OHIO AUDITOR OF STATE
KEITH FABER

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
SCIOTO COUNTY
JUNE 30, 2022

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PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
SCIOTO COUNTY
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OHIO AUDITOR OF STATE
KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Portsmouth Metropolitan Housing Authority
Scioto County
410 Court Street
Portsmouth, Ohio 45669

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Portsmouth Metropolitan Housing Authority, Scioto County, Ohio (the Authority), as of and for the year ended June 30, 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, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 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.

We did not audit the financial statements of the blended component unit, Wayne Hills LP, which represent 68 percent, 28 percent, and 19 percent, respectively, of the assets, net position, and revenues of the business type activities as of June 30, 2022, and the changes in financial position and cash flows, thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the blended component unit, Wayne Hills LP, is based solely on the report of other auditors.

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 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will 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 and other auditors 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 evidence sufficient 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 March 9, 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

March 9, 2023

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

Since the MD&A is designed to focus of the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statement.

FINANCIAL HIGHLIGHTS

- The Authority's total net position decreased by $1,289,356 (or 4 percent) during fiscal year 2022. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net position was $29,081,471 and $30,370,827 for 2022 and 2021, respectively.

- The business-type activities revenue decreased by $2,207,146 (17 percent) during fiscal year 2022. The amounts were $10,157,335 and $12,364,481 for 2022 and 2021, respectively.

- The total expenses of all Authority programs increased by $1,845,357 (or 19 percent). Total expenses were $11,446,691 and $9,601,334 for fiscal years 2022 and 2021, respectively.

USING THIS ANNUAL REPORT

The following graphic outlines the format of this report provided for your review and is consistent with previous year reporting:

M D & A
-Management Discussion and Analysis-

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

The clearly preferable focus is on the Authority as a single Enterprise Fund. This format will allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority), and enhance the Authority's accountability.

AUTHORITY FINANCIAL STATEMENTS

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

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement is presented in the format where assets minus liabilities equal "Net Position", formerly known as net assets. Assets and liabilities are presented in order of liquidity, and are classified as "current" (convertible into cash within one year), and "Non-current".

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

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

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

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets, Net of Related Debt", or "Restricted Net Position".

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

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

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

The Authority consists exclusively of Enterprise funds. Enterprise funds utilize the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector.

AUTHORITY PROGRAMS

Many of the programs maintained by the Authority are done so as required by the U.S. Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.

Conventional Public Housing (PH) – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Authority to provide the housing at a rent that is based upon 30 percent of household income.

Capital Fund Program (CFP) – This is the primary funding source for physical and management improvements to the Authority's properties. Funds are allocated by a formula allocation and are based on the size and age of the properties.

Housing Choice Voucher Program (HCV) – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The Program is administered under an ACC with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30 percent of household income. The Authority earns administrative fees to cover the cost of administering the Program.

RAD Conversion of Public Housing AMP to Multifamily Section 8 Housing - The Authority converted AMP 1 from Conventional Public Housing to Multifamily Section 8 Housing through HUD's RAD (Rental Assistance Demonstration) Program. The program is administered under a Housing Assistance Payments (HAP) contract. HUD provides funding to the site through a site-based voucher which enables tenants to pay a percentage of their adjusted gross household income, typically 30%, with the balance subsidized through the voucher.

Statement of Net Position

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

AUTHORITY STATEMENTS
Table 1 - Statement of Net Position

	2022	2021	Net Change	Percent Variance
Assets and Deferred Outflows of Resources				
Current and Other Assets	$ 13,767,126	$ 6,850,564	$ 6,916,562	101%
Capital Assets	$ 28,458,093	$ 37,885,479	$ (9,427,386)	-25%
Other Assets	$ 644,591	$ 484,200	$ 160,391	33%
Deferred Outflow of Resources	$ 382,633	$ 321,897	$ 60,736	19%
Total Assets and Deferred Outflow of Resources	$ 43,252,443	$ 45,542,140	$ (2,289,697)	-5%
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities and Deferred Liabilities				
Current Liabilities	$ 3,894,891	$ 4,198,778	$ (303,887)	-7%
Long-Term Liabilities	$ 8,281,899	$ 9,267,483	$ (985,584)	-10%
Deferred Inflow of Resources	$ 1,994,182	$ 1,705,052	$ 289,130	17%
Total Liabilities and Deferred Inflow of Resources	$ 14,170,972	$ 15,171,313	$ (1,000,341)	-7%
Net Position:				
Investment in Capital Assets	$ 21,603,394	$ 22,513,181	$ (909,787)	-4%
Restricted Net Position	$ 2,136,029	$ 2,031,285	$ 104,744)	5%
Unrestricted Net Position	$ 5,342,048	$ 5,826,361	$ (484,313)	-8%
Total Net Position	$ 29,081,471	$ 30,370,827	$ (1,289,356)	-4%
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 43,252,443	$ 45,542,140	$ (2,289,697)	-5%

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

Major Factors Affecting the Statement of Net Position

During 2022, current assets increased by $6,916,562 and current liabilities decreased by $303,887. The increase in current assets is mainly due to the reclassification by the component unit of Capital Asset to Prepaid Expense.

Capital assets also changed, decreasing from $37,885,479 to $28,458,093. The $9,427,386 decrease is due to mostly a reclassification, under the Component Unit, of the ground lease from Buildings to prepaid expenses.

The following table presents details on the change in net position.

Table 2 - Changes of Net Position

	Unrestricted	Net Investment In Capital Assets	Restricted
Beginning Balance, June 30, 2021	$5,826,361	$22,513,181	$2,031,285
Results of Operations	(1,171,312)		(118,044)
Adjustments	(270,386)		222,788
Current Year Depreciation Expense (1)	1,696,313	(1,696,313)	
Retirement of Debt		47,598	
Capital Expenditure (2)	(738,928)	738,928	
Ending Balance, June 30, 2022	$5,342,048	$21,603,394	$2,136,029

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

(2) Capital expenditures represent an outflow of Unrestricted Net Position but are not treated as an expense against Results of Operations and, therefore, must be deducted.

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

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in only business-type activities.

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

	2022	2021	Net Change	Percent Variance
Revenues				
Total Tenant Revenues	$ 1,856,743	1,873,368	(16,625)	- 1%
Operating Subsidies	7,074,846	7,952,991	(878,145)	-11%
Capital Grants	676,246	1,350,633	(674,387)	-50%
Investment Income	138	251	(113)	-45%
Gain on Disposal of Asset	250	450	(200)	-44%
Other Revenues	549,112	1,186,788	(637,676)	-53%
Total Revenues	**10,157,335**	**12,364,481**	(2,207,146)	-17%

Expenses				
Administrative	1,891,417	2,740,817	(849,400)	-31%
Tenant Services	0	353,575	(353,575)	-100%
Utilities	1,153,058	1,088,294	64,764	6%
Maintenance	2,894,996	1,409,287	1,485,709	105%
Protective Services	298,364	188,564	109,800	58%
General & Interest	815,715	(619,496)	1,435,211	232%
Housing Assistance Payments	2,696,828	2,631,549	65,279	2%
Depreciation	1,696,313	1,808,744	(112,431)	-6%
Total Expenses	**11,446,691**	**9,601,334**	1,845,357	19%
Net Increases (Decreases)	**$ (1,289,356)**	**$ 2,763,147**	**(4,052,503)**	-147%
Beginning Net Position	**30,370,827**	**27,607,680**	**2,763,147**	10%
Ending Net Position	**29,081,471**	**30,370,827**	**(1,289,356)**	-4%

Major Factors Affecting the Statement of Revenues, Expenses, and Changes in Net Position

Operating Subsidy reflects a decrease of $878,145 (or 11 percent). Capital grants decreased by $674,387 due to capital funded activities during the year. Total tenant revenue decreased by $16,625 (or 1 percent). The decrease in tenant revenue was primarily due to a decrease in tenant income levels.

Total expenses increased $1,845,357 due to an increase mainly in maintenance expenses. This was due to increased costs related to this area and various projects done by the Authority. In addition to this, there was an increase in General & Interest which was due mostly to the negative expenses related to GASB 68 and 75 posted in the current year.

CAPITAL ASSETS

As of year-end, the Authority had $28,458,093 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $9,427,386 (or 25 percent) from the end of 2021. This decrease was mainly caused by the reclassification done by the component unit from Capital Assets to Prepaid expenses.

Table 4 - Capital Assets at Year-End (Net of Depreciation)

	2022	2021	Net Change	Percent Variance
Land and Land Rights	1,547,175	2,372,175	(825,000)	-34%
Buildings & Improvements	71,441,980	78,404,953	(6,962,973)	-9%
Equipment	1,248,906	1,204,151	44,755	4%
Accumulated Depreciation	(45,779,968)	(44,095,800)	(1,684,168)	3%
Total	28,458,093	37,885,479	(9,427,386)	-25%

See further details for Capital Assets in Note 5.

DEBT OUTSTANDING

As of June 30, 2022, the Authority had no outstanding debt; however, the component unit did. As of year-end, the financial statements reflect $6,854,699 in debt outstanding compared to $6,902,298 for the prior year. This change was due to debt retired by the Energy Performance Contract and the Component Unit-Wayne Hills LP for renovation to the property.

Beginning Balance $6,902,298
Current Year Debt Retired ($47,599)
Ending Balance $6,854,699

See further details for Debt in Note 10.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding from the U.S. Department of Housing and Urban Development
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies, and other costs

FINANCIAL CONTACT

If you have any questions regarding this report, you may contact
Teresa Everett, Director of Finance (teresa@pmha.us)
or Peggy Rice, Executive Director (price@pmha.us)
at the Portsmouth Metropolitan Housing Authority, 410 Court Street, Portsmouth, Ohio 45662.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
Statement of Net Position
Proprietary Funds
For the Year Ended June 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets	
Cash and cash equivalents	2,840,760
Restricted cash and cash equivalents	2,136,029
Receivables, net	131,353
Prepaid expenses and other assets	8,658,984
Total current assets	13,767,126
Noncurrent assets	
Capital assets:	
Non-Depreciable Capital Assets	1,547,175
Depreciable Capital Assets	72,690,886
Accumulated Depreciation	(45,779,968)
Total Capital Assets	28,458,093
Other Assets	215,893
Net OPEB Asset	428,698
Total noncurrent assets	29,102,684
Total Assets	42,869,810
Deferred Outflow of Resources	
Deferred Outflow of Resources - Pension	381,325
Deferred Outflow of Resources - OPEB	1,308
Total Deferred Outflow of Resources	382,633
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	43,252,443
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	
Current liabilities	
Accounts payable	137,424
Accounts payable - Other Governments	82,515
Accrued Interest	292,659
Accrued Compensated Absences	26,308
Tenant Security Deposits	156,936
Unearned Revenue	568,448
Current Portion of Debt	50,159
Other Current Liabilities	2,580,442
Total current liabilities	3,894,891
Noncurrent liabilities	
Accrued Compensated Absences	236,768
Net Pension Liability	1,240,591
Noncurrent Debt	6,804,540
Total current liabilities	8,281,899
Total Liabilities	12,176,790
Deferred Inflow of Resources	
Deferred Inflow of Resources - Pension	1,544,263
Deferred Inflow of Resources - OPEB	449,919
Total Deferred Inflow of Resources	1,994,182
NET POSITION	
Net Invested in capital assets	21,603,394
Restricted net position	2,136,029
Unrestricted net position	5,342,048
Total net Position	29,081,471
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	43,252,443

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

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

Operating Revenue		
Tenant Revenue	$	1,856,743
Government operating grants		7,074,846
Other Revenue		549,362
Total Operating Revenues		9,480,951
Operating Expenses		
Administrative	$	1,891,417
Tenant Services		0
Utilities		1,153,058
Maintenance		2,894,996
Protective Services		298,364
General		815,715
Pension Expense		0
Housing assistance payment		2,696,828
Depreciation		1,696,313
Total Operating Expenses		11,446,691
Operating Profit (Loss)		(1,965,740)
Nonoperating Revenues		
Capital Grant		676,246
Interest Income		138
Total Nonoperating Revenues		676,384
Change in Net Position		(1,289,356)
Total Net Position - Beginning		30,370,827
Total Net Position - Ending	$	29,081,471

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

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating grants received	7,074,846
Receipts from tenants	1,921,239
Other revenue received	396,448
Cash payments for Administrative	(2,743,432)
Cash payments for HAP	(2,696,828)
Cash payments for Other Expenses	(4,960,564)
Net cash provided (used) by operating activities	(1,008,291)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned	138
Net cash provided (used) by investing activities	138
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Acquisition of capital assets	(738,928)
Principal Payments on Debt	(47,599)
Capital grant received	676,246
Net cash provided (used) by capital and related activities	(110,281)
Net increase(decrease) in cash	(1,118,434)
Cash and cash equivalents - Beginning of year	6,095,223
Cash and cash equivalents - End of year	4,976,789

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	(1,965,740)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating	
- Depreciation	1,696,313
- (Increase) Decreases in Accounts Receivable	(104,813)
- (Increase) Decreases in Prepaid Assets	(38,782)
- (Increase) Decreases in Net Pension / OPEB Activity	(852,015)
- Increase (Decreases) in Accounts Payable	(98,085)
- Increase (Decreases) in Accrued Liabilities	336,589
- Increase (Decreases) in Accounts Payable Other Government	3,249
- Increase (Decreases) in Tenant Security Deposit	2,894
- Increase (Decreases) in Unearned Revenue	12,099
- Increase (Decreases) in Noncurrent Liabilities	0
Net cash provided (used) by operating activities	(1,008,291)

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

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The Portsmouth Metropolitan Housing Authority (the Authority) was established for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives. The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the low-income housing program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make grants to assist the local housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing program.

The financial statements of the Portsmouth 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.

For financial reporting purposes, the reporting entity is defined to include the primary government, component units and other organizations that are included to insure that the financial statements are not misleading consistent with Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 61). Based on application of the criteria set forth in GASB Statements No. 14 and No. 39, the Authority annually evaluates potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the Authority, and whether exclusion would cause the basic financial statements to be misleading on incomplete.

The primary government consists of all funds, agencies, departments, and offices that are not legally separate from the Authority. The preceding financial statements include all funds and account groups of the Authority (the primary government) and the Authority's component units. The following organizations are described due to their relationship Authority.

Blended Component Units

The financial statements included with this report includes the financial statements of the Wayne Hills LP (Partnership). Wayne Hills LP was determined to be a component unit of the Authority on the basis that the Authority appoints the governing body of the Partnership and the partnership provides services exclusively to the Authority clientele served. The Governing body of the Partnership consists of the Authority; Board Chairperson, Executive Director and the Director of Finance.

(CONTINUED)

Wayne Hills LP

Wayne Hills LP (Partnership) is an Ohio limited partnership formed on February 3, 2016. The purpose of the Partnership is to acquire, hold, invest in, construct, rehabilitate, develop, improve, maintain, operate, lease, sell, mortgage and otherwise deals with 243 unit low-income housing project in Portsmouth, Ohio know as Kendall Heights Apartments. Separate financial statements are prepared and can be obtained at 410 Court Street, Portsmouth, Ohio 45662.

Description of Programs

A summary of each program administered by the Authority included in the financial statements is provided to assist the reader in interpreting the basic financial statements. These programs constitute all programs subsidized by HUD and operated by the Authority.

A. Public Housing Program

The public housing program is designed to provide low-cost housing within Scioto County. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

B. Capital Fund Program

The capital fund program provides funds annually, via a formula, to Public Housing Agencies for capital and management activities, including modernization and development housing.

C. Housing Choice Voucher and Section 8 N/C Program

The Housing Choice Voucher and the Section 8 New Construction Program was authorized by Section 8 of the National Housing Act and provides housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

D. *RAD Conversion of Public Housing AMP to Multi Family Section 8 Housing*

The Authority converted AMP 1 from Conventional Public Housing to Multifamily section 8 through HUD's RAD (Rental Assistance Demonstration) Program. The program is administered under a Housing Assistance Payment (HAP) Contract. HUD provides funding to the site through a site-based voucher which enables tenants to pay a percentage of their adjusted gross household income, typically 30%, with the balance subsidized through the voucher.

Basis of Accounting

The accrual basis of accounting is used to account for those operations that are financed and operated in a manner similar to private business, or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses excluding depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

A. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

B. *Cash and Cash Equivalents*
Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less. The Authority places its temporary cash investments with high credit quality financial institutions. Amounts in excess of FDIC insurance limits are fully collateralized.

C. *Inventory*
The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at cost and the Authority uses the first-in, first-out (FIFO) flow assumption in determining cost. The consumption method is used to record inventory. Under, this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used.

D. *Capital Assets*
Capital assets are stated at cost. The capitalization policy of the Authority is to depreciate all non-expendable personal property having a useful life of more than three years and purchase price of $500 or more per unit. Depreciation is calculated using the straight-line method over the estimated useful lives of three years to forty years. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Building & Improvements	15-40 years
Furniture, fixtures, & equipment	3-7 years

E. *Pre-paid Assets*
Wayne Hills LP leases land and a building from PMHA, an affiliate of the General Partner, under a capital lease. Base rent of $11,400,000 was due under the lease agreement, of which the Partnership paid $2,930,000 and funded the balance of the $8,470,000 with the PMHA seller note. Cash payments were capitalized to building and are depreciated over their estimated useful lives of 40 years under the straight-line method The remaining prepaid lease is reflected on the balance sheet as a Prepaid Asset. Due to the uncertainty of future principal and interest payments on the seller note, depreciation and ground lease expense will be recorded consistent with cash payments on the seller note.

F. *Budgets and Budgetary Accounting*
The Authority is required by contractual agreements to adopt annual appropriated operating budgets for all its Enterprise programs receiving federal awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at

fiscal year-end. The Board of Commissioners adopts the budget through passage of a budget resolution.

G. *Unearned Revenue*

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied. The balance of $568,448 represent:

	CU	PMHA
-Ground Lease payment advanced	$0	$525,000
-Tenants prepaid rent	$9,253	$34,195

H. *Pension/Other Postemployment Benefits (OPEB)*

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

I. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources are reported on the statement of net position for pension and OPEB. The deferred inflows of resources related to pension and OPEB plans are explained in Notes 6 and 7.

J. *Operating Revenues and Expenses*

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority’s operating activities including rental related income, interest income and other sources of revenues include the operating subsidy from HUD and other HUD funding capital and operating expenses.

K. *Net Position*

Net position represents the difference between all other elements of the Statement of Net Position. Net investment in capital assets consist of capital assets, net of depreciation, reduced by any outstanding balances of borrowings 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 enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When expenses are incurred for purposes which both restricted and unrestricted Net Position are available, the Authority first applies restricted Net Position.

NOTE 2: **DEPOSITS AND INVESTMENTS**

A. **Deposits**

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

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

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

Protection of the Authority’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety bonds deposited with the Authority by the financial institution, or the Ohio Pooled Collateral System (OPCS). The Authority’s bank was enrolled in the OPCS.

At June 30, 2022, the carrying amount of the Authority's deposits was $4,976,789 (including $2,840,760 of unrestricted funds and $2,136,029 of restricted funds). The bank balance at June 30, 2022 was $5,235,302. Based on the criteria described in GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, as of June 30, 2022, deposits totaling $500,000 were covered by Federal Depository Insurance and deposits totaling $4,735,302 were uninsured and collateralized with securities held by the financial institution’s trust department or agent in the Authority’s name.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in

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amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held as specific collateral at the Federal Reserve Bank in the name of the Authority.

B. **Investments**

HUD, State Statute, and Board resolutions authorize the Authority to invest in obligations of the U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds, and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Authority follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* and records its investments at fair value. At June 30, 2022, the Authority held no investments as defined by GASB Statement No. 40.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Authority's investment policy requires those funds which are not operating reserve funds to be invested in investments with a maximum term of one year or the Authority's operating cycle. For investments of the Authority's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority has no investment policy that would further limit its investment choices.

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Concentration of Credit Risk

Generally, the Authority places no limit on the amount it may invest in any one insurer. However, the investment policy limits the investment of HUD-approved mutual funds to no more than 20 percent of the Authority's available investment funds. The Authority's deposits in financial institutions represent 100 percent of its deposits.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of year-end, the Authority had no exposure to foreign currency rate risk, as regulated by HUD.

NOTE 3: **RESTRICTED CASH**

The Authority's restricted cash as to purpose is as follows:

Tenant Security Deposits	$	170,277
Restricted HAP Equity		3,441
FSS Escrow Cash Balance		0
Total Restricted Cash	$	173,718

Wayne Hills LP, component unit of the Authority, had the following restricted cash as well:

$482,364- Replacement Reserve
$800,151- Operating Reserve
$375, 071- Transformation Reserve
$304,725- Operating Escrow
$1,962,311

NOTE 4: **ACCOUNTS RECEIVABLES**

Account Receivable at June 30, 2022 consists of the following:

Tenants- net of allowance	$74,836
Delinquent Tenant Accounts Fraud (net of Allowance	37,617
Receivable from HUD	18,900
Total Receivable	**$131,353**

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NOTE 5: **CAPITAL ASSETS**

A summary of capital assets at June 30, 2022 by class is as follows:

	Balance 6/30/2021	Additions	Adjustment	Balance 6/30/2022
Capital Assets Not Being Depreciated:				
Land	$2,372,175	$0	(825,000)	$1,547,175
Construction in Progress	0	$0	$0	0
Total Capital Assets Not Being Depreciated	**2,372,175**	**0**	**(825,000)**	**1,547,175**
Capital Assets Being Depreciated:				
Buildings	78,404,953	682,027	(7,645,000)	71,441,980
Furnt, Mach. and Equip.	1,204,151	56,901	(12,146)	1,248,906
Total Capital Assets Being Depreciated	**79,609,104**	**738,928**	**(7,657,146)**	**72,690,886**
Total Accumulated Depreciation	**(44,095,800)**	**(1,696,314)**	**12,146**	**(45,779,968)**
Total Capital Assets Being Depreciated, Net	**35,513,304**	**(957,386)**	**(7,645,000)**	**26,910,918**
Total Capital Assets, Net	**$37,885,479**	**(957,386)**	**(8,470,000)**	**$28,458,093**

NOTE 6: **DEFINED BENEFIT PENSION PLANS**

Net Pension Liability

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

Prior to 2021, 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. Postretirement mortality rates are based on the RP-2014 Health 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. Postretirement mortality rates for disabled retirees are based on the RP-2014 Disables 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.

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Cost-of living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and

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have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the combined plan will be consolidated under the Traditional pension plan (defined benefit plan) and the Combined plan will no longer be available for new hires beginning in 2022.

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

	State and Local
2021-2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021-2022 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

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

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

The Authority's contractually required contributions used to fund pension benefits was $291,239 for fiscal year ending June 30, 2022.

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

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan
Proportion of the Net Pension Liability Prior Measurement Date	0.014591%
Proportion of the Net Pension Liability Current Measurement Date	0.014259%
Change in Proportionate Share	-0.000332%
Proportionate Share of the Net Pension Liability	$ 1,240,591
Pension Expense	$ (204,700)

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan
Deferred Outflows of Resources	
Differences between expected and actual experience	$ 63,244
Changes of assumptions	155,135
Changes in proportion and differences between Authority contributions and proportionate share of contributions	18,510
Authority contributions subsequent to the measurement date	144,436
Total Deferred Outflows of Resources	$ 381,325
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$ 1,475,638
Differences between expected and actual experience	27,209
Changes in proportion and differences between Authority contributions and proportionate share of contributions	41,416
Total Deferred Inflows of Resources	$ 1,544,263

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$144,436 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan
Year Ending June 30:	
2023	$ (206,197)
2024	(519,455)
2025	(346,984)
2026	(234,738)
Total	$ (1,307,374)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. 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. Key actuarial assumptions and methods used in the latest actuarial valuation, reflecting experience study results, are presented below:

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	Traditional Pension Plan
Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	3.25 percent
Future Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	
Pre 1/7/2013 retirees:	3 percent, simple
Post 1/7/2013 retirees:	
Current Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple
Prior Measurement Date:	0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	
Current Measurement Date:	6.9 percent
Prior Measurement Date:	7.2 percent
Actuarial Cost Method	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.

Prior to fiscal year 2022, pre-retirement mortality rates were 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. Postretirement 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. Postretirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the previously described tables.

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3 percent for 2021.

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. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. In prior year, discount rate was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the Authority's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.9 percent, as well as what the Authority's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Authority's proportionate share of the net pension liability	$ 3,270,872	$ 1,240,591	$ 448,873

NOTE 7: **<u>DEFINED BENEFIT OPEB PLANS</u>**

Net OPEB Asset

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

Effective January 1, 2022, OPERS will discontinue 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. These changes are reflected in the December 31, 2021, measurement date health care valuation.

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the Traditional Pension Plan and Combined Plan.

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Employer contribution rates are expressed as a percentage of covered payroll. In 2021-2022, 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. For 2021-2022, OPERS did not allocate any employer contributions to health care for members in the Traditional Pension Plan and 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 2021-2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.
The Authority's contractually required contribution allocated to health care was $2,620 for the fiscal year ending June 30, 2022.

Net OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, 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 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:

	OPERS
Proportion of the Net OPEB Asset:	
Prior Measurement Date	0.014012%
Proportion of the Net OPEB Asset:	
Current Measurement Date	0.013687%
Change in Proportionate Share	-0.000325%
Proportionate Share of the Net OPEB Asset	$ 428,698
OPEB Expense	$ (372,127)

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	OPERS
Deferred Outflows of Resources	
Authority contributions subsequent to the measurement date	$ 1,308
Total Deferred Outflows of Resources	$ 1,308
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	$ 204,376
Differences between expected and actual experience	65,026
Changes of assumptions	173,533
Changes in proportion and differences between Authority contributions and proportionate share of contributions	6,984
Total Deferred Inflows of Resources	$ 449,919

$1,308 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending June 30:	
2023	$ (278,842)
2024	(97,069)
2025	(44,656)
2026	(29,352)
Total	$ (449,919)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of

(CONTINUED)

costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021. 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 actuarial valuation used the following actuarial assumptions and methods, reflecting experience study results, applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	3.25 percent
Projected Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent, including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date:	1.84 percent
Prior Measurement Date:	2.00 percent
Health Care Cost Trend Rate	
Current Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2034
Prior Measurement Date:	8.50 percent initial, 3.50 percent ultimate in 2035
Actuarial Cost Method	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.

Prior to 2021, 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. Postretirement 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. Postretirement 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

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then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015.

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

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

During 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, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3 percent for 2021.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

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. 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

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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. 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 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 Asset to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the Authority's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's proportionate share of the net OPEB asset	$ 252,115	$ 428,698	$ 575,265

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 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 the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	$ 433,330	$ 428,698	$ 423,202

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NOTE 8: **COMPENSATED ABSENCES**

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued as of the balance sheet date for which payment is probable.

Compensated absences are those absences for which employees will be paid, such as sick and vacation leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees and is accrued as employees earn the rights to benefits. The following is a summary of changes in compensated absences for the year ended June 30, 2022.

	Balance 6/30/2021	Change	Balance 6/30/2022	Due Within One Year
Compensated Absence Liability	$280,194	($17,118)	$263,076	$26,308

NOTE 9: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; damage to and theft or damage to, destruction of assets; errors and omissions; injuries to employees and natural disasters. Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the past three years.

NOTE 10: **LONG TERM DEBT**

The component unit, Wayne Hills LP has the following long-term debt as of December 31, 2021:

Construction Loan
The component unit, Wayne Hills LP (Partnership) entered into a loan agreement with Ohio Housing Finance Agency (OHFA) and Huntington Bank (Huntington) for a loan in the amount up to $15,000,000 to fund the construction of the project. The construction loan is secured by security instrument as defined in the construction loan agreement.

During 2019 the construction loan satisfied the conditions to conversion, and the Partnership made a principal payment on the Construction Loan in the amount of $9,709,298. On May 15, 2019, the Partnership entered into an Amended and Restated Project note which converted the remaining balance of $4,300,000 to the Permanent Loan. The Permanent Loan bears interest at a fixed interest rate of 4.99% per annum and a fixed servicing rate of 0.26% per annum. Beginning July 1, 2019, monthly principal and interest payments of $22,292, based on a 35 year amortization schedule, are due through January 1, 2034, the Permanent Loan maturity date, when all outstanding principal and accrued interest is due.

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Debt issuance costs of $495,730 were amortized to interest expense over the term of the Construction Loan. Debt issuance costs of $34,737 are being amortized to interest expense over the term of the Permanent Loan. Amortized debt issuance costs for the years ended December 31, 2021 and 2020, totaled $2,577 and $2,605, respectively, and is included in interest expense on the accompanying statements of operations. As of both December 31, 2021 and 2020, the effective interest rate on the Permanent Loan, including amortization of debt issuance costs, was 5.31%.

The Construction Loan as of December 31, 2021 consists of the following:

Principal Balance	$4,185,518
Less: unamortized debt issuance costs	(28,242)
Loan Balance	$4,157,276

HDAP Loan

On December 23, 2016, The Partnership entered into a promissory note with PMHA, for a loan in an amount up to $1,200,000 to fund certain development costs of the Project (the "HDAP Loan"). The HDAP Loan bears interest at a rate of 2% per annum, compounded semi-annually. Payments of principal and interest are due annually on the 30th of April in each year following the issuance of the Project's final certificate of occupancy in the amount of 35% of the Project's Cash Flow as defined in the Partnership Agreement. All unpaid principal and accrued interest are due on the HDAP Loan maturity date of December 31, 2056. As of both December 31, 2021 and 2020 the balance of the HDAP Loan was $1,200,000. For each of the years ended December 31, 2021 and 2020, interest expense on the HDAP Loan was $24,000. Accrued interest on the HDAP Loan as of December 31, 2021 and 2020 was $88,647 and $64,647, respectively.

A summary of the debt activity in the period is as follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/21	Due One Year
Construction Loan	$4,202,298	$0	($47,599)	$4,154,699	$50,159
AHP Loan	$1,500,000	0	0	1,500,000	0
HDAP Loan	1,200,000	0	0	1,200,000	0
Total HDAP Loan	$6,902,298	$0	($47,599)	$6,854,699	$50,159

Amortization schedule to detail the maturity amount per year is not available.

AHP Note:

On September 1, 2017, the Partnership entered into a loan with CitiBank, NA (through PMHA) for a loan in an amount up to $1,500,000 to fund the development costs of the Project (the "AHP Note"). The AHP Note shall not bear interest. All unpaid principal is due on the AHP Note on the maturity date of November 1, 2058. As of both December 31, 2017 and 2020, the balance of the AHP Note was $1,500,000.

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Net Pension/OPEB Liabilities

The Authority's proportion of the net pension and OPEB liability was based on the Authority's share of the plans relative to all of the participating entities. See Note 6 through 7 regarding pension plans and OPEB Benefits reported in Net Pension/OPEB Liability. The change in the net pension/OPEB liability is as follows:

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/22	Due One Year
Net Pension Liability	$2,160,609	$0	($920,018)	$1,240,591	$0
Net OPEB Liability	0	0	0	0	0
Total Pension Liabilities	$2,160,609	$0	($920,018)	$1,240,591	$0

NOTE 11: ECONOMIC DEPENDENCY

Both the Authority's Low Rent Housing Program and the Voucher Program are economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development (HUD). Both programs operate at a loss prior to receiving the contributions and grants.

The Authority participates in federal grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant.

The Authority believes that disallowed claims, if any, will not have a material effect on the financial condition.

NOTE 12: RELATED PARTY TRANSACTIONS

Property Management Fee

Pursuant to the management agreement between Portsmouth Metropolitan Housing Authority (Authority) and Wayne Hills LP (Partnership), management fee shall be paid by the Partnership to the Authority in the amount of 6% of the project gross receipt for the preceding month. Such fees will be payable on the first day of each month. For the period from January 1, 2021 to December 31, 2021 the management fee incurred was $112,109.

Asset Management Fee

Under the terms of the partnership agreement, the Special Limited Partner is entitled to receive an asset management fee for an annual review of the operation of the Partnership in the amount of $7,500, increasing 3% annually. During the period from January 1, 2021 to December 31, 2021, the asset management fee incurred was $8,695.

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Developer Fee

On December 1, 2016, Wayne Hills LP entered into a development agreement with PIRHL Developers, LLC and Portsmouth Metropolitan Housing Authority (collectively, the Developers) for services overseeing the development of the project. The development fee totaling $4,950,500 shall be paid pursuant to the development agreement. As of December 31, 2021 $2,403,052 of the development fee was due.

Property Management Charges

During 2021, PMHA provided services as required under the property management agreement associated with the operations of the Project. As of December 31, 2021, the amount owed to PMHA for these services totaled $509,019.

Operating Advances

During the period from February 3, 2016 (inception) to December 31, 2021, the Authority paid for miscellaneous costs associated with the operation of the project. The Partnership has agreed to reimburse the Authority for those expenses. As of December 31, 2021, the outstanding balance owed to the Authority is $621,128. This note reported on the Partnership financial statements as a loan payable and on the Authority as a loan receivable. The asset and liability were eliminated for the presentation of the entity wide financial statements.

Seller Note

On February 3, 2016 the Authority converted one of its low rent public housing projects to HUD Rental Assistance Demonstration Program (RAD). Under this conversion, the Authority sold the property to Wayne Hills LP and has received a Seller Note in the amount of $8,470,000. This note is reported on the Partnership financial statements as a loan payable and on the Authority as a loan receivable. This asset and liability were also eliminated for the presentation of the entity wide financial statements.

On December 23, 2016, the Partnership entered into a loan agreement with PMHA for a loan amount up to $2,200,000 (the “PMHA Loan”). The PMHA Loan is secured by the Project. The PMHA Loan bears interest at a rate of 2.26% per annum. Payments of principal and interest are due annually no later than 120 days following the end of each fiscal year for any year in which there has been Net Cash Flow or proceeds from Capital Transactions, as defined in the Partnership Agreement, through the maturity date of December 31, 2056 (the “PMHA Loan Maturity Date”) when all unpaid principal and accrued interest is due. As of both December 31, 2021, the outstanding balance of the PMHA Loan was $2,200,000.

The Loan is reported on the Partnership financial statements as a Loan payable and on the Authority as a loan receivable. This asset and liability were also eliminated for the presentation of the entity wide financial statements.

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NOTE 13: **CONTINGENCIES**

The Authority is involved in various legal proceedings and litigation arising in the normal course of business. Management does not believe that the settlement of any such claims or litigation will have a material adverse effect on the Authority's financial position or results of operations.

The Authority participates in federal grants that are subject to financial and compliance audits by grantor agencies or their representatives. These 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 14: **SUBSEQUENT EVENTS**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the Statement of financial Position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through the date on which the financial statements were available to be issued.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will likely impact subsequent periods of the Authority. The investments of the pension and other postemployment benefit plan in which the Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 15: **CHANGE IN ACCOUNTING PRINCIPLES**

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

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority did not have any contracts that met the GASB 87 definition of a lease.

The Authority is implementing *Implementation Guide No. 2020-1,* GASB Statement No. 92- *Omnibus 2020,* and GASB Statement No. 97—*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*

These changes were incorporated in the Authority's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

Portsmouth Metropolitan Housing Authority
Scioto County, Ohio
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Pension Plan
Last Eight Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.014259%	0.014591%	0.014189%	0.014276%	0.014791%	0.014189%	0.014001%	0.014613%
Authority's Proportionate Share of the Net Pension Liability	$ 1,240,591	$ 2,160,609	$ 2,804,552	$ 3,909,907	$ 2,320,421	$ 3,222,081	$ 2,425,150	$ 1,762,491
Authority's Covered Payroll	$ 2,069,415	$ 2,005,080	$ 1,996,407	$ 1,928,240	$ 1,954,641	$ 1,834,181	$ 1,742,590	$ 1,791,531
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.95%	107.76%	140.48%	202.77%	118.71%	175.67%	139.17%	98.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

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

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

See accompanying notes to the required supplementary information

Portsmouth Metropolitan Housing Authority
Scioto County, Ohio
Required Supplementary Information
Schedule of the Authority's Contributions - Pension
Ohio Public Employees Retirement System - Traditional Pension Plan
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 291,239	$ 288,264	$ 285,524	$ 284,649	$ 255,020	$ 234,666	$ 208,901	$ 212,541	$ 235,947	$ 213,957
Contributions in Relation to the Contractually Required Contribution	$ (291,239)	$ (288,264)	$ (285,524)	$ (284,649)	$ (255,020)	$ (234,666)	$ (208,901)	$ (212,541)	$ (235,947)	$ (213,957)
Contribution Deficiency / (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority’s Covered Payroll	$ 2,080,279	$ 2,059,029	$ 2,039,457	$ 2,033,207	$ 1,894,819	$ 1,878,128	$ 1,740,842	$ 1,771,175	$ 1,887,642	$ 1,860,319
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.46%	12.49%	12.00%	12.00%	12.50%	11.50%

See accompanying notes to the required supplementary information

Portsmouth Metropolitan Housing Authority
Scioto County, Ohio
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability / (Asset)
Ohio Public Employees Retirement System
Last Six Fiscal Years (1)

	2022	**2021**	**2020**	**2019**	**2018**	**2017**
Authority's Proportion of the Net OPEB Liability/(Asset)	0.013687%	0.014012%	0.014035%	0.014129%	0.014670%	0.014110%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ (428,698)	$ (249,635)	$ 1,938,598	$ 1,842,088	$ 1,593,054	$ 1,425,158
Authority's Covered Payroll	$ 2,134,281	$ 2,119,039	$ 2,120,358	$ 2,049,410	$ 2,077,956	$ 1,950,271
Authority's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-20.09%	-11.78%	91.43%	89.88%	76.66%	73.07%
Plan Fiduciary Net Position as a Percentage Percentage of the Total OPEB Liability/ (Asset)	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

See accompanying notes to the required supplementary information

Portsmouth Metropolitan Housing Authority
Scioto County, Ohio
Required Supplementary Information
Schedule of the Authority's Contributions - OPEB
Ohio Public Employees Retirement System
Last Eight Fiscal Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 2,620	$ 2,569	$ 3,786	$ 5,079	$ 15,034	$ 32,973	$ 37,460	$ 36,788
Contributions in Relation to the Contractually Required Contribution	(2,620)	(2,569)	(3,786)	(5,079)	(15,034)	(32,973)	(37,460)	(36,788)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority Covered Payroll	$ 2,145,787	$ 2,123,258	$ 2,134,104	$ 2,160,185	$ 2,014,360	$ 1,995,651	$ 1,873,070 0	$ 1,883,578
Contributions as a Percentage of Covered Payroll	0.12%	0.12%	0.18%	0.24%	0.75%	1.65%	2.00%	1.95%

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

See accompanying notes to the required supplementary information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%.

Net OPEB Liability/(Asset)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2022.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034.

Portsmouth Metropolitan Housing Authority (OH010)

PORTSMOUTH, OH

Entity Wide Balance Sheet Summary

	Project Total	6.1 Component Unit - Discretely Presented	1 Business Activities	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	$1,460,036	$339,399	$602,585	$435,181	$3,559	$2,840,760		$2,840,760
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted		$1,962,311		$3,441		$1,965,752		$1,965,752
114 Cash - Tenant Security Deposits	$128,881	$41,396				$170,277		$170,277
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	$1,588,917	$2,343,106	$602,585	$438,622	$3,559	$4,976,789	$0	$4,976,789
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects	$18,900					$18,900		$18,900
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous			$578,599			$578,599	-$578,599	$0
126 Accounts Receivable - Tenants	$51,302	$74,672				$125,974		$125,974
126.1 Allowance for Doubtful Accounts -Tenants	-$2,153	-$48,985				-$51,138		-$51,138
126.2 Allowance for Doubtful Accounts - Other	$0		$0			$0		$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery	$14,320	$9,104		$31,449		$54,873		$54,873
128.1 Allowance for Doubtful Accounts - Fraud	$0	$0		-$17,256		-$17,256		-$17,256
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	$82,369	$34,791	$578,599	$14,193	$0	$709,952	-$578,599	$131,353
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	$56,352	$8,528,785		$797	$33,113	$8,619,047		$8,619,047
143 Inventories					$39,937	$39,937		$39,937
143.1 Allowance for Obsolete Inventories					$0	$0		$0
144 Inter Program Due From								
145 Assets Held for Sale								
150 Total Current Assets	$1,727,638	$10,906,682	$1,181,184	$453,612	$76,609	$14,345,725	-$578,599	$13,767,126
161 Land	$1,430,858	$28,474	$87,843			$1,547,175		$1,547,175
162 Buildings	$50,535,051	$18,585,136			$839,202	$69,959,389		$69,959,389
163 Furniture, Equipment & Machinery - Dwellings	$161,722	$306,894				$468,616		$468,616
164 Furniture, Equipment & Machinery - Administration	$371,550	$650	$53,361	$38,874	$315,855	$780,290		$780,290
165 Leasehold Improvements		$1,482,591				$1,482,591		$1,482,591
166 Accumulated Depreciation	-$42,399,254	-$2,292,381	-$47,151	-$34,614	-$1,006,568	-$45,779,968		-$45,779,968
167 Construction in Progress								
168 Infrastructure								

Portsmouth Metropolitan Housing Authority (OH010)

PORTSMOUTH, OH

Entity Wide Balance Sheet Summary

160 Total Capital Assets, Net of Accumulated Depreciation	$10,099,927	$18,111,364	$94,053	$4,260	$148,489	$28,458,093	$0	$28,458,093
171 Notes, Loans and Mortgages Receivable - Non-Current			$10,670,000			$10,670,000	-$10,670,000	$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets	$271,281	$215,893		$25,679	$131,738	$644,591		$644,591
176 Investments in Joint Ventures								
180 Total Non-Current Assets	$10,371,208	$18,327,257	$10,764,053	$29,939	$280,227	$39,772,684	-$10,670,000	$29,102,684
200 Deferred Outflow of Resources	$242,130			$22,919	$117,584	$382,633		$382,633
290 Total Assets and Deferred Outflow of Resources	$12,340,976	$29,233,939	$11,945,237	$506,470	$474,420	$54,501,042	-$11,248,599	$43,252,443
311 Bank Overdraft								
312 Accounts Payable <= 90 Days		$48,132	$1,784	$6,968	$3,487	$60,371		$60,371
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	$19,595		$5,730	$1,835	$49,893	$77,053		$77,053
322 Accrued Compensated Absences - Current Portion	$11,546		$3,266	$1,520	$9,976	$26,308		$26,308
324 Accrued Contingency Liability								
325 Accrued Interest Payable		$292,659				$292,659		$292,659
331 Accounts Payable - HUD PHA Programs								
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government	$66,685	$15,830				$82,515		$82,515
341 Tenant Security Deposits	$128,652	$28,284				$156,936		$156,936
342 Unearned Revenue	$34,195	$9,253	$525,000			$568,448		$568,448
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		$50,159				$50,159		$50,159
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities	$126,165	$2,403,052				$2,529,217		$2,529,217
346 Accrued Liabilities - Other		$629,824				$629,824	-$578,599	$51,225
347 Inter Program - Due To								
348 Loan Liability - Current								
310 Total Current Liabilities	$386,838	$3,477,193	$535,780	$10,323	$63,356	$4,473,490	-$578,599	$3,894,891
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		$15,274,540				$15,274,540	-$8,470,000	$6,804,540
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other								
354 Accrued Compensated Absences - Non Current	$103,913		$29,390	$13,684	$89,781	$236,768		$236,768
355 Loan Liability - Non Current		$2,200,000				$2,200,000	-$2,200,000	$0
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities	$785,046			$74,311	$381,234	$1,240,591		$1,240,591
350 Total Non-Current Liabilities	$888,959	$17,474,540	$29,390	$87,995	$471,015	$18,951,899	-$10,670,000	$8,281,899

Portsmouth Metropolitan Housing Authority (OH010)

PORTSMOUTH, OH

Entity Wide Balance Sheet Summary

300 Total Liabilities	$1,275,797	$20,951,733	$565,170	$98,318	$534,371	$23,425,389	-$11,248,599	$12,176,790
400 Deferred Inflow of Resources	$1,261,919			$119,451	$612,812	$1,994,182		$1,994,182
508.4 Net Investment in Capital Assets	$10,099,927	$11,256,665	$94,053	$4,260	$148,489	$21,603,394		$21,603,394
511.4 Restricted Net Position	$128,881	$2,003,707		$3,441		$2,136,029		$2,136,029
512.4 Unrestricted Net Position	-$425,548	-$4,978,166	$11,286,014	$281,000	-$821,252	$5,342,048		$5,342,048
513 Total Equity - Net Assets / Position	$9,803,260	$8,282,206	$11,380,067	$288,701	-$672,763	$29,081,471	$0	$29,081,471
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$12,340,976	$29,233,939	$11,945,237	$506,470	$474,420	$54,501,042	-$11,248,599	$43,252,443

Portsmouth Metropolitan Housing Authority (OH010)

PORTSMOUTH, OH

Entity Wide Revenue and Expense Summary

	Project Total	6.1 Component Unit - Discretely Presented	1 Business Activities	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$1,426,760	$412,946				$1,839,706		$1,839,706
70400 Tenant Revenue - Other	$17,037					$17,037		$17,037
70500 Total Tenant Revenue	$1,443,797	$412,946	$0	$0	$0	$1,856,743	$0	$1,856,743
70600 HUD PHA Operating Grants	$2,718,623	$1,443,824		$2,912,399		$7,074,846		$7,074,846
70610 Capital Grants	$676,246					$676,246		$676,246
70710 Management Fee					$399,192	$399,192	-$399,192	$0
70720 Asset Management Fee					$77,040	$77,040	-$77,040	$0
70730 Book Keeping Fee					$54,465	$54,465	-$54,465	$0
70740 Front Line Service Fee								
70750 Other Fees					$191,799	$191,799	-$191,799	$0
70700 Total Fee Revenue					$722,496	$722,496	-$722,496	$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted		$99		$32	$7	$138		$138
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery				$8,628		$8,628		$8,628
71500 Other Revenue	$41,774	$52,584	$385,886		$60,240	$540,484		$540,484
71600 Gain or Loss on Sale of Capital Assets	$250					$250		$250
72000 Investment Income - Restricted								
70000 Total Revenue	$4,880,690	$1,909,453	$385,886	$2,921,059	$782,743	$10,879,831	-$722,496	$10,157,335
91100 Administrative Salaries	$303,278		$153,805	$98,067	$534,691	$1,089,841		$1,089,841
91200 Auditing Fees	$8,379	$2,568	$536	$5,507	$1,947	$18,937		$18,937
91300 Management Fee	$399,192					$399,192	-$399,192	$0
91310 Book-keeping Fee	$54,465					$54,465	-$54,465	$0
91400 Advertising and Marketing	$4,361				$138	$4,499		$4,499
91500 Employee Benefit contributions - Administrative	-$432,584		$122,133	$111,370	$87,446	-$111,635		-$111,635
91600 Office Expenses	$88,109	$359,657	$6,045	$20,883	$55,268	$529,962		$529,962
91700 Legal Expense	$5,705	$6,350				$12,055		$12,055
91800 Travel	$12,298	$1,102			$1,254	$14,654		$14,654
91810 Allocated Overhead	$0					$0		$0
91900 Other	$66,030	$240,696	$5,026	$122,909	$90,242	$524,903	-$191,799	$333,104
91000 Total Operating - Administrative	$509,233	$610,373	$287,545	$358,736	$770,986	$2,536,873	-$645,456	$1,891,417
92000 Asset Management Fee	$77,040					$77,040	-$77,040	$0

Entity Wide Revenue and Expense Summary

92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other								
92500 Total Tenant Services	$0	$0	$0	$0	$0	$0	$0	$0
93100 Water	$133,175	$41,449		$41	$224	$174,889		$174,889
93200 Electricity	$325,945	$152,945		$1,274	$6,880	$487,044		$487,044
93300 Gas	$111,013	$67,764		$204	$2,010	$180,991		$180,991
93400 Fuel	$0			$0		$0		$0
93500 Labor	$0			$0		$0		$0
93600 Sewer	$227,818	$81,900		$65	$351	$310,134		$310,134
93700 Employee Benefit Contributions - Utilities	$0					$0		$0
93800 Other Utilities Expense								
93000 Total Utilities	$797,951	$344,058	$0	$1,584	$9,465	$1,153,058	$0	$1,153,058
94100 Ordinary Maintenance and Operations - Labor	$768,855		$199,538		$849	$969,242		$969,242
94200 Ordinary Maintenance and Operations - Materials and Other	$287,333	$107,025			$16,202	$410,560		$410,560
94300 Ordinary Maintenance and Operations Contracts	$740,044	$274,150	$3,373	$9	$9,085	$1,026,661		$1,026,661
94500 Employee Benefit Contributions - Ordinary Maintenance	$455,701				$429	$456,130		$456,130
94000 Total Maintenance	$2,251,933	$381,175	$202,911	$9	$26,565	$2,862,593	$0	$2,862,593
95100 Protective Services - Labor	$62,198		$28,330	$3,979	$21,398	$115,905		$115,905
95200 Protective Services - Other Contract Costs	$0	$74,600			$0	$74,600		$74,600
95300 Protective Services - Other	$38,983			$9,970	$4,456	$53,409		$53,409
95500 Employee Benefit Contributions - Protective Services	$39,132			$4,513	$10,805	$54,450		$54,450
95000 Total Protective Services	$140,313	$74,600	$28,330	$18,462	$36,659	$298,364	$0	$298,364
96110 Property Insurance	$130,777	$62,345				$193,122		$193,122
96120 Liability Insurance	$9,566					$9,566		$9,566
96130 Workmen's Compensation								
96140 All Other Insurance				$3,082	$14,148	$17,230		$17,230
96100 Total insurance Premiums	$140,343	$62,345	$0	$3,082	$14,148	$219,918	$0	$219,918
96200 Other General Expenses	$6,274	$17,981				$24,255		$24,255
96210 Compensated Absences	$12,585					$12,585		$12,585
96300 Payments in Lieu of Taxes	$66,685	$11,583				$78,268		$78,268
96400 Bad debt - Tenant Rents	$16,070	$130,997				$147,067		$147,067
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	$101,614	$160,561	$0	$0	$0	$262,175	$0	$262,175

Portsmouth Metropolitan Housing Authority (OH010)

PORTSMOUTH, OH

Entity Wide Revenue and Expense Summary

96710 Interest of Mortgage (or Bonds) Payable		$295,824				$295,824		$295,824
96720 Interest on Notes Payable (Short and Long Term)		$0				$0		$0
96730 Amortization of Bond Issue Costs		$18,672				$18,672		$18,672
96700 Total Interest Expense and Amortization Cost	$0	$314,496	$0	$0	$0	$314,496	$0	$314,496
96900 Total Operating Expenses	$4,018,427	$1,947,608	$518,786	$381,873	$857,823	$7,724,517	-$722,496	$7,002,021
97000 Excess of Operating Revenue over Operating Expenses	$862,263	-$38,155	-$132,900	$2,539,186	-$75,080	$3,155,314	$0	$3,155,314
97100 Extraordinary Maintenance	$32,403					$32,403		$32,403
97200 Casualty Losses - Non-capitalized	$7,447	$11,679				$19,126		$19,126
97300 Housing Assistance Payments				$2,696,828		$2,696,828		$2,696,828
97350 HAP Portability-In								
97400 Depreciation Expense	$1,081,277	$568,843	$1,035	$2,610	$42,548	$1,696,313		$1,696,313
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	$5,139,554	$2,528,130	$519,821	$3,081,311	$900,371	$12,169,187	-$722,496	$11,446,691
10010 Operating Transfer In	$168,259					$168,259	-$168,259	$0
10020 Operating transfer Out	-$168,259					-$168,259	$168,259	$0
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In					$213,887	$213,887	-$213,887	$0
10094 Transfers between Project and Program - Out			-$213,887			-$213,887	$213,887	$0
10100 Total Other financing Sources (Uses)	$0	$0	-$213,887	$0	$213,887	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$258,864	-$618,677	-$347,822	-$160,252	$96,259	-$1,289,356	$0	-$1,289,356
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0		$0
11030 Beginning Equity	$10,062,124	$8,900,883	$11,727,889	$448,953	-$769,022	$30,370,827		$30,370,827
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors								
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								

Portsmouth Metropolitan Housing Authority (OH010)

PORTSMOUTH, OH

Entity Wide Revenue and Expense Summary

11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity				$285,260		$285,260		$285,260
11180 Housing Assistance Payments Equity				$3,441		$3,441		$3,441
11190 Unit Months Available	7704	2916	0	7392	0	18012		18012
11210 Number of Unit Months Leased	7262	2728	0	6570	0	16560		16560
11270 Excess Cash	$951,454					$951,454		$951,454
11610 Land Purchases	$0				$0	$0		$0
11620 Building Purchases	$676,246				$0	$676,246		$676,246
11630 Furniture & Equipment - Dwelling Purchases	$0				$0	$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0				$0	$0		$0
11650 Leasehold Improvements Purchases	$0				$0	$0		$0
11660 Infrastructure Purchases	$0				$0	$0		$0
13510 CFFP Debt Service Payments	$0				$0	$0		$0
13901 Replacement Housing Factor Funds	$0				$0	$0		$0

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PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
SCIOTO COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program			
Public and Indian Housing	14.850	N/A	2,538,177
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	N/A	2,912,399
Total Housing Voucher Cluster			2,912,399
Public Housing Capital Fund	14.872	N/A	856,693
Total U.S. Department of Housing and Urban Development			**6,307,269**
Total Expenditures of Federal Awards			**$6,307,269**

The accompanying notes are an integral part of this schedule.

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
SCIOTO COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Portsmouth Metropolitan Housing Authority (the Authority) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended June 30, 2022.

NOTE E – DISCLOSURE OF OTHER FORMS OF ASSITANCE

The Authority received no federal awards of non-monetary assistance that would be required to be disclosed for the year ended June 30, 2022.

The Authority had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended June 30, 2022.

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Portsmouth Metropolitan Housing Authority
Scioto County
410 Court Street
Portsmouth, Ohio 45662

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 Portsmouth Metropolitan Housing Authority, Scioto County, Ohio (the Authority), as of and for the year ended June 30, 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 March 9, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

Our report includes a reference to other auditors who audited the financial statements of the blended component unit, Wayne Hills LP, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Authority's Response to Finding

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio
March 9, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Portsmouth Metropolitan Housing Authority
Scioto County
410 Court Street
Portsmouth, Ohio 45662

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Portsmouth Metropolitan Housing Authority's, Scioto County, (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Portsmouth Metropolitan Housing Authority's major federal program for the year ended June 30, 2022. Portsmouth 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, Portsmouth 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 June 30, 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.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The Authority's basic financial statements include the operations of the blended component unit, Wayne Hills LP, which expended $1,443,824 in federal awards which is not included in the Authority's Schedule of Expenditures of Federal Awards during the year ended June 30, 2022. Our compliance audit, described in the "Opinion on the Major Federal Program," does not include the operations of Wayne Hills LP because Wayne Hills LP engaged other auditors to perform an audit of compliance with the Consolidated Audit Guide for Audits of HUD programs, which was the only program that the component unit had.

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

March 9, 2023

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PORTSMOUTH METROPOLITAN HOUSING AUTHORITY
SCIOTO COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 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)?**	Yes
(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):**	Public and Indian Housing – Federal AL- #14.850
(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?**	Yes

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

FINDING NUMBER 2022-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

FINDING NUMBER 2022-001
(Continued)

Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

As of June 30, 2022, the Authority’s financial statements had the following errors:

- Invested in Capital Assets was understated by $8,470,000, which then caused Unrestricted Net Position to be overstated by the same amount. This was caused by incorrectly reducing Invested In Capital Assets with debt that was not related to Capital Assets.

- Restricted Net Position was understated by $2,132,588, which then caused Unrestricted Net Position to be overstated by the same amount. This was caused by a formula error in the compilation process that removed required restricted net position from totals.

- Other Revenue and Administrative Expenses were both overstated by $804,820. This was caused, during the conversion process, by the Authority reclassing the negative pension expense related to Net Pension Liability from the expense line item to the revenue line item in error.

- Receivables and Other Liabilities were both overstated by $578,599. This was due to the Authority not properly eliminating all activity between the Authority and its blended Component Unit, Wayne Hills, on the combined financial statements.

- Net OPEB Asset and Other Assets were not properly reported on the Financial Statements. They were both rolled into the line item labelled -Net Pension Asset, which was not correct. The Net OPEB Asset was understated by $428,698 and the Other Assets were understated by $215,893 because neither should have been reported as Net Pension Asset. This was an error in the roll up process of combining all funds into the final financial statements.

Adjustments have been posted to the Authority's Financial Statements for these errors. Failure to properly classify balances and transactions on the Authority’s financial statements could result in the financial statements being misleading to the users’ of the financial statements.

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

Officials’ Response:

The Housing Authority understands it is essential to report complete and accurate financial information to the public. The Housing Authority will ensure in the future that submissions to the HINKLE System are complete and accurate.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Portsmouth Metropolitan
Housing Authority

410 Court Street
Portsmouth, Ohio 45662
Telephone: 740-354-4547
Fax: 740-353-3677

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2022

Finding Number: 2022-001

Planned Corrective Action: The Housing Authority understands it is essential to report complete and accurate financial information to the public. The Housing Authority will ensure in the future that submissions to the HINKLE System are complete and accurate.

Anticipated Completion Date: April 30, 2023

Responsible Contact Person: Teresa Everett, Financial Director

OHIO AUDITOR OF STATE
KEITH FABER

PORTSMOUTH METROPOLITAN HOUSING AUTHORITY

SCIOTO 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 3/16/2023

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