



OHIO AUDITOR OF STATE
KEITH FABER



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

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PIKE COUNTY
DECEMBER 31, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Pike Metropolitan Housing Authority
Pike County
2626 Shyville Road
Piketon, Ohio 45661

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

Also, the financial data schedules (FDS) required by the Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
September 13, 2023

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**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)**

This Management’s Discussion and Analysis (MD&A) for the Pike Metropolitan Housing Authority (the Authority) is intended to assist the reader and identify what management feels are significant financial issues, provide an overview of the financial activity for the year, and identify and offer a discussion about changes in the Authority’s financial position. It is designed to focus on the financial activity for the fiscal year ended December 31, 2022, resulting changes and currently known facts. Please read it in conjunction with the financial statements found elsewhere in this report.

Financial Highlights

- The Authority’s total assets and deferred outflows of resources were \$8,994,542 and \$8,846,786 for 2022 and 2021, respectively. The Authority-wide statements reflect an increase in total assets of \$147,756 for 2022.
- Revenues increased by \$40,243 during 2022 and were \$4,286,101 and \$4,245,858 for 2022 and 2021, respectively.
- The total expenses of all Authority programs increased by \$458,167. Total expenses were \$4,231,020 and \$3,772,853 for 2022 and 2021, respectively.

Overview of the Authority’s Financial Statements

The Basic Financial Statements included elsewhere in this report are:

the Statement of Net Position,
the Statement of Revenues, Expenses and Changes in Net Position, and
the Statement of Cash Flows.

The *Statement of Net Position* is very similar to, and what most people would think of as, a balance sheet. In the first half it reports the value of assets and deferred outflows of resources the Authority holds at December 31, 2022, that is, the cash the Authority has, the amounts that are owed the Authority from others, the value of the equipment it owns and deferred outflows of resources. The other half of the report shows the liabilities the Authority has, that is what it owes others at December 31, 2022; the deferred inflows of resources, and what net position (or what is commonly referred to as equity) the Authority has at December 31, 2022. The two parts of the report are in balance, thus why many might refer to this type of report as a balance sheet, in that the total of the assets and deferred outflows of resources part equals the total of the liabilities, plus deferred inflows of resources plus net position (or equity) part.

In the statement, the net position part is broken out into three broad categories:

Net Investment in Capital Assets
Restricted Net Position, and
Unrestricted Net Position.

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The balance in Net Investment in Capital Assets reflects the value of capital assets, that is assets such as land, buildings, and equipment, reported in the top part of the statement reduced by the amount of accumulated depreciation of those assets and by the outstanding amount of debt yet owned on those assets.

The balance in Restricted Net Position reflects the value of assets reported in the top part of the statement that are restricted for use by law or regulation, or when use of those assets is restricted by constraints placed on the assets by creditors.

The balance in Unrestricted Net Position is what is left over of net position after what is classified in the two previously mentioned components of net position. It reflects the value of assets available to the Authority to use to further its purposes.

The *Statement of Revenues, Expenses, and Changes in Net Position* is very similar to and may commonly be referred to an income statement. It is in essence a report showing what the Authority earned, that is what its revenues or incomes were, versus what expenses the Authority had over the same period. It shows how the net position (or equity) changed because of how the incomes exceeded or were less than what expenses were. It helps the reader to determine if the Authority had more in revenues than in expenses or vice-versa, and then how that net gain or net loss affected the net position (or equity). The bottom line of the report, the ending total net position, is what is referred to in the above discussion of the statement of net position.

The *Statement of Cash Flows* is a report that shows how the amount of cash the Authority had at the end of the previous year was impacted by the activities of the current year. It breaks out in general categories the cash coming in, and the cash going out. It helps the reader to understand the sources and uses of cash by the Authority during the year, to include a measurement of cash gained or used by operating activities, by activities related to acquiring capital assets, and by activities related to investing activities.

Authority's Programs

The financial statements included elsewhere in this report are presented using the Authority-wide perspective meaning the activity reported reflects the summed results of all the programs, or business type funds of the Authority. The Authority consists exclusively of enterprise funds. The full accrual basis of accounting is used for enterprise funds. That method of accounting is very similar to accounting used in the private sector.

The Authority's programs include the following:

Housing Choice Voucher program,
Business Activities, and
Mainstream Vouchers.

Under the *Section 8 Housing Choice Voucher program*, the Authority subsidizes the rents of low to moderate-income families through Housing Assistance Payments contracts when those families rent from private landlords. This is called a tenant-based program because when the tenant family moves, the rental assistance goes with the family to the new rental unit.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Under the *Business Activities program*, the Authority owns several rental properties. These properties are not related to the HUD funded activities, and that is why it is reported as a business activity.

Mainstream Vouchers assist non-elderly persons with disabilities. Aside from serving a special population, mainstream vouchers are administered using the same rules as other housing choice vouchers.

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**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)**

Condensed Financial Statements

Statement of Net Position

The following is a condensed Statement of Net Position compared to the prior year-end. The Authority is engaged only in business type activities.

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

	<u>2022</u>	<u>2021</u>
<u>Assets and Deferred Outflows of Resources</u>		
Current and Other Assets	\$ 2,114,851	\$ 2,032,003
Capital Assets	6,784,761	6,656,814
Total Assets	<u>8,899,612</u>	<u>8,688,817</u>
Deferred Outflows of Resources	<u>94,930</u>	<u>157,969</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 8,994,542</u>	<u>\$ 8,846,786</u>
<u>Liabilities</u>		
Current Liabilities	\$ 443,787	\$ 414,154
Long-Term Liabilities	5,799,678	5,790,315
Total Liabilities	<u>6,243,465</u>	<u>6,204,469</u>
Deferred Inflows of Resources	<u>529,009</u>	<u>482,610</u>
<u>Net Position</u>		
Net Investment in Capital Assets	2,083,205	2,169,071
Restricted	349,685	667,556
Unrestricted	(210,822)	(676,920)
Total Net Position	<u>2,222,068</u>	<u>2,159,707</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 8,994,542</u>	<u>\$ 8,846,786</u>

Major Factors Affecting the Statement of Net Position

There were minor changes in current assets from 2021 with the most significant changes being increases in capital assets and slight increases in prepaid expenses and other assets. There were increases in long-term debt due to debt issuances which were partially offset by principal payments and principal forgiveness. The increase in long-term debt was partially offset by a decrease in the net pension liability. It is important to note that the reporting of pension and other postemployment benefits (OPEB) activity is required by GASB (Governmental Accounting Standards Board) 68

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and GASB 75. Other than long term debt, net pension liability (NPL) is the largest single liability reported by the Authority at December 31, 2022 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. An asset reported in fiscal years 2022 and 2021, is due to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, 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 OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s net pension liability or net OPEB liability (asset). GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability (asset) to equal the Authority’s proportionate share of each plan’s collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees’ past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee,

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
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because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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 liability or the net OPEB liability (asset). As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities (assets) 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 payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability (asset) are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. In cases where there is a net pension or OPEB asset, these assets are separately identified within the noncurrent asset section of the statement of net position. In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

Cash decreased slightly primarily due to capital asset additions and debt payments during 2022. Capital assets increased primarily due to capital asset additions exceeding depreciation expense in 2022.

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**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)**

Statement of Revenues, Expenses, and Changes in Net Position

The following is a condensed Statement of Revenues, Expenses and Changes in Net Position. Pike Metropolitan Housing Authority is engaged only in business-type activities.

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

	2022	2021
<u>Revenues</u>		
Tenant Revenues- Rent and Others	\$ 673,185	\$ 459,756
Operating Subsidies and Grants	2,787,178	2,727,725
Investment Income	9,592	9,397
Other Revenues	816,146	1,048,980
Total Revenues	4,286,101	4,245,858
<u>Expenses</u>		
Administrative	572,702	558,351
Utilities	112,196	76,614
Maintenance	456,797	331,168
General	48,301	24,330
Housing Assistance Payments	2,372,343	2,308,896
Interest	171,838	47,744
Depreciation	496,843	425,750
Total Expenses	4,231,020	3,772,853
Net Increase (Decrease) in Net Position	\$ 55,081	\$ 473,005

Major Factors Affecting the Statement of Revenue, Expenses and Changes In Net Position

Tenant revenues increased by \$213,429 from 2021 to 2022 as more rental income was collected. Government operating grants increased slightly from 2021 to 2022. Other revenue decreased \$232,834 from 2021 to 2022 primarily due to a decrease in contract service fees, management fees and developer fees collected. Utilities expense increased from 2021 to 2022 primarily due to inflationary increases. Maintenance expenses increased \$125,629 from 2021 to 2022 due to a combination of inflationary increases and additional maintenance and repair work required. Housing assistance payments increased slightly from 2021.

**PIKE METROPOLITAN HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)**

Capital Assets

The following is a condensed Statement of Changes in Capital Assets summarizing the change in Capital Assets, which is presented in detail in Note 5 of the notes to the basic financial statements.

Table 3- Condensed Statement of Changes in Capital Assets

	2022	2021
Land and Land Rights	\$ 1,865,046	\$ 1,832,546
Buildings and Improvements	15,147,165	14,616,869
Equipment	494,396	442,323
Accumulated Depreciation	<u>(10,721,846)</u>	<u>(10,234,672)</u>
Total	<u>\$ 6,784,761</u>	<u>\$ 6,657,066</u>

Excluding the change in accumulated depreciation, capital assets increased by \$624,790. The increase was due to various capital asset purchases in 2022.

Debt

The following is a summary of the changes in long-term debt throughout the year ending December 31, 2022.

Table 4- Condensed Statement of Changes in Debt Outstanding

Beginning Balance, January 1, 2022	\$ 4,499,403
New debt	478,485
Principal payments	(98,338)
Debt forgiveness	<u>(189,903)</u>
Ending Balance, December 31, 2022	<u>\$ 4,689,647</u>

Net debt balances increased \$190,244 during 2022. More detailed information is presented in Note 10 of the notes to the financial statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)**

Economic Factors

Significant economic factors affecting the Authority are as follows:

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

Financial Contact

Questions concerning this report or requests for additional information should be directed to Pam Smith, Executive Director of the Pike Metropolitan Housing Authority, 2626 Shyville Road, Piketon, Ohio 45661.

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PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

Assets

Current Assets:

Cash and Cash Equivalents	\$ 943,698
Restricted Cash and Cash Equivalents	391,927
Accounts Receivable, current	35,201
Notes Receivable, current	6,503
Lease Receivable, current	248,335
Interest Receivable, current	697
Prepaid Expenses & Other Assets	97,619
Total Current Assets	<u>1,723,980</u>

Noncurrent Assets:

Note Receivable	283,438
Net OPEB Asset	107,433

Capital Assets:

Non-depreciable Capital Assets	1,865,046
Depreciable Capital Assets, net	4,919,715
Total Capital Assets	<u>6,784,761</u>

Total Assets

8,899,612

Deferred Outflows of Resources

Pension	87,781
OPEB	7,149
	<u>94,930</u>

Total Assets and Deferred Outflows of Resources

\$ 8,994,542

See accompanying notes to the basic financial statements.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

Liabilities

Current Liabilities:

Accounts Payable	\$ 44,255
Tenant Security Deposits	42,242
Accrued Wages and Payroll Taxes	12,300
Accrued Compensated Absences- Current	35,762
Current Portion of Long-Term Debt	297,544
Unearned Revenue	11,684
Total Current Liabilities	443,787

Noncurrent Liabilities:

Accrued Compensated Absences	31,471
Long-Term Debt- Net of Current Portion	4,392,103
Accrued Interest Payable	1,055,494
Net Pension Liability	320,610
Total Noncurrent Liabilities	5,799,678

Total Liabilities

6,243,465

Deferred Inflows of Resources

Pension	412,430
OPEB	116,579
Total Deferred Inflows of Resources	529,009

Net Position:

Net Investment in Capital Assets	2,083,205
Restricted Net Position	349,685
Unrestricted Net Position	(210,822)
Total Net Position	2,222,068

Total Liabilities, Deferred Inflows of Resources and Net Position

\$ 8,994,542

See accompanying notes to the basic financial statements.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

Operating Revenues	
Government Grants	\$ 2,787,178
Tenant Revenue	673,185
Other Revenue	816,146
Total Operating Revenues	4,276,509
 Operating Expenses	
Administrative	572,702
Utilities	112,196
Maintenance	456,797
General	48,301
Housing Assistance Payments	2,372,343
Depreciation	496,843
Total Operating Expenses	4,059,182
Operating Income (Loss)	217,327
 Non-Operating Revenues (Expenses)	
Interest and Investment Revenue	9,592
Interest Expense	(171,838)
Total Non-Operating Revenues (Expenses)	(162,246)
Change in Net Position	55,081
Total Net Position, Beginning of Year - As Restated	2,166,987
Net Position, End of Year	\$ 2,222,068

See accompanying notes to the basic financial statements.

PIKE METROPOLITAN HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities	
Cash received from government grants	\$ 2,787,178
Cash received from tenants	669,552
Other income received	757,325
Cash paid for housing assistance	(2,372,343)
Cash paid to employees and for benefits	(858,356)
Cash paid to vendors	(770,083)
Net cash provided (used) by operating activities	<u>213,273</u>
Cash Flow from Capital and Related Financing Activities	
Acquisition of capital assets	(624,536)
Principal paid on debt	(86,678)
Interest paid on debt	(46,459)
Debt proceeds	478,485
Net cash provided (used) by capital and related activities	<u>(279,188)</u>
Cash Flows from Investing Activities	
Interest income	14,383
Net cash provided by investing activities	<u>14,383</u>
Net increase (decrease) in cash and cash equivalents	(51,532)
Cash and cash equivalents, beginning	<u>1,387,157</u>
Cash and cash equivalents, ending	<u><u>\$ 1,335,625</u></u>
<u>Reconciliations of Operating Loss to Net Cash Provided by Operating Activities</u>	
Net Operating (Loss)	\$ 217,327
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Debt Forgiveness	(189,903)
Depreciation	496,843
(Increase) Decrease in:	
Accounts Receivable- Tenant	(6,790)
Prepaid Expenses	(56,030)
Other Receivables	(58,821)
Net OPEB Asset	(43,866)
Deferred Outflows of Resources - Pension/OPEB	63,039
Increase (Decrease) in:	
Accounts Payable	5,078
Accrued Compensated Absences	(16,854)
Tenants' Security Deposits	254
Accrued Wages and Payroll Taxes	372
Unearned Revenue	2,903
Net Pension/OPEB Liability	(246,678)
Deferred Inflows of Resources - Pension/OPEB	46,399
Net Cash Used by Operating Activities	<u><u>\$ 213,273</u></u>

See accompanying notes to the basic financial statements.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pike Metropolitan Housing Authority (the “Authority”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 to engage in the acquisition, development leasing, and administration of a low-rent housing program. An Annual Contributions Contract (ACC) was signed by the Authority and the U.S. Department of Housing and Urban Development (HUD) under the provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which are detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities.

The accompanying financial statements comply with the provision of GASB Statement 14, the Financial Reporting Entity, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34" and GASB 90, "Majority Equity Interests", 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 is 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 or, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Blended component units are separate legal entities that meet the component unit criteria above and whose governing body is the same or substantially the same as the Board of Commissioners of the Authority or the component unit provides services entirely to the Authority. The component unit is blended into those of the Authority by appropriate activity type to compose the primary government presentation.

These financial statements present the Authority and its blended component unit, an entity for which the Authority is considered to be financially accountable and which serve as the Authority's instruments to enhance its purpose to build and maintain affordable housing to low- and moderate-income families. All inter-entity balances and transactions are eliminated in the blending of financial statements.

Basis of Presentation

The Authority's 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.

Fund Accounting

The Authority maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific revenues and expenses. The Authority uses a single enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the Authority is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

Basis of Accounting

Enterprise fund transactions are recorded on the accrual basis of accounting; revenues are recognized when earned and measurable and expenses are recognized as incurred.

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows and inflows of resources 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 net total position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Buildings	40 years
Building Improvements	15-27.5 years
Land Improvements	15 years
Equipment	7 years
Autos	5 years
Computers	5 years

Accounts Receivable

Accounts receivable consist of amounts due from tenants for rent and miscellaneous receivables which includes utilities owed to the Authority. An allowance for doubtful accounts has been recognized.

Notes, Leases and Interest Receivables

Notes, Leases, and Interest Receivables consist of amounts due from Vansant Commons L.P. note and lease agreement, as well as a land contract recorded as a note receivable. See Note 16 for additional information. An allowance for doubtful accounts has not been recognized.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Capitalization of Interest

The Authority's policy is not to capitalize interest related to the construction or purchase of capital assets.

Revenue Recognition

Subsidies and grants received from HUD and other grantors are generally recognized during the periods to which they relate, and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis. Tenant rental revenues are recognized during the period of occupancy. Other receipts are recognized when the related expenses are incurred.

Unearned Revenue

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

Revenues and Expenses

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tax Liability

The Authority is by law exempt from all federal, state, and local taxes and assessments.

Compensated Absences

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

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

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a liability. Information regarding compensated absences is detailed in Note 8.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowings that have been used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Pensions/OPEB

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the defined benefit retirement plans discussed in Notes 6 and 7 and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the Statement of Net Position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension/OPEB are explained in Notes 6 and 7.

In addition to liabilities, the statement of financial 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 as an inflow or resources (revenue) until that time. For the Authority, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the Statement of Net Position.

**PIKE METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 2: DEPOSITS AND INVESTMENTS

Cash on Hand

At December 31, 2022, the Authority had undeposited cash on hand (petty cash) of \$150 which is included on the financial statements as part of cash and cash equivalents.

Deposits

At December 31, 2022, the carrying amount of the Authority’s cash deposits was \$1,335,475 and the bank balance was \$1,351,218. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2022, deposits totaling \$370,952 were covered by Federal Depository Insurance and deposits totaling \$980,266 were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent in the Authority’s name.

Custodial credit is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned. The Authority’s policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 110 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the Authority.

NOTE 3: RESTRICTED CASH

The restricted cash balance of \$391,927 on the financial statements represents the following:

Tenant Security Deposits	\$	42,243
Reserves- Emmitt Station		228,730
Other Restricted		120,954
	\$	391,927

NOTE 4: RESTRICTED NET POSITION

The Authority’s restricted net position is as follows:

Reserves-Emmitt Station	\$	228,730
Other Reserves		120,955
	\$	349,685

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 5: CAPITAL ASSETS

The Authority discovered an error in previously reported capital assets. This is included in the restatement of beginning net position. A summary of capital assets at December 31, 2022 by class is as follows:

	Balance As Restated <u>12/31/2021</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/2022</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 1,832,546	32,500	-	\$ 1,865,046
Total Capital Assets Not Being Depreciated	<u>1,832,546</u>	<u>32,500</u>	<u>-</u>	<u>1,865,046</u>
<u>Capital Assets Being Depreciated</u>				
Buildings and Improvements	14,616,869	530,296	-	15,147,165
Furniture, Equipment and Machinery	442,323	61,740	(9,667)	494,396
Subtotal Capital Assets Being Depreciated	<u>15,059,192</u>	<u>592,036</u>	<u>(9,667)</u>	<u>15,641,561</u>
Accumulated Depreciation	<u>(10,234,672)</u>	<u>(496,841)</u>	<u>9,667</u>	<u>(10,721,846)</u>
Net Depreciable Assets	<u>4,824,520</u>	<u>95,195</u>	<u>-</u>	<u>4,919,715</u>
Total Capital Assets, net	<u>\$ 6,657,066</u>	<u>\$ 127,695</u>	<u>\$ -</u>	<u>\$ 6,784,761</u>

NOTE 6: DEFINED BENEFIT RETIREMENT PLAN

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB 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 net pension/OPEB liability (asset) represents the Authority’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/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 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/OPEB are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Net Pension Liability/Net OPEB Liability (Asset) (Continued)

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset).

Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the pension disclosures. See Note 7 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Authority participates 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained 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.

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

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 6: DEFINED BENEFIT RETIREMENT PLAN- (Continued)

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

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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 initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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 member's contributions plus or minus the investment gains or losses resulting from the member's 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

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

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

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 annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan was consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option is no longer be available for member selection.

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

	Local
2022 and 2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 and 2021 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %
* Member contributions within the 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 the remainder going to pension.	

The Authority’s contractually required contribution to OPERS was \$76,054 for fiscal year 2022 and \$73,816 for 2021 respectively, of which the entire amount was paid during 2022 and 2021. Of this amount, \$1,778 and \$1,596 were reported as a payroll liability for 2022 and 2021, respectively.

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

The net pension liability reported as of December 31, 2022 and December 31, 2021 were measured as of December 31, 2021 and December 31, 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. 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 projected contributions of all participating entities.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

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

Following is information related to the proportionate share and pension expense:

	2022 OPERS	2021 OPERS
Proportion of the Net Pension Liability/Asset - Prior Year	0.00383100%	0.00370700%
Proportion of the Net Pension Liability/Asset - Current Year	0.00368500%	0.00383100%
Change in Proportionate Share	-0.00014600%	0.00012400%
Proportionate Share of the Net Pension Liability	\$ 320,610	\$ 567,288
Pension Expense	\$ (13,243)	\$ 629

At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022 OPERS	2021 OPERS
Deferred Outflows of Resources:		
Changes in proportion	\$ 11,727	\$ 31,155
Contributions subsequent to the measurement date	76,054	73,816
Total	\$ 87,781	\$ 104,971
	OPERS	OPERS
Deferred Inflows of Resources:		
Differences between expected and actual economic experience	\$ 7,032	\$ 23,730
Differences between projected and actual investment earnings	381,354	221,112
Changes of assumptions	-	27,397
Changes in proportion	24,044	-
Contributions subsequent to the measurement date	-	-
Total	\$ 412,430	\$ 272,239

\$76,045 and \$73,816 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement dates as of December 31, 2022 and 2021 respectively, will be recognized as a reduction of the net pension liability in the years ending December 31, 2023 and 2022, respectively.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:	<u>OPERS</u>
2023	(97,824)
2024	(152,543)
2025	(89,673)
2026	<u>(60,663)</u>
	<u>\$ (400,703)</u>

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 was determined by an actuarial valuation as of December 31, 2021 and 2020, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 6 – DEFINED BENEFIT RETIREMENT PLAN (Continued)

Actuarial Assumptions – OPERS (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021 and 2020, are presented below for the OPERS Traditional Plan.

	2021	2020
	5-year period ended December 31, 2020	5-year period ended December 31, 2015
Experience Study	2.75 percent	3.25 percent
Wage Inflation	2.75 to 10.75 percent	3.25 to 10.75 percent
Future Salary Increases, including inflation	including wage inflation	including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2022, then 2.05 percent, simple	.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	6.9 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 6: DEFINED BENEFIT RETIREMENT PLAN (Continued)

Actuarial Assumptions – OPERS (Continued)

For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2021 and 2020, these best estimates are summarized in the following table:

Asset Class	2021 Target Allocation	2020 Target Allocation	2021	2020
			Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	25.00 %	1.03 %	1.32 %
Domestic Equities	21.00	21.00	3.78	5.64
Real Estate	11.00	10.00	3.66	5.39
Private Equity	12.00	12.00	7.43	10.42
International Equities	23.00	23.00	4.88	7.36
Risk Parity	5.00	0.00	2.92	0.00
Other Investments	4.00	9.00	2.85	4.75
Total	100.00 %	100.00 %	4.21 %	5.61 %

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and 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 investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

Discount Rate The discount rate used to measure the total pension liability was 6.9% and 7.2% for the Traditional Pension Plan for the years ended December 31, 2021 and 2020. 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 benefit 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 tables presents the Authority’s proportionate share of the net pension liability calculated as of the measurement dates of December 31, 2021 and 2020 using the current period discount rate assumption of 6.9 and 7.2 percent, as well as what the Authority’s proportionate share of the net pension

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

liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 and 6.2 percent) or one-percentage-point higher (7.9 and 8.2 percent) than the current rate:

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

For the year ended December 31, 2022:

	1% Decrease ▼ (5.9%)	Current Discount Rate ▼ (6.9%)	1% Increase ▼ (7.9%)
Authority's proportionate share of the net pension liability	\$845,302	\$320,610	(\$116,004)

For the year ended December 31, 2021:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Authority's proportionate share of the net pension liability	\$1,082,104	\$567,288	\$139,219

NOTE 7: **DEFINED BENEFIT OPEB PLAN**

See Note 6 for a description of the net OPEB liability.

Ohio Public Employees Retirement System

Plan Description – 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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-

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NOTE 7: DEFINED BENEFIT OPEB PLAN (Continued)

Ohio Public Employees Retirement System (Continued)

Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance. Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

Ohio Public Employees Retirement System (Continued)

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0 percent during calendar year 2022 and calendar year 2021. For the calendar year 2021 and for the time period January 1, 2022 through June 30, 2022, OPERS did not allocate any employer contributions to health care for members in the Combined Plan. For the time period July 1, 2022 through December 31, 2022, OPERS allocated 2.0 percent of employer contributions to health care for members in 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 2022 and 2021 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution was \$0 for 2022 and 2021.

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PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020 and 2019 rolled forward to the measurement dates of December 31, 2021 and 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability (asset) was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	2022	2021
	OPERS	OPERS
Proportionate Share of the Net OPEB Liability (Asset)	\$ (107,433)	\$ (63,567)
Proportion of the Net OPEB Liability (Asset) - Prior Year	0.0035680%	0.0034520%
Proportion of the Net OPEB Liability (Asset) - Current Year	0.0034300%	0.0035680%
Change in Proportionate Share	-0.0001380%	0.0001160%
OPEB Expense (Gain)	\$ (91,809)	\$ (389,303)

At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022	2021
	OPERS	OPERS
Deferred Outflows of Resources:		
Changes of assumptions	\$ -	\$ 31,250
Changes in proportion	7,149	21,748
Total	\$ 7,149	\$ 52,998
	OPERS	OPERS
Deferred Inflows of Resources:		
Differences between expected and actual economic experience	\$ 16,296	\$ 57,369
Differences between projected and actual investment earnings	51,216	33,856
Changes of assumptions	43,487	102,997
Changes in proportion	5,580	16,148
Total	\$ 116,579	\$ 210,370

There were no deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date since none were made subsequent to the measurement date.

**PIKE METROPOLITAN HOUSING AUTHORITY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7: **DEFINED BENEFIT OPEB PLAN** (Continued)

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Continued)

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

	OPERS
Fiscal Year Ending December 31:	
2023	\$ (66,277)
2024	(24,606)
2025	(11,190)
2026	(7,357)
	<u>\$ (109,430)</u>

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020 and 2019, rolled forward to the measurement dates of December 31, 2021 and 2020.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 7 - DEFINED BENEFIT OPEB PLAN (Continued)

Actuarial Assumptions – OPERS (Continued)

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Future Salary Increases, including inflation		
Single Discount Rate:		
Current measurement date	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent ultimate in 2034	8.5 percent, initial 3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Experience Study	5-Year Period Ended December 31, 2020	5-Year Period Ended December 31, 2015

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, 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.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health-care related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 7: DEFINED BENEFIT OPEB PLAN (Continued)

Actuarial Assumptions – OPERS (Continued)

return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested for the Health Care portfolio was a gain of 14.3% for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board’s investment consultant.

For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2021 and 2020, these best estimates are summarized in the following table:

Asset Class	2021	2020	2021	2020
	Target Allocation	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	34.00 %	0.91 %	1.07 %
Domestic Equities	25.00	25.00	3.78	5.64
Real Estate Investment Trust	7.00	7.00	3.71	6.48
International Equities	25.00	25.00	4.88	7.36
Risk Parity	2.00	0.00	2.92	0.00
Other Investments	7.00	9.00	1.93	4.02
Total	100.00 %	100.00 %	3.45 %	4.55 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index’s “20-Year Municipal GO AA Index”) for the year

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7: DEFINED BENEFIT OPEB PLAN (Continued)

Actuarial Assumptions – OPERS (Continued)

ended December 31, 2021. This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent for the year ended December 31, 2020. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The following table presents the Authority’s proportionate share of the net OPEB liability (asset) calculated as of the measurement date December 31, 2021, using the single discount rate of 6.00 percent, as well as what the Authority’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	<u>1% Decrease (5.0%)</u>	<u>Current Discount Rate (6.0%)</u>	<u>1% Increase (7.0%)</u>
Authority's proportionate share of the net OPEB asset	(\$15,806)	(\$63,567)	(\$102,830)

The following table presents the Authority’s proportionate share of the net OPEB liability (asset) calculated as of the measurement date December 31, 2020, using the single discount rate of 6.00 percent, as well as what the Authority’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	<u>1% Decrease (5.00%)</u>	<u>Assumption (6.00%)</u>	<u>1% Increase (7.00%)</u>
Authority's proportionate share of the net OPEB liability (asset)	(\$108,594)	(\$107,433)	(\$106,056)

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

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 (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7: DEFINED BENEFIT OPEB PLAN (Continued)

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that 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.

For the fiscal year ended December 31, 2022:

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability (asset)	(\$108,594)	(\$107,433)	(\$106,056)

For the fiscal year ended December 31, 2021:

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability (asset)	(\$65,116)	(\$63,567)	(\$61,833)

NOTE 8: 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 15 days sick leave per year of service. Unused sick leave may be accumulated without limit. At the time of separation, employees receive payment for up to sixty (60) days of unused sick leave. All permanent employees will earn vacation hours accumulated based on length of service. Vacation shall not be accrued for a period longer than two (2) years. Any vacation accrued in excess of two (2) years shall be forfeited.

At December 31, 2022, based on the vesting method, \$67,233 was accrued by the Authority for unused vacation and sick time. The current portion is \$35,762 and the long-term portion is \$31,471.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

NOTE 9: INSURANCE

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State Housing Authorities Risk Pool (SHARP), a public entity risk plan that operates as a common risk management and insurance program for housing authorities. The Authority pays insurance premiums directly to SHARP. Premiums are paid monthly. The Authority also pays unemployment claims to the State of Ohio as incurred. The Authority continues to carry commercial insurance for other risks of loss. There has been no significant reduction in insurance coverage from coverage in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Additionally, Workers' Compensation insurance is maintained through the State of Ohio Bureau of Workers' Compensation, in which rates are calculated retrospectively. The Authority is also fully insured through a premium payment plan with Anthem Blue Cross/Blue shield for employee health care benefits. Settled claims have not exceeded the Authority's insurance in any of the past three years.

NOTE 10: LONG-TERM DEBT

Change in long-term liabilities:

	Balance at 12/31/2021 As Restated**	Increase	Decrease	Balance at 12/31/2022	Amount Due In One Year
Compensated Absences	\$ 84,087	\$ 27,252	\$ 44,106	\$ 67,233	\$ 35,762
Long-Term Debt	4,499,403	478,485	288,241	4,689,647	297,544
Net Pension Liability	567,288	-	-	567,288	-
Net OPEB Liability	-	-	-	-	*
Total	<u>\$5,150,778</u>	<u>\$505,737</u>	<u>\$332,347</u>	<u>\$5,324,168</u>	<u>\$ 333,306</u>

* - The Authority had a net OPEB asset in the amount of \$107,433 as of December 31, 2022, so no liability is reported above.

** - The Authority detected errors were included in the Restatement of Net Position. See Note 16.

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**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

NOTE 10: **LONG-TERM DEBT** (Continued)

The long-term debt is detailed below:

	Original Loan Amount	Range of Maturity Date	Interest Rate	Life of Loan	Balance 12/31/2022	Current Portion
Repayable Debt						
<u>Ohio Capital Financial Corporation</u>						
-Beverly Senior Housing-Lument	\$ 660,000	2022-2042	4.33%	40	\$ 559,811	\$ 12,700
<u>Ohio Valley Bank:</u>						
-412 Market St.	\$ 41,140	2005-2024	6.25%	20 Yrs.	\$ 6,189	\$ 3,341
-236 St. Mary's	\$ 55,009	2005-2025	7.25%	20 Yrs.	\$ 1,498	\$ 4,124
-83 Circleview Drive	\$ 50,000	2010-2025	5.75%	15 Yrs.	\$ 11,986	\$ 4,429
-228 St. Mary's	\$ 46,206	2012-2027	5.25%	15 Yrs.	\$ 16,580	\$ 3,600
-421 Market, Maint. Building, 102 Sunrise	\$ 530,000	2014-2024	5.00%	10 Yrs.	\$ 97,109	\$ 64,222
-Hilltop	\$ 400,000	2014-2031	5.71%	15 Yrs.	\$ 77,716	\$ 1,636
-Dean St.	\$ 56,000	2018-2032	4.75%	15 Yrs.	\$ 41,357	\$ 3,260
-393 Circleview	\$ 25,000	2018-2033	4.75%	15 Yrs.	\$ 7,535	\$ 1,486
-507 Rose Drive	\$ 60,000	2018-2033	5.25%	15 Yrs.	\$ 46,155	\$ 3,451
-Beaver Creek	\$ 57,000	2022-2042	5.25%	20 Yrs.	\$ 55,919	\$ 1,715
					Total Repayable Debt:	
					\$ 921,855	\$ 103,964

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PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 10: LONG-TERM DEBT (Continued)

Forgivable Debt	Original Loan Amount	Range of Maturity Date	Interest Rate	Life of Loan	Balance 12/31/2022	Current Portion
<u>U.S. Department of Agriculture</u>						
-Emmitt Station	\$ 1,146,858	2005-2036	5.375%	30 Yrs.	\$ 1,018,897	\$ 11,104
-Emmitt Station	\$ 350,000	2006-2036	5.375%	30 Yrs.	\$ 315,957	\$ 3,177
<u>DODD Community Capital Assistance Program:</u>						
-77 Circleview Drive	\$ 38,200	2018-2032	0%	15 Yrs.	\$ 23,132	\$ 2,547
- 83 Circleview Drive	\$ 118,889	2010-2025	0%	15 Yrs.	\$ 21,136	\$ 7,926
- 83 Circleview Drive	\$ 14,997	2010-2025	0%	15 Yrs.	\$ 2,666	\$ 1,000
-102 Sunrise	\$ 3,961	2009-2024	0%	15 Yrs.	\$ 396	\$ 264
-102 Sunrise	\$ 20,832	2009-2024	0%	15 Yrs.	\$ 2,315	\$ 1,389
-102 Sunrise	\$ 5,000	2018-2032	0%	15 Yrs.	\$ 3,139	\$ 333
-107 Commercial	\$ 34,727	2012-2027	0%	15 Yrs.	\$ 11,190	\$ 2,315
-210 St. Ann's Lane	\$ 31,303	2019-2034	0%	15 Yrs.	\$ 24,868	\$ 2,087
-221 St. Ann's Lane	\$ 8,911	2009-2024	0%	15 Yrs.	\$ 941	\$ 594
-221 St. Ann's Lane	\$ 33,000	2021-2036	0%	15 Yrs.	\$ 28,783	\$ 2,199
-228 St. Mary's	\$ 9,918	2012-2027	0%	15 Yrs.	\$ 3,141	\$ 661
-228 St. Mary's	\$ 22,441	2018-2032	0%	15 Yrs.	\$ 15,459	\$ 1,496
-337 Arlington	\$ 27,300	2013-2028	0%	15 Yrs.	\$ 9,707	\$ 1,820
-337 Arlington	\$ 49,640	2018-2032	0%	15 Yrs.	\$ 35,575	\$ 3,309
-393 Circleview Drive	\$ 95,000	2018-2032	0%	15 Yrs.	\$ 57,528	\$ 6,333
-412 Market	\$ 32,600	2018-2032	0%	15 Yrs.	\$ 20,465	\$ 2,173
-419 Dean Street	\$ 106,000	2018-2032	0%	15 Yrs.	\$ 68,900	\$ 7,067
-421 Market	\$ 96,400	2013-2028	0%	15 Yrs.	\$ 31,598	\$ 6,427
-421 Market	\$ 8,460	2022-2037	0%	15 Yrs.	\$ 8,413	\$ 564
-507 Rose Dr	\$ 29,000	2018-2032	0%	15 Yrs.	\$ 20,944	\$ 1,933
-507 Rose Dr	\$ 114,000	2018-2032	0%	15 Yrs.	\$ 76,000	\$ 7,600
-510 Rose Drive	\$ 91,612	2008-2023	0%	15 Yrs.	\$ 1,018	\$ 1,018
-510 Rose Drive	\$ 20,950	2013-2028	0%	15 Yrs.	\$ 6,983	\$ 1,397
-510 Rose Drive	\$ 7,270	2022-2037	0%	15 Yrs.	\$ 7,068	\$ 485
-513 Rose Drive	\$ 90,100	2019-2034	0%	15 Yrs.	\$ 70,078	\$ 6,007
-513 Rose Drive	\$ 33,200	2020-2035	0%	15 Yrs.	\$ 27,482	\$ 2,213
-514 Carroll	\$ 72,750	2012-2027	0%	15 Yrs.	\$ 22,229	\$ 4,850
-514 Carroll	\$ 25,950	2013-2028	0%	15 Yrs.	\$ 9,227	\$ 1,730
-514 Carroll	\$ 25,450	2013-2028	0%	15 Yrs.	\$ 9,049	\$ 1,697
-514 Carroll	\$ 10,000	2015-2030	0%	15 Yrs.	\$ 4,944	\$ 667
-514 Carroll	\$ 20,000	2015-2030	0%	15 Yrs.	\$ 9,889	\$ 1,333

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PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 10: LONG-TERM DEBT (Continued)

	<u>Original Loan Amount</u>	<u>Range of Maturity Date</u>	<u>Interest Rate</u>	<u>Life of Loan</u>	<u>Balance 12/31/2022</u>	<u>Current Portion</u>
Forgivable Debt (continued)						
-519 Carroll	\$ 94,500	2019-2034	0%	15 Yrs.	\$ 72,975	\$ 6,300
-1171 St. Rt 552	\$ 45,900	2019-2034	0%	15 Yrs.	\$ 33,915	\$ 3,060
-2612 Shyville	\$ 117,000	2019-2034	0%	15 Yrs.	\$ 89,050	\$ 7,800
-2612 Shyville	\$ 6,800	2019-2034	0%	15 Yrs.	\$ 5,327	\$ 453
-2612 Shyville	\$ 6,700	2020-2035	0%	15 Yrs.	\$ 5,434	\$ 447
-2612 Shyville	\$ 18,849	2021-2036	0%	15 Yrs.	\$ 17,173	\$ 1,257
-2612 Shyville	\$ 20,000	2022-2037	0%	15 Yrs.	\$ 18,889	\$ 1,333
-2622 Shyville	\$ 104,580	2019-2034	0%	15 Yrs.	\$ 81,921	\$ 6,972
-428 Linden Ave	\$ 95,400	2020-2035	0%	15 Yrs.	\$ 76,850	\$ 6,360
-428 Linden Ave	\$ 33,200	2020-2035	0%	15 Yrs.	\$ 27,482	\$ 2,213
-330 Arlington Ave	\$ 33,200	2021-2036	0%	15 Yrs.	\$ 28,773	\$ 2,213
-2622 Shyville	\$ 36,322	2021-2036	0%	15 Yrs.	\$ 31,479	\$ 2,421
-887 Beaver Creek Rd	\$ 140,520	2022-2037	0%	15 Yrs.	\$ 133,494	\$ 9,368
-217 St. Mary's Lane	\$ 118,350	2022-2037	0%	15 Yrs.	\$ 111,775	\$ 7,890
-217 St. Mary's Lane	\$ 44,685	2022-2037	0%	15 Yrs.	\$ 43,196	\$ 2,979
-217 St. Mary's Lane	\$ 14,200	2022-2037	0%	15 Yrs.	\$ 13,963	\$ 947
-101 Circleview Dr.	\$ 68,000	2022-2037	0%	15 Yrs.	\$ 65,356	\$ 4,533
<u>County NSP:</u>						
-214 Grandview	\$ 204,751	2010-2029	0%	20 Yrs.	\$ 81,901	\$ 10,238
-146 Valleyview	\$ 103,270	2012-2027	0%	20 Yrs.	\$ 46,472	\$ 5,164
<u>Gallia-Meigs NSP:</u>						
-603 Church	\$ 185,000	2011-2030	0%	20 Yrs.	\$ 83,250	\$ 9,250
<u>Ohio Department of Mental Health and Addition Services:</u>						
Mental Health- Hilltop	\$ 200,000	2016-2046	0%	30 Yrs.	\$ 160,000	\$ 6,667
<u>Ohio Housing Finance Agency:</u>						
-Buckeye Community Hope Foundation	\$ 550,000	2022-2042	6.75%	40 Yrs.	\$ 550,000	\$ -
Total Forgivable Debt:					<u>\$ 3,747,792</u>	<u>\$ 193,580</u>
Total Debt:					<u>\$ 4,669,647</u>	<u>\$ 297,544</u>

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**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

NOTE 10: LONG-TERM DEBT (Continued)

The following is a summary of the Authority's future debt service requirements for debt payable as of December 31, 2022:

For the Year Ended December 31st:	Principal Repayment	Interest Repayment	Total Payments	Debt Forgiveness
2023	\$ 103,964	\$ 42,399	\$ 146,363	\$ 193,580
2024	74,047	38,478	112,525	191,359
2025	36,802	38,245	75,047	187,700
2026	32,367	33,039	65,406	181,389
2027	30,107	31,447	61,554	179,190
2028-2032	224,534	129,626	354,160	752,776
2033-2037	125,175	83,418	208,593	1,451,800
2038-2042	150,005	52,791	202,796	583,334
2043-2047	164,854	18,762	183,616	26,664
	<u>\$ 941,855</u>	<u>\$ 468,205</u>	<u>\$ 1,410,060</u>	<u>\$ 3,747,792</u>

NOTE 11: CONDUIT DEBT

In February 2016, the Authority entered into a Housing Development Assistance Program (HDAP) Funding Agreement with the Ohio Housing Finance Agency (OHFA) and Waverly Manor Apartments, LLC (the owner). Under the agreement OHFA agreed to make a HDAP loan from the Low-and Moderate-Income Housing Trust Fund to Pike MHA in the amount of \$350,000 to facilitate the acquisition and rehabilitation of Waverly Manor (the project), a 33 unit family rental development in the Village of Waverly, Pike County, in conjunction with an award of Low Income Housing Tax Credits to the project. Pursuant to the HDAP loan agreement, Pike MHA entered into a Cognovit Promissory Note with the owner in the same amount to convey the funding to facilitate the development of the project. Repayment of any amounts by the owner are subject to cash flows realized by the project, and any such payments are to be made directly to OHFA. Pike MHA is only obligated to repay the HDAP loan to the extent that the project is obligated to make payments on its Cognovit Promissory Note with the Authority. Accordingly, the debt is not reported as a liability and the note receivable is not reported as an asset in the accompanying financial statements.

In May 2019, the Authority entered into a Housing Development Assistance Program (HDAP) Funding Agreement with the Ohio Housing Finance Agency (OHFA) and Quinn Court, LLC (the owner). Under the agreement OHFA agreed to make a HDAP loan from the Low-and Moderate-Income Housing Trust Fund to Pike MHA in the amount of \$300,000 to facilitate the acquisition and rehabilitation of Quinn Court (the project), a 32 unit senior rental development in the Authority of Chillicothe, Ross County, in conjunction with an award of Low Income Housing Tax Credits to the project. Pursuant to the HDAP loan agreement, Pike MHA entered into a Cognovit Promissory Note with the owner in the same amount to convey the funding to facilitate the development of the project. Repayment of any amounts by the owner are subject to cash flows realized by the project, and any such payments are to be made directly to OHFA. Pike MHA is only obligated to repay the HDAP loan to the extent that the project is obligated to make payments on its Cognovit Promissory Note with the Authority. Accordingly, the debt is not reported as a liability and the note receivable is not reported as an asset in the accompanying financial statements.

PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 11: **CONDUIT DEBT** (Continued)

In November 2017, the Authority entered into a Housing Development Assistance Program (HDAP) Funding Agreement with the Ohio Housing Finance Agency (OHFA) and Vansant Commons L.P. Apartments (the owner). Under the agreement OHFA agreed to make a HDAP loan from the Low-and Moderate-Income Housing Trust Fund to Pike MHA in the amount of \$1,267,800 to facilitate the acquisition and rehabilitation of Vansant Commons L.P. (the project), a 97 unit affordable housing community in the Village of Piketon, Pike County, in conjunction with an award of Low Income Housing Tax Credits to the project. Pursuant to the HDAP loan agreement, Pike MHA entered into a Cognovit Promissory Note with the owner in the same amount to convey the funding to facilitate the development of the project. Repayment of any amounts by the owner are subject to cash flows realized by the project, and any such payments are to be made directly to OHFA. Pike MHA is only obligated to repay the HDAP loan to the extent that the project is obligated to make payments on its Cognovit Promissory Note with the Authority. Accordingly, the debt is not reported as a liability and the note receivable is not reported as an asset in the accompanying financial statements.

NOTE 12: **CONTINGENCIES**

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

The Authority has received several Federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will be immaterial.

NOTE 13: **RELATED PARTY TRANSACTIONS**

The Authority provides management services for Vansant Commons, Limited Partnership and Shyville Senior Limited Partnership. These entities are considered affiliates of the Authority; however, the Authority owns an insignificant part of these affiliates (less than 1%).

NOTE 14: **BLENDED COMPONENT UNITS**

The Authority's financial statements include Beverly Senior Housing L.P. as a blended component unit. Description of the blended component is as follows:

Beverly Senior Housing L.P.

Beverly Senior Housing L.P. (the Partnership) was formed March 2, 2004 by Pike Housing Partners, Inc. (General Partner, Buckeye Community Hope Foundation (Original Limited Partner), and Pike Metropolitan Housing Authority (Special Limited Partner). The Partnership Agreement was amended and restated on November 23, 2005 to evidence the withdrawal of the Original Limited Partner and to admit Ohio Equity Fund for Housing Limited Partnership XV (OEF XV), an Ohio limited partnership, as the Limited Partner, and to more fully set out the rights and obligations of the Partners. The Partnership Agreement was amended on July 2, 2008 to provide for a General Partner capital contribution of \$85,700 and to decrease the capital contribution of OEF XV by \$12,214. The

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

NOTE 14: **BLENDED COMPONENT UNITS** (Continued)

Partnership Agreement was amended on May 8, 2009 to decrease the capital contribution of OEF XV by \$1,265. The Partnership Agreement was amended again on November 18, 2014 to increase the capital contribution of OEF XV by \$198,544. Pursuant to the Partnership Interest Purchase Agreement, effective December 31, 2021, OEF XV sold their entire limited partnership interests to Pike Metropolitan Housing Authority.

Note 15: **CONDENSED FINANCIAL STATEMENT INFORMATION – Component Units**

	Beverly Senior Housing L.P.
Balance Sheet	
Current Assets	218,482
Capital Assets, Net	1,441,386
Non-Current Assets	11,210
Current Liabilities	(52,027)
Non-Current Liabilities	(2,152,418)
Net Position	(533,367)
Revenues, Expenses, and changes in Net Position	
Total Revenues	221,888
Total Expenses	(398,528)
Excess Revenue over Expenses	(176,640)
Beginning Net Position as Restated	(356,727)
Ending Net Position	(533,367)

Note 16: **NOTES, LEASES, AND INTEREST RECEIVABLES**

The Authority has a note receivable of \$274,654 due from Vansant Commons, L.P. The note was issued on November 28, 2017, accrues interest at 2.6% per annum. The note shall mature on the earlier of (a) November 28, 2067, or (b) the date on which the principal amount of this Note has been declared or automatically has become due and payable.

The Authority has a lease agreement with Vansant Commons, L.P. for land located at 633 Market Street and 2626 Shyville Road. Terms of the lease are for 75 years with annual payments of \$49,667. At the end of the lease, Vansant Commons, L.P. shall become the owner. As of December 31, 2021, the lease receivable was \$248,335.

The Authority also has a land contract which was recorded as a note receivable due from Jamey and Kimberly Harr which was entered into during fiscal year 2019. The original note was \$43,200 at a zero percent (0%) annual rate with equal monthly installments of \$600. The final installment is due on June 10, 2025. The balance outstanding on this note as of December 31, 2022, is \$16,400. The financial statements reflect a present value for the note of \$15,287 and deferred interest receivable of \$1,113 based on a 5% imputed interest rate.

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

NOTE 17: COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The impact on the Authority's future operating costs, revenues, and recovery from emergency funding (if any), either federal or state, cannot be estimated.

NOTE 18: RESTATEMENT OF BEGINNING NET POSITION

The Authority discovered a small error in reporting which resulted in them restating the beginning net position from the previously reported amount of \$2,159,707 to the corrected balance of \$2,166,987. These errors were related to the additional of the Component Unit reporting and accounting.

Required Supplementary Information

Pike Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Nine Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net pension liability	0.003685%	0.003831%	0.003707%	0.003990%	0.003889%	0.003943%	0.003823%	0.003634%	0.003634%
Authority's proportionate share of the net pension liability	\$ 320,610	\$ 567,288	\$ 732,714	\$ 1,092,780	\$ 610,109	\$ 895,388	\$ 662,192	\$ 438,301	\$ 428,401
Authority's covered payroll	\$ 527,257	\$ 521,757	\$ 518,836	\$ 594,923	\$ 513,971	\$ 509,675	\$ 475,792	\$ 445,575	\$ 434,346
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	60.81%	108.73%	141.22%	183.68%	118.70%	175.68%	139.18%	94.60%	80.50%
Plan fiduciary net position as a percentage of the total pension liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.10%	86.45%	86.36%

(1) Information prior to 2013 is not available.
Amounts presented as of the Authority's measurement date which is the prior fiscal year.

See notes to accompanying required supplementary information.

Pike Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Pension Contributions
Ohio Public Employees Retirement System
Last Ten Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 76,054	\$ 73,816	\$ 73,046	\$ 72,637	\$ 77,340	\$ 61,677	\$ 61,161	\$ 57,095	\$ 53,469	\$ 56,465
Contributions in relation to the contractually required contribution	<u>(76,054)</u>	<u>(73,816)</u>	<u>(73,046)</u>	<u>(72,637)</u>	<u>(77,340)</u>	<u>(61,677)</u>	<u>(61,161)</u>	<u>(57,095)</u>	<u>(53,469)</u>	<u>(56,465)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 543,243	\$ 527,257	\$ 521,757	\$ 518,836	\$ 594,923	\$ 513,971	\$ 509,675	\$ 475,792	\$ 445,575	\$ 434,346
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

See notes to accompanying required supplementary information.

Pike Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Six Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net OPEB liability (asset)	0.00343000%	0.00356800%	0.00345200%	0.00371600%	0.00363000%	0.00369000%
Authority's proportionate share of the net OPEB liability (asset)	\$ (107,433)	\$ (63,567)	\$ 476,811	\$ 484,479	\$ 394,191	\$ 372,703
Authority's covered-employee payroll	\$ 527,257	\$ 521,757	\$ 518,836	\$ 594,923	\$ 513,971	\$ 509,675
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-20.38%	-12.18%	91.90%	81.44%	76.70%	73.13%
Plan fiduciary net position as a percentage of the total OPEB liability	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2016 is not available.
Amounts presented as of the Authority's measurement date which is the prior fiscal year.

See notes to accompanying required supplementary information.

Pike Metropolitan Housing Authority
Required Supplementary Information
Schedule of the Authority's OPEB Contributions
Ohio Public Employees Retirement System
Last Seven Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,193	\$ 9,568
Contributions in relation to the contractually required contribution	-	-	-	-	-	(10,193)	(9,568)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority covered-employee payroll	\$ 543,243	\$ 527,257	\$ 521,757	\$ 518,836	\$ 594,923	\$ 513,971	\$ 509,675
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.08%	1.08%

(1) Information prior to 2016 is not available.

See notes to accompanying required supplementary information.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms:

There were no changes in benefit terms for 2015 through 2017.

For 2018, COLAs provided up to December 31, 2018 will be based upon a simple, 3 percent COLA. COLAs provided after December 31, 2018 continue to be simple, but will be based upon the annual percentage change in the Consumer Price Index (CPI), and not greater than 3 percent.

There were no significant changes in benefit terms for 2019 or 2020.

For 2021, in October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

For 2022, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from .5 percent simple through 2021, then 2.15 simple to 3.0 percent simple through 2022 then 2.05 percent simple.

Changes in assumptions:

There were no significant changes in assumptions for 2015 through 2018.

For 2018, the employer contribution rate allocated to pensions increased from 13.00 percent to 14.00 percent.

For 2019, the investment rate of return decreased from 7.5 percent to 7.2 percent.

There were no significant changes in assumptions for 2020 or 2021.

For 2022, the investment rate of return decreased from 7.2 percent to 6.9 percent.

Net OPEB Liability

Changes in benefit terms:

There were no significant changes in benefit terms for 2018-2022.

Changes in assumptions

Changes in assumptions for 2018 were as follows:

- The single discount rate decreased from 4.23 percent to 3.85 percent.
- The employer contribution rate allocated to health care decreased from 1.00 percent to 0.00 percent.

For 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85 percent to 3.96 percent.
- The investment rate of return decreased from 6.5 percent to 6 percent.
- The municipal bond rate increased from 3.31 percent to 3.71 percent.
- The initial health care cost trend rate increased from 7.5 percent to 10 percent.

Pike Metropolitan Housing Authority
Notes to the Required Supplementary Information

Net OPEB Liability (Continued)

Changes in assumptions (Continued)

For 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96 percent to 3.16 percent.
- The municipal bond rate decreased from 3.71 percent to 2.75 percent.

For 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16 percent to 6.00 percent.
- The municipal bond rate decreased from 2.75 percent to 2.00 percent.
- The initial health care cost trend rate decreased from 10.50 percent to 8.50 percent.

For 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond rate decreased from 2.00 percent to 1.84 percent.
- The initial health care cost trend rate decreased from 8.50 percent to 5.50 percent.

Pike Metropolitan Housing Authority (OH060)
 PIKETON, OH
Entity Wide Balance Sheet Summary
 For Fiscal Year End December 31, 2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$61,278	\$699,549		\$19,802	\$163,069	\$943,698		\$943,698
113 Cash - Other Restricted		\$120,954	\$228,730				\$349,684		\$349,684
114 Cash - Tenant Security Deposits		\$15,034	\$27,209				\$42,243		\$42,243
100 Total Cash	\$0	\$197,266	\$955,488	\$0	\$19,802	\$163,069	\$1,335,625		\$1,335,625
124 Accounts Receivable - Other Government			\$248,335				\$248,335		\$248,335
125 Accounts Receivable - Miscellaneous		\$15,341					\$15,341		\$15,341
126 Accounts Receivable - Tenants		\$715	\$8,657				\$9,372		\$9,372
126.1 Allowance for Doubtful Accounts -Tenants		\$0	(\$75)				(\$75)		(\$75)
127 Notes, Loans, & Mortgages Receivable - Current			\$6,503				\$6,503		\$6,503
128 Fraud Recovery						\$10,563	\$10,563		\$10,563
129 Accrued Interest Receivable			\$697				\$697		\$697
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$16,056	\$264,117	\$0	\$0	\$10,563	\$290,736		\$290,736
142 Prepaid Expenses and Other Assets		\$5,160	\$25,239			\$17,983	\$48,382		\$48,382
150 Total Current Assets	\$0	\$218,482	\$1,244,844	\$0	\$19,802	\$191,615	\$1,674,743		\$1,674,743
161 Land		\$606,395	\$1,258,651				\$1,865,046		\$1,865,046
162 Buildings		\$2,800,993	\$10,448,921				\$13,249,914		\$13,249,914
163 Furniture, Equipment & Machinery - Dwellings		\$127,312	\$39,997				\$167,309		\$167,309
164 Furniture, Equipment & Machinery - Administration			\$286,860			\$40,227	\$327,087		\$327,087
165 Leasehold Improvements			\$1,897,251				\$1,897,251		\$1,897,251
166 Accumulated Depreciation		(\$2,093,314)	(\$8,599,826)			(\$28,706)	(\$10,721,846)		(\$10,721,846)
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$1,441,386	\$5,331,854	\$0	\$0	\$11,521	\$6,784,761		\$6,784,761
171 Notes, Loans and Mortgages Receivable - Non-Current		\$0	\$283,438				\$283,438		\$283,438
174 Other Assets		\$11,210	\$107,966			\$37,494	\$156,670		\$156,670
180 Total Non-Current Assets	\$0	\$1,452,596	\$5,723,258	\$0	\$0	\$49,015	\$7,224,869		\$7,224,869
200 Deferred Outflow of Resources			\$49,499			\$45,431	\$94,930		\$94,930
290 Total Assets and Deferred Outflow of Resources	\$0	\$1,671,078	\$7,017,601	\$0	\$19,802	\$286,061	\$8,994,542		\$8,994,542
312 Accounts Payable <= 90 Days		\$24,315	\$18,845			\$1,095	\$44,255		\$44,255
321 Accrued Wage/Payroll Taxes Payable			\$9,109			\$3,191	\$12,300		\$12,300
322 Accrued Compensated Absences - Current Portion			\$14,271			\$21,491	\$35,762		\$35,762

Pike Metropolitan Housing Authority (OH060)
 PIKETON, OH
Entity Wide Balance Sheet Summary
 For Fiscal Year End December 31, 2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
341 Tenant Security Deposits		\$15,034	\$27,208				\$42,242		\$42,242
342 Unearned Revenue		\$8	\$1,113			\$10,563	\$11,684		\$11,684
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$12,700	\$284,844				\$297,544		\$297,544
310 Total Current Liabilities	\$0	\$52,057	\$355,390	\$0	\$0	\$36,340	\$443,787		\$443,787
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$1,096,894	\$3,295,209				\$4,392,103		\$4,392,103
353 Non-current Liabilities - Other		\$1,055,494					\$1,055,494		\$1,055,494
354 Accrued Compensated Absences - Non Current			\$31,146			\$325	\$31,471		\$31,471
357 Accrued Pension and OPEB Liabilities			\$208,566			\$112,044	\$320,610		\$320,610
350 Total Non-Current Liabilities	\$0	\$2,152,388	\$3,534,921	\$0	\$0	\$112,369	\$5,799,678		\$5,799,678
300 Total Liabilities	\$0	\$2,204,445	\$3,890,311	\$0	\$0	\$148,709	\$6,243,465		\$6,243,465
400 Deferred Inflow of Resources			\$354,539			\$174,470	\$529,009		\$529,009
508.4 Net Investment in Capital Assets		\$320,582	\$1,751,103			\$11,520	\$2,083,205		\$2,083,205
511.4 Restricted Net Position		\$120,954	\$228,731				\$349,685		\$349,685
512.4 Unrestricted Net Position		(\$974,903)	\$792,917		\$19,802	(\$48,638)	(\$210,822)		(\$210,822)
513 Total Equity - Net Assets / Position	\$0	(\$533,367)	\$2,772,751	\$0	\$19,802	(\$37,118)	\$2,222,068		\$2,222,068
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$1,671,078	\$7,017,601	\$0	\$19,802	\$286,061	\$8,994,542		\$8,994,542

Pike Metropolitan Housing Authority (OH060)
 PIKETON, OH
Entity Wide Revenue and Expense Summary
 For Fiscal Year End December 31, 2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$202,553	\$456,131				\$658,684		\$658,684
70400 Tenant Revenue - Other		\$34	\$14,467				\$14,501		\$14,501
70500 Total Tenant Revenue	\$0	\$202,587	\$470,598	\$0	\$0	\$0	\$673,185		\$673,185
70600 HUD PHA Operating Grants					\$85,530	\$2,628,555	\$2,714,085		\$2,714,085
70800 Other Government Grants				\$73,093			\$73,093		\$73,093
71100 Investment Income - Unrestricted			\$9,150			\$174	\$9,324		\$9,324
71400 Fraud Recovery						\$8,431	\$8,431		\$8,431
71500 Other Revenue		\$19,033	\$787,664			\$1,018	\$807,715		\$807,715
72000 Investment Income - Restricted		\$268					\$268		\$268
70000 Total Revenue	\$0	\$221,888	\$1,267,412	\$73,093	\$85,530	\$2,638,178	\$4,286,101		\$4,286,101
91100 Administrative Salaries		\$15,967	\$185,944			\$180,679	\$382,590		\$382,590
91200 Auditing Fees		\$11,895	\$11,345			\$3,000	\$26,240		\$26,240
91400 Advertising and Marketing		\$158					\$158		\$158
91500 Employee Benefit contributions - Administrative		\$1,331	(\$25,918)			\$55,680	\$31,093		\$31,093
91600 Office Expenses		\$6,036	\$46,935		\$14,321	\$21,204	\$88,496		\$88,496
91900 Other		\$21,515	\$22,610				\$44,125		\$44,125
91000 Total Operating - Administrative	\$0	\$56,902	\$240,916	\$0	\$14,321	\$260,563	\$572,702		\$572,702
93100 Water		\$21,704	\$48,963				\$70,667		\$70,667
93200 Electricity		\$17,498	\$20,960				\$38,458		\$38,458
93300 Gas			\$3,071				\$3,071		\$3,071
93000 Total Utilities	\$0	\$39,202	\$72,994	\$0	\$0	\$0	\$112,196		\$112,196
94100 Ordinary Maintenance and Operations - Labor		\$13,178	\$214,638				\$227,816		\$227,816
94200 Ordinary Maintenance and Operations - Materials and Other		\$10,570	\$70,265				\$80,835		\$80,835
94300 Ordinary Maintenance and Operations Contracts		\$18,386	\$110,491				\$128,877		\$128,877
94500 Employee Benefit Contributions - Ordinary Maintenance		\$1,084	\$18,185				\$19,269		\$19,269
94000 Total Maintenance	\$0	\$43,218	\$413,579	\$0	\$0	\$0	\$456,797		\$456,797
96110 Property Insurance		\$10,971	\$21,685				\$32,656		\$32,656
96100 Total insurance Premiums	\$0	\$10,971	\$21,685	\$0	\$0	\$0	\$32,656		\$32,656
96300 Payments in Lieu of Taxes		\$11,753	\$819				\$12,572		\$12,572
96400 Bad debt - Tenant Rents			\$3,073				\$3,073		\$3,073
96000 Total Other General Expenses	\$0	\$11,753	\$3,892	\$0	\$0	\$0	\$15,645		\$15,645
96710 Interest of Mortgage (or Bonds) Payable		\$125,835	\$46,003				\$171,838		\$171,838
96700 Total Interest Expense and Amortization Cost	\$0	\$125,835	\$46,003	\$0	\$0	\$0	\$171,838		\$171,838
96900 Total Operating Expenses	\$0	\$287,881	\$799,069	\$0	\$14,321	\$260,563	\$1,361,834		\$1,361,834
97000 Excess of Operating Revenue over Operating Expenses	\$0	(\$65,993)	\$468,343	\$73,093	\$71,209	\$2,377,615	\$2,924,267		\$2,924,267

Pike Metropolitan Housing Authority (OH060)
 PIKETON, OH
Entity Wide Revenue and Expense Summary
 For Fiscal Year End December 31, 2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	8 Other Federal Program 1	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
97300 Housing Assistance Payments					\$62,459	\$2,308,956	\$2,371,415		\$2,371,415
97350 HAP Portability-In						\$928	\$928		\$928
97400 Depreciation Expense		\$110,647	\$380,737			\$5,459	\$496,843		\$496,843
90000 Total Expenses	\$0	\$398,528	\$1,179,806	\$0	\$76,780	\$2,575,906	\$4,231,020		\$4,231,020
10010 Operating Transfer In			\$73,093				\$73,093		\$73,093
10020 Operating transfer Out				(\$73,093)			(\$73,093)		(\$73,093)
10100 Total Other financing Sources (Uses)	\$0	\$0	\$73,093	(\$73,093)	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	(\$176,640)	\$160,699	\$0	\$8,750	\$62,272	\$55,081		\$55,081
11030 Beginning Equity	\$0	(\$364,007)	\$2,612,052	\$0	\$11,052	(\$99,390)	\$2,159,707		\$2,159,707
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$7,280					\$7,280		\$7,280
11170 Administrative Fee Equity						(\$36,848)	(\$36,848)		(\$36,848)
11180 Housing Assistance Payments Equity						(\$270)	(\$270)		(\$270)
11190 Unit Months Available	0	384	1,096		240	6,360	8,080		8,080
11210 Number of Unit Months Leased	0	378	1,074		232	5,863	7,547		7,547

**PIKE METROPOLITAN HOUSING AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Total Federal Expenditures</u>
<u>US Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	\$2,628,555
Mainstream Vouchers	14.879	<u>85,530</u>
<u>Total Direct US Department of Housing and Urban Development</u>		\$2,714,085
<u>US Department of Agriculture</u>		
<i>Direct Programs:</i>		
Rural Rental Assistance	10.427	<u>73,093</u>
Total Federal Expenditures		<u>\$2,787,178</u>

**PIKE METROPOLITAN HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Pike Metropolitan Housing Authority under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR) 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 operation of Pike Metropolitan Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the organization.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Outstanding Loan Balances

The outstanding balance of loan and loan guarantee programs on December 31, 2022, with continuing compliance requirements was \$1,334,854.

OHIO AUDITOR OF STATE KEITH FABER



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

Pike Metropolitan Housing Authority
Pike County
2626 Shyville Road
Piketon, Ohio 45661

To the Board of Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Pike Metropolitan Housing Authority, Pike County, (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 13, 2023. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
September 13, 2023



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

Pike Metropolitan Housing Authority
Pike County
2626 Shyville Road
Piketon, Ohio 45661

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Pike Metropolitan Housing Authority's, Pike County, (Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Pike Metropolitan Housing Authority's major federal program for the year ended December 31, 2022. Pike Metropolitan Housing Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio
September 13, 2023

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**PIKE METROPOLITAN HOUSING AUTHORITY
PIKE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	AL# 14.871 & 14.879 Housing Choice Voucher Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**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.

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PIKE METROPOLITAN HOUSING AUTHORITY

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness - unaudited financial statements did not reflect the addition of a component unit	Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



PIKE METROPOLITAN HOUSING AUTHORITY

PIKE 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 9/19/2023

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

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