>U.S. Department of Agriculture</u> | | | |
| <i>Direct Award:</i> | | | |
| Rural Rental Housing Loans | 10.415 | <u>67,672</u> | <u>743,110</u> |
| Total U.S. Department of Agriculture | | <u>67,672</u> | <u>743,110</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | <u>\$ 5,409,190</u> | <u>\$ 743,110</u> |

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

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of Expenditures of federal awards (the Schedule) includes the federal award activity of the Pickaway Metropolitan Housing Authority under programs of the federal government for the year ended December 31, 2020. 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 Pickaway Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pickaway Metropolitan Housing Authority.

NOTE 2: 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

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

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 – 6136

Ohio Society of Certified Public Accountants

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

To the Members of the Board
Pickaway Metropolitan Housing Authority
Circleville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

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, the financial statements of the business-type activities of the Pickaway Metropolitan Housing Authority, Ohio, (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 26, 2021, wherein we noted the Authority created a new entity that caused a restatement of net position.

Our report includes a reference to other auditors who have audited the financial statements of PMHA Pickaway Terrace, LLC, and PMHA Eden Place, LLC, blended component units, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pickaway Metropolitan Housing 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 26, 2021

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

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(216) 475 – 6136

Ohio Society of Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board
Pickaway Metropolitan Housing Authority
Circleville, Ohio

Regional Inspector General of Audit
Department of Housing and Urban
Development

Report on Compliance for Each Major Federal Program

We have audited the Pickaway Metropolitan Housing Authority, Pickaway County, Ohio's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Pickaway Metropolitan Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Pickaway Metropolitan Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Pickaway Metropolitan Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Pickaway Metropolitan Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, CPA, Inc.
Certified Public Accountants

July 26, 2021

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2020**

I. SUMMARY OF AUDITOR'S RESULTS

| | | |
|------------|---|---|
| 2020(i) | Type of Financial Statement Opinion | Unmodified |
| 2020(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| 2020(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| 2020(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| 2020(iv) | Were there any material internal control weaknesses reported for major Federal programs? | No |
| 2020(iv) | Were there any significant deficiencies in internal control reported for major Federal programs? | No |
| 2020(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| 2020(vi) | Are there any reportable findings under 2 CFR 200.516(a)? | No |
| 2020(vii) | Major Programs (list): Housing Choice Voucher Cluster: Section 8 Housing Choice Voucher Program - CFDA #14.871 Section 8 Housing Choice Voucher Program - CARES Act Funding - CFDA #14.871 Rural Rental Housing Loans - CFDA #10.415 | |
| 2020(viii) | Dollar Threshold: Type A\B Programs | Type A: \$750,000 Type B: All Others |
| 2020(ix) | Low Risk Auditee? | Yes |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**PICKAWAY METROPOLITAN HOUSING AUTHORITY
PICKAWAY COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

The prior audit report, as of December 31, 2019, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE KEITH FABER



PICKAWAY COUNTY METROPOLITAN HOUSING AUTHORITY

PICKAWAY 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 9/9/2021

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