



OHIO AUDITOR OF STATE
KEITH FABER



**VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
SEPTEMBER 30, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Vinton Metropolitan Housing Authority
Vinton County
PO Box 487
McArthur, Ohio 45651

To the Board of Commissioners:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Vinton Metropolitan Housing Authority, Vinton County, Ohio (the Authority), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Vinton Metropolitan Housing Authority, Vinton County, Ohio as of September 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.

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.

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 Proportionate Share of Net Pension and Other Post-Employment Benefit Liabilities/Assets and Pension and Other Post-Employment Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Financial Data Schedule 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 June 2, 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

June 2, 2023

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VINTON METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year Ended September 30, 2022
(Unaudited)

As management of the Vinton Metropolitan Housing Authority ("Authority"), we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements taken as a whole.

Financial Highlights

1. The Authority has a net position of \$118,220. This net position results from the difference between total assets and deferred outflows of resources of \$251,843 and total liabilities and deferred inflows of resources of \$133,263.
2. Current and other assets of \$197,871 consist of non-restricted Cash and Cash Equivalents of \$129,014 Restricted Cash and Cash Equivalents of \$63,883, Prepaid Expenses and Other Assets of \$4,974.
3. Current liabilities of \$44,560 consist of Accrued Wages and Payroll Taxes Payable of \$2,640, Unearned Revenue \$7,327, and Undistributed Credits – Family Self Sufficiency of \$34,593.

Basic Financial Statements and Presentation

The financial statements presented by the Authority are the Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position and Statement of Cash Flows. These statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Authority maintains several programs that are structured as a single enterprise fund with revenues recognized when earned and measurable, not when received. Expenses are recognized when they are incurred, not when paid. Capital assets are capitalized and depreciated except land, over their estimated useful lives.

The *Statement of Net Position* presents information on all the Authority's assets deferred outflows of resources and liabilities deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position increases when revenues exceed expenses. Increases in assets without a corresponding increase to liabilities results in increased net position, which indicate improved financial condition.

The *Statement of Revenues, Expenses, and Change in Net Position* present information showing how the Authority's net position changed during the year. This statement summarizes operating revenues and expenses along with nonoperating revenues and expenses. In addition, this statement lists capital grant revenues received from federal, state and local governments.

The Statement of Cash Flows allows financial statement users to assess the Authority's adequacy or ability to generate sufficient cash flows to meet its obligations in a timely manner. The statement is generally classified into four categories: 1) Cash flows from operating activities, 2) Cash flows from noncapital financing activities, 3) Cash flows from capital and related activities, and 4) Cash flows from investing activities.

VINTON METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year Ended September 30, 2022
(Unaudited)

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis of the Authority

Recall that the statement of net position provides the perspective of the Authority as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the Authority's net position for 2022 compared to 2021:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Current Assets	\$ 197,871	\$ 148,881	\$ 48,990
Noncurrent Assets	40,844	28,872	11,972
Total Assets	<u>238,715</u>	<u>177,753</u>	<u>60,962</u>
Deferred Outflows of Resources	<u>12,768</u>	<u>11,214</u>	<u>1,554</u>
Current and Other Liabilities	44,560	70,559	(25,999)
Long-Term Liabilities	<u>40,226</u>	<u>57,269</u>	<u>(17,043)</u>
Total Liabilities	<u>84,786</u>	<u>127,828</u>	<u>(43,042)</u>
Deferred Inflow of Resources	<u>48,477</u>	<u>52,379</u>	<u>(3,902)</u>
Net Position:			
Net Investment in Capital Assets	26,436	28,872	(2,436)
Restricted	21,963	69,289	(47,326)
Unrestricted	<u>69,821</u>	<u>(89,401)</u>	<u>159,222</u>
Total Net Position	<u>\$ 118,220</u>	<u>\$ 8,760</u>	<u>\$ 109,460</u>

During 2022, current assets increased by \$48,990, and current liabilities decreased by \$25,999. The change in current assets was mainly due to the change in cash balance. The change in current liabilities is mainly due to the decrease in Undistributed Credits – Family Self-Sufficiency and Unearned Revenue related to Cares Act Monies.

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

VINTON METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year Ended September 30, 2022
(Unaudited)

Financial Analysis of the Authority (Continued)

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2022 and 2021.

Financial Operating Activities

Table 2

Condensed Summary of Revenues, Expenses and Change in Net Position

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Operating Revenues (Expenses):			
Operating Revenues	\$ 897,670	\$ 796,623	\$ 101,047
Operating Expenses (Excluding Depreciation)	(785,869)	(770,998)	(14,871)
Depreciation Expense	(2,436)	(2,436)	-
Operating Income (Loss)	<u>109,365</u>	<u>23,189</u>	<u>86,176</u>
Nonoperating Revenue (Expenses):			
Interest Income	95	100	(5)
Gain on Disposal of Capital Asset	-	211	(211)
	<u>95</u>	<u>311</u>	<u>(216)</u>
Net Increase/(Decrease)	109,460	23,500	85,960
Net Position, Beginning of Year	<u>8,760</u>	<u>(14,740)</u>	<u>23,500</u>
Net Position, End of Year	<u>\$ 118,220</u>	<u>\$ 8,760</u>	<u>\$ 109,460</u>

The most significant operating expenses for the Authority are Housing Assistance Payments, Administrative Salaries, Employee Benefits and Ordinary Maintenance and Operations Contracts. These expenses account for 97% of the total operating expenses. Housing Assistance Payments, which accounts for 87% of the total, represents cost associated with providing housing assistance for low-income tenants. Administrative Salaries and Employee Benefits, which accounts for 9% of the total, represents costs associated with salaried and hourly and fringe benefits for employees. Ordinary Maintenance and Operations Contracts, which accounts for 1% of the total, represents maintenance expenses for normal business operations.

Funding for the most significant operating expenses indicated above is from HUD Grants. HUD Grants revenue for 2022 was \$897,670. Of this amount \$14,805 was CARES Act monies. The Authority monitors its sources of revenues very closely for fluctuations.

Capital Assets and Debt Administration

The Authority's investment in capital assets as of September 30, 2022, amounts to \$26,436 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, furniture and equipment.

Additional information concerning the Authority's capital assets can be found in Note 9 of the notes to the basic financial statements.

Additional information concerning the Authority's long-term obligations can be found in Note 10 of the notes to the basic financial statements.

VINTON METROPOLITAN HOUSING AUTHORITY
Management's Discussion and Analysis
For the Year Ended September 30, 2022
(Unaudited)

Economic Factors

The economic outlook for the Authority is uncertain at this time. The slow economy has an impact on low-income households' ability to pay rent. Federal funding is at the discretion of the U.S. Department of Housing and Urban Development and is insufficient to cover operating costs and capital related needs for Public Housing Units. Section 8 administrative fees decreased retroactively to January 1, 2004 by three percent and additional cuts are possible. Locally, we are being impacted by negative employment factors such as stagnant job growth and a sluggish market. There is also the effects of the Corona Pandemic.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact J. Richard Griffith, Executive Director, 310 W. High St., P.O. Box 487, McArthur, OH 45651.

**VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE - ENTERPRISE FUND
AS OF SEPTEMBER 30, 2022**

	ENTERPRISE
<i>Assets</i>	
Current Assets:	
Cash and Cash Equivalents- Unrestricted	\$ 129,014
Cash and Cash Equivalents- Restricted	63,883
Total Cash and Cash Equivalents	192,897
Prepaid Expenses and Other Assets	4,974
Total Current Assets	197,871
Noncurrent Assets:	
Net OPEB Asset	14,408
Capital Assets:	
Nondepreciable Capital Assets	5,000
Depreciable Capital Assets, Net of Accumulated Depreciation	21,436
Total Capital Assets	26,436
Total Noncurrent Assets	40,844
<i>Total Assets</i>	238,715
Deferred Outflows of Resources - OPEB	51
Deferred Outflows of Resources - Pension	12,717
<i>Total Deferred Outflows of Resources</i>	12,768
<i>Total Assets and Deferred Outflows of Resources</i>	\$ 251,483
<i>Liabilities</i>	
Current Liabilities:	
Accrued Wages/Payroll Taxes Payable	\$ 2,640
Unearned Revenue	7,327
Undistributed Credits - Family Self-Sufficiency	34,593
Total Current Liabilities	44,560
Long-Term Liabilities:	
Net Pension Liability	25,927
Compensated Absences	14,299
Total Long-Term Liabilities	40,226
<i>Total Liabilities</i>	84,786
Deferred Inflows of Resources - OPEB	15,540
Deferred Inflows of Resources - Pension	32,937
<i>Total Deferred Inflows of Resources</i>	48,477
<i>Total Liabilities and Deferred Inflows of Resources</i>	133,263
<i>Net Position</i>	
Investment in Capital Assets	26,436
Restricted	21,963
Unrestricted	69,821
<i>Total Net Position</i>	118,220
<i>Total Liabilities, Deferred Inflows of Resources, and Net Position</i>	\$ 251,483

See accompanying notes to the basic financial statements.

**VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	ENTERPRISE
<i>Operating Revenues</i>	
HUD PHA Operating Grants	\$ 867,801
COVID Grants	14,805
Other Revenue	15,064
Total Operating Revenues	897,670
<i>Operating Expenses</i>	
Administrative	86,608
Ordinary Maintenance & Operation	9,868
General Expense	1,421
Housing Assistance Payments	687,972
Depreciation Expense	2,436
Total Operating Expenses	788,305
Operating Income (Loss)	109,365
<i>Non-Operating Revenues</i>	
Investment Income - Unrestricted	95
Total Non-Operating Revenues/(Expenditures)	95
Change in Net Position	109,460
Net Position, Beginning of Year	8,760
Net Position, End of Year	\$ 118,220

See accompanying notes to the basic financial statements.

**VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE FUND
AS OF SEPTEMBER 30, 2022**

	ENTERPRISE
Cash Flows From Operating Activities:	
Receipts From Operating Grants	\$ 867,801
Other Operating Receipts	15,064
Housing Assistance Payments	(687,972)
Payments for Employees and Services	(138,117)
Net Cash Provided by Operating Activities	56,776
Cash Flows From Investing Activities:	
Interest Received on Investments	95
Net Cash Provided by Investing Activities	95
Net Increase in Cash and Cash Equivalents	56,871
Cash and Cash Equivalents at Beginning of Year	136,026
Cash and Cash Equivalents at End of Year	\$ 192,897
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Operating Income	\$ 109,365
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation Expense	2,436
(Increase) Decrease In:	
Prepaid Expenses and Other Assets	(261)
Deferred Outflows of Resources	(1,554)
Net OPEB Asset	(6,266)
Increase (Decrease) In:	
Net Pension Liability	(17,756)
Accrued Wages/Payroll Taxes Payable	75
Compensated Absences	713
Unearned Revenue	(14,805)
Undistributed Credits - Family Self-Sufficiency	(11,269)
Deferred Inflows of Resources	(3,902)
Net Cash Provided by Operating Activities	\$ 56,776

See accompanying notes to the basic financial statements.

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VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022

NOTE 1 – DESCRIPTION OF THE AUTHORITY, PROGRAM AND REPORTING ENTITY

Description of the Authority and Programs

Vinton Metropolitan Housing Authority was created under Section 3735.07 of the Ohio Revised Code. The Authority contracts with the U.S. Department of Housing and Urban Development (HUD) to provide low-income persons with safe and sanitary housing through rent subsidies provided by HUD (Section 8 Housing Assistance). The majority of the Authority's rental income is received from HUD.

A summary of the significant programs administered by the Authority is provided below:

Section 8 Rental Voucher Program – Under the Section 8 Voucher Program, low-income tenants lease housing units directly from private landlords rather than from the Authority. HUD contracts with the Authority, which in turn, contracts with the private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Family Self Sufficiency (FSS) Program - This program is designed to help participants achieve economic independence and self-sufficiency.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Authority consists of all funds, departments, boards, and agencies that are not legally separate from the Authority. For the Authority, this includes general operations and the Section 8 program.

The Vinton Metropolitan Housing Authority was established for the purpose of engaging the development, acquisition, and administrative activities of the low-income housing program. An Annual Contributions Contract (ACC) was signed by the Vinton Metropolitan Housing Authority and the U.S. Department of Housing and Urban Development (HUD), under provisions of the United States Housing Act of 1937 (42 U.S.C. 1437) Section 1.1. The Authority was also created in accordance with state law to eliminate housing conditions which were detrimental to the public peace, health, safety, morals, or welfare by purchasing, acquiring, constructing, maintaining, operating, improving, extending, and repairing housing facilities. The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 is the "primary government". "A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government unit. 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.

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Basis of Presentation – Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. For financial statement presentation purposes, the funds of the Authority are grouped into the following fund type.

Proprietary Fund Type - The proprietary fund is used to account for the Authority's ongoing activities which are similar to those found in a private sector. The following is the Authority's proprietary fund:

Enterprise Fund – The enterprise fund is used to account for operations 1) that are financed and operated in a manner similar to private business enterprises where the intent of governing body is that the costs of providing goods or services to the general public on continuing basis be financed or recovered primarily through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds.

Measurements Focus

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of change in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Basis of Accounting

The proprietary fund type uses the accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and measurable and expenses are recorded at the time liabilities are incurred, if measurable.

Deferred Outflows and Deferred Inflows 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 (expenditures/expenses) until then. The Authority reports a deferred outflow of resources for pensions as of September 30, 2022. The deferred outflows of resources related to pension and OPEB are reported on the Statement of Net Position and explained in Notes 4 and 5. Deferred inflows of resources related to pension and OPEB are reported on the Statement of Net Position and explained in Notes 4 and 5.

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Budgetary Data

The Authority is not required to follow the budgetary requirements of the Ohio Revised Code. However, the Authority does maintain a budget for management purposes.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in checking accounts and are stated at cost, which approximates market value.

For purposes of the statement of cash flows and for presentation on the statement of net position, cash and cash equivalents include all highly liquid debt instruments with an original maturity of three months or less at the time they are purchased.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2022, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Capital Assets

Land, buildings, equipment and vehicles are recorded at historical cost. Donated land, buildings, equipment and vehicles are recorded at their acquisition value on the date donated. The Authority capitalizes all assets with a cost of \$3,000 or more. Depreciation is calculated on a straight-line method using half-year convention over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	30
Equipment	7
Vehicles	5-7

Compensated Absences

The Authority reports compensated absences in accordance with the provisions of GASB No. 16, Accounting for Compensated Absences.

Sick leave benefits are accrued as a liability using the vesting method. Sick leave benefits are accrued as a liability for employees who are currently eligible to receive termination benefits and those identified as probable to receiving payment in the future. Vacation benefits are accrued as a liability as the benefits are earned by the employees if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the Authority will compensate the employees for the benefits through paid time off or some other means. The liability for sick leave and vacation benefits is based on accumulated unused balances and employees' wage rates at fiscal year-end. Compensated absences are expensed when earned by the employees.

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are operating grants from HUD and other miscellaneous revenue.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Authority, these expenses are primarily administrative, benefits, maintenance and operations, depreciation, and housing assistance payments.

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their internal or external restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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. There were no effects of this implementation on the Authority's 2022 financial statements due to the Authority only having one immaterial lease agreement.

The Authority is also 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.

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 3 – CASH AND INVESTMENTS

Monies held by the Authority are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Authority has identified as not required for use within the current five-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 that 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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the Authority can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirement have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio); and

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 3 – CASH AND INVESTMENTS – (Continued)

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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. Except as noted, above, 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.

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

All of the Authority's bank balance was covered by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

NOTE 4 – DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 4 – DEFINED BENEFIT PENSION PLAN – (Continued)

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 excess unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued personnel costs on both the accrual and modified accrual bases of accounting.

Plan Description

Plan Description - 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 CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in the other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 4 – DEFINED BENEFIT PENSION PLAN – (Continued)

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.

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority’s contractually required contribution for the period ended September 30, 2022, 2021, and 2020 were \$10,383, \$9,296 and \$10,088. 88% has been contributed for 2022, and a 100% for 2021 and 2020. Of this amount \$819 is reported as accrued wages/payroll taxes payable.

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

The net pension liability 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:

	Traditional Pension Plan
Proportionate Share of the Net Pension Liability	\$ 25,927
Proportion of the Net Pension Liability	0.000298%
Increase/(decrease) in % from prior proportion measured	0.000003%
Pension Expense	\$ (7,920)

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 4 – DEFINED BENEFIT PENSION PLAN – (Continued)

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

	Traditional Pension Plan
Deferred Outflows of Resources	
Changes in assumptions	\$ 3,242
Differences between expected and actual experience	1,322
Changes in proportion and differences between contributions and proportionate share of contributions	372
District contributions subsequent to the measurement date	7,781
Total Deferred Outflows of Resources	\$ 12,717
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 30,839
Differences between expected and actual experience	569
Changes in proportion and differences between contributions and proportionate share of contributions	1,529
Total Deferred Inflows of Resources	\$ 32,937

\$7,781 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 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:

Fiscal year Ending September 30:	Traditional Pension Plan
2023	\$ (5,343)
2024	(10,501)
2025	(7,251)
2026	(4,906)
Total	\$ (28,001)

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 4 – DEFINED BENEFIT PENSION PLAN – (Continued)

Actuarial Assumptions - OPERS

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value 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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2021, are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2021
Experience Study	5 Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	6.90%
Wage Inflation	2.75%
Projected Salary Increases	2.75% to 10.75% (Includes wage inflation of 2.75%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2022, then 2.05% Simple

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

The most recent experience study was completed for the five-year period ended December 31, 2020.

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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 4 – DEFINED BENEFIT PENSION PLAN (Continued)

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation for 2021	Weighted Average Long-Term Expected Real Rate of Return
		(Arithmetic)
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% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net pension liability or asset calculated using the discount rate of 6.9%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

<u>Employer’s Net Pension Liability/(Asset)</u>	<u>1% Decrease 5.9%</u>	<u>Current Discount Rate 6.9%</u>	<u>1% Increase 7.9%</u>
Traditional Pension Plan	\$ 68,358	\$ 25,927	\$ (9,381)

NOTE 5 – DEFINED BENEFIT OPEB PLAN

Net OPEB Liability/(Asset)

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.

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 5 – DEFINED BENEFIT OPEB PLAN – (Continued)

The net OPEB liability or asset represents Authority's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability or 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 Authority's obligation for this liability to annually required payments. Authority cannot control benefit terms or the manner in which OPEB are financed; however, Authority's does receive the benefit of employees' services in exchange for compensation including OPEB.

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

Plan Description

Authority's employees participate in the Ohio Public Employees Retirement System of Ohio (OPERS), which is a cost-sharing, multiple-employer retirement plan. OPERS maintains one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA), as the prior trust structure could not support the HRA. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust) was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member- Directed Plan through September 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of September 30, 2016 and the net positions transferred to the trust on July 1, 2016. Beginning in 2016, the 115 Trust, established under Internal Revenue Code (IRC) Section 115, is the funding vehicle for all health care plans. The Plan is included in the report of OPERS which can be obtained by visiting www.opers.org or by calling (800) 222-7377.

Funding Policy – Ohio Revised Code Chapter 145 authorizes OPERS to offer the Plan and gives the OPERS Board of Trustees discretionary authority over how much, if any, of the health care costs will be absorbed by OPERS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.00% of covered payroll. For the year ended December 31, 2021, in the Traditional Plan OPERS allocated 0.00% of employer contributions to post-employment health care.

Net OPEB Liability/(Asset)

The net OPEB liability/(asset) was measured as of December 31, 2021, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability/(asset) was based on the Authority's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 5 – DEFINED BENEFIT OPEB PLAN – (Continued)

	OPERS
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (14,408)
Proportion of the Net OPEB Liability/(Asset)	0.000460%
Increase/(decrease) in % from prior proportion measured	0.000003%
OPEB Expense	\$ (13,777)

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

	OPERS
Deferred Outflows of Resources	
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ 51
Total Deferred Outflows of Resources	\$ 51
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 6,869
Differences between expected and actual experience	2,185
Changes in assumptions	5,831
Changes in proportion and differences between government contributions and proportionate share of contributions	655
Total Deferred Inflows of Resources	\$ 15,540

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

Fiscal Year Ending September 30:	OPERS
2023	\$ (9,819)
2024	(3,178)
2025	(1,505)
2026	(987)
Total	\$ (15,489)

Actuarial Assumptions - OPERS

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 5 – DEFINED BENEFIT OPEB PLAN – (Continued)

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2020
Rolled-forward measurement date	December 31, 2021
Experience Study	5 Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Single Discount Rate	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate	1.84%
Wage Inflation	2.75%
Projected Salary Increases	2.75% to 10.75% (Includes wage inflation of 2.75%)
Health Care Cost Trend Rate	5.50% initial, 3.50% ultimate in 2034

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.

A single discount rate of 6.00% was used to measure the total 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 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. 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 the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

The following table presents the OPEB liability/(asset) calculated using the single discount rate of 6.00%, and the expected net OPEB liability/(asset) if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1% Decrease	Current	1% Increase
	5.00%	Discount Rate	7.00%
	5.00%	6.00%	7.00%
Authority's proportionate share of the Net OPEB Liability/(Asset)	\$ (8,473)	\$ (14,408)	\$ (19,334)

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 5 – DEFINED BENEFIT OPEB PLAN – (Continued)

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/(asset). The following table presents the net OPEB liability/(asset) calculated using the assumed trend rates, and the expected net OPEB liability/(asset) if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50%. 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 care 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% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the Net OPEB Liability/(Asset)	\$ (14,564)	\$ (14,408)	\$ (14,223)

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

Asset Class	Target Allocation for 2021	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00%	3.78%
REITs	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%

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% for 2021.

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 6 – COMPENSATED ABSENCES

Sick leave and vacation policies are established by the Board of Commissioners based on local and state laws.

Sick leave is earned at a rate of 4.60 hours per 80 hours of service. Unused sick leave may be accumulated without limit. At time of separation, employees shall be paid the value of up to 30 days of unused sick leave.

All permanent employees will earn vacation hours accumulated based on length of service. Unused vacation leave will be paid to the employees at the time of separation not to exceed 160 hours.

As of September 30, 2022, \$14,299 was accrued for unused sick leave and vacation.

NOTE 7 – RISK MANAGEMENT

The Authority maintains comprehensive liability insurance coverage with private carriers for, real property, building contents. There was no significant reduction in coverage from the prior year. There were no settlements that exceeded insurance coverage during the past three years.

NOTE 8 – ADMINISTRATIVE FEE

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

NOTE 9 – CAPITAL ASSETS

A summary of changes in capital assets during fiscal year 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not Being Depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total Capital Assets not Being Depreciated	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Capital Assets Being Depreciated:				
Buildings	57,531	-	-	57,531
Furniture and Equipment - Admin	12,921	-	-	12,921
Total Capital Assets Being Depreciated:	<u>70,452</u>	<u>-</u>	<u>-</u>	<u>70,452</u>
Less: Accumulated Depreciation:				
Building	(37,744)	(1,755)	-	(39,499)
Equipment	(8,836)	(681)	-	(9,517)
Total Accumulated Depreciation	<u>(46,580)</u>	<u>(2,436)</u>	<u>-</u>	<u>(49,016)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>23,872</u>	<u>(2,436)</u>	<u>-</u>	<u>21,436</u>
Total Capital Assets Net	<u>\$ 28,872</u>	<u>\$ (2,436)</u>	<u>\$ -</u>	<u>\$ 26,436</u>

VINTON METROPOLITAN HOUSING AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended September 30, 2022 (Continued)

NOTE 10 – LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the Authority during the 2022 fiscal year were as follows:

	Beginning Balance <u>9/30/2021</u>	Additions	Reductions	Ending Balance <u>9/30/2022</u>	Amounts Due in One Year
Compensated Absences	\$ 13,586	\$ 713	\$ -	\$ 14,299	\$ -
Net Pension Liability	43,683	-	(17,756)	25,927	-
Total Long Term Obligations	<u>\$ 57,269</u>	<u>\$ 713</u>	<u>\$ (17,756)</u>	<u>\$ 40,226</u>	<u>\$ -</u>

NOTE 11 – ECONOMIC DEPENDENCY

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

NOTE 12 – CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as no appropriate under the terms for the grants. Such audits could lead to reimbursement to the grantor agencies. Authority's management believes disallowance, if any will be immaterial.

In the normal course of operations, the Authority may be subject to litigation and claims. At September 30, 2022, the Authority was involved in no matters management believes will have a material effect on the basic financial statements.

NOTE 13 – COVID

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The investments of the pension and other employee 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.

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**VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUTY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
REQUIRED SUPPLEMENTARY INFORMATION**

**Ohio Public Employees Retirement System
Last 9 Fiscal Years***

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset) (percentage) - Traditional Plan	0.000298%	0.000295%	0.000328%	0.000367%	0.000362%	0.000390%	0.000387%	0.000392%	0.000392%
Authority's proportionate share of the net pension liability (asset) - Traditional Plan	\$ 25,927	\$ 43,683	\$ 64,831	\$ 100,514	\$ 56,791	\$ 88,562	\$ 67,033	\$ 47,280	\$ 46,212
Authority's covered payroll	\$ 66,400	\$ 72,506	\$ 72,296	\$ 71,968	\$ 75,168	\$ 73,821	\$ 70,029	\$ 69,529	\$ 69,028
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.05%	60.25%	89.67%	139.66%	75.55%	119.97%	95.72%	68.00%	66.95%
Plan fiduciary net position as a percentage of the total pension liability (Traditional Plan)	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Information prior to fiscal year 2013 is not available.

*The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

See accompanying notes to the required supplemental information

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
SCHEDULE OF CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
REQUIRED SUPPLEMENTARY INFORMATION
Ohio Public Employees Retirement System
 Last 10 Fiscal Years

Traditional Plan:

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 10,383	\$ 9,296	\$ 10,088	\$ 9,796	\$ 9,909	\$ 9,574	\$ 10,335	\$ 9,804	\$ 9,734	\$ 9,664
Contributions in relation to contractually required contribution	(10,383)	(9,296)	(10,088)	(9,796)	(9,909)	(9,574)	(10,335)	(9,804)	(9,734)	(9,664)
Contribution deficit (surplus)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 74,167	\$ 66,400	\$ 72,056	\$ 69,968	\$ 71,968	\$ 75,168	\$ 73,821	\$ 70,029	\$ 69,529	\$ 69,029
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	13.77%	12.74%	14.00%	14.00%	14.00%	14.00%

Calculated contribution rates above sometimes differ from published OPERS rates due to rate changes during the Authority's fiscal year (OPERS rates are effective based on a calendar year).

Schedule will be built prospectively.

See accompanying notes to the required supplemental information.

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
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)
For the Fiscal Year Ended September 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's Proportion of the Net OPEB Liability or Asset	0.000460%	0.000457%	0.000477%	0.000496%	0.000362%	0.000390%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (14,408)	\$ (8,142)	\$ 65,886	\$ 64,667	\$ 39,311	\$ 39,391
Authority's Covered Payroll	\$ 66,400	\$ 72,506	\$ 69,968	\$ 71,968	\$ 75,168	\$ 73,821
Authority's Proportionate Share of the Net OPEB Liability or Asset as a Percentage of its Covered Payroll	-21.70%	-11.23%	94.17%	89.86%	52.30%	53.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability or Asset	128.23%	115.57%	47.80%	46.33%	54.14%	N/A

(1) Information prior to 2016 is not available.

(2) Information is presented on a calendar year basis, consistent with measurement year used by OPERS.

See accompanying notes to the required supplemental information

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
Required Supplementary Information
Schedule of the Authority's Contributions
Ohio Public Employees Retirement System - OPEB Plan
Last Six Fiscal Years (1)
For the Fiscal Year Ended September 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ 166	\$ 553
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	(166)	(553)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority Covered Payroll	\$ 74,167	\$ 66,400	\$ 72,056	\$ 69,968	\$ 71,968	\$ 75,168
Contributions as Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.23%	0.74%

(1) Information prior to 2017 is not available.

(2) Information is presented on a fiscal year basis, consistent with Authority's financial statements.

See accompanying notes to the required supplemental information

**Vinton County Metropolitan Housing Authority
Vinton County**

**Notes to the Required Supplemental Information
For the Fiscal Year Ended September 30, 2022**

Note 1 - Changes in Assumptions – OPERS Pension

Amounts reported for fiscal year 2017 (Measurement Period 2016) incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 (Measurement Period 2015) and prior are presented below:

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from RP-2000 mortality tables to the RP-2014 mortality tables.

There are no changes in actuarial valuation for measurement period 2017 versus measurement period 2016.

Valuation Date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.50%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 8.25% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3/00% Simple through 2018, then 2.15% Simple

Changes for the period 2018 versus the measurement period 2017 included a reduction of the discount rate from 7.5% to 7.2%.

There were no significant changes for the measurement period 2019 versus the measurement period 2018.

There were no significant changes for the measurement period 2020 versus the measurement period 2019.

Amounts reported for fiscal year 2022 (Measurement Period 2021) incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 (Measurement Period 2020) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2021	December 31, 2020
Experience Study	5 Year Period Ended December 31, 2020	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	6.90%	7.20%
Wage Inflation	2.75%	3.25%
Projected Salary Increases	2.75% to 10.75% (Includes wage inflation of 2.75%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2022, then 2.05% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 0.50% Simple through 2021, then 2.15% Simple

**Vinton Metropolitan Housing Authority
Vinton County**

**Notes to the Required Supplemental Information (Continued)
For the Fiscal Year Ended September 30, 2022**

Note 1 - Changes in Assumptions – OPERS Pension (Continued)

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.2% to 6.9%, a reduction in the wage inflation rate from 3.25% to 2.75%, and transition from RP-2014 mortality tables to the Pub-2010 mortality tables.

Note 2 - Changes in Assumptions – OPERS OPEB

Amounts reported for fiscal year 2019 (Measurement Period 2018) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2018 (Measurement Period 2017) are presented below:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability		
Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2017	December 31, 2016
Rolled-forward measurement date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.96%	3.85%
Investment Rate of Return	6.00%	6.50%
Municipal Bond Rate	3.71%	3.31%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10% initial, 3.25% ultimate in 2029	7.5% initial, 3.25% ultimate in 2028

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a increase of the discount rate from 3.85% to 3.96%, a reduction in the investment rate of return 6.50% to 6.00%, and an increase in bond rate from 3.31% to 3.71%.

Amounts reported for fiscal year 2020 (Measurement Period 2019) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2019 (Measurement Period 2018) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2018	December 31, 2017
Rolled-forward measurement date	December 31, 2019	December 31, 2018
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.16%	3.96%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.75%	3.71%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030	10% initial, 3.25% ultimate in 2029

**Vinton Metropolitan Housing Authority
Vinton County**

**Notes to the Required Supplemental Information (Continued)
For the Fiscal Year Ended September 30, 2022**

Changes in Assumptions – OPERS OPEB (Continued)

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a decrease of the discount rate from 3.96% to 3.16% and an decrease in bond rate from 3.71% to 3.25%. There is also a change Health Care Cost Trend Rates.

Amounts reported for fiscal year 2021 (Measurement Period 2020) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability/asset in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2020 (Measurement Period 2019) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2019	December 31, 2018
Rolled-forward measurement date	December 31, 2020	December 31, 2019
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	6.00%	3.16%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.00%	2.75%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	8.50% initial, 3.50% ultimate in 2035	10.5% initial, 3.50% ultimate in 2030

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a increase of the discount rate from 3.16% to 6.00%. There is also a change Health Care Cost Trend Rates.

**Vinton Metropolitan Housing Authority
Vinton County**

**Notes to the Required Supplemental Information (Continued)
For the Fiscal Year Ended September 30, 2022**

Changes in Assumptions – OPERS OPEB (Continued)

Amounts reported for fiscal year 2022 (Measurement Period 2021) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability/asset in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 (Measurement Period 2020) are presented below:

Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2020	December 31, 2019
Rolled-forward measurement date	December 31, 2021	December 31, 2020
Experience Study	5 Year Period Ended December 31, 2020	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age normal
Actuarial Assumptions:		
Single Discount Rate	6.00%	6.00%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	1.84%	2.00%
Wage Inflation	2.75%	3.25%
Projected Salary Increases	2.75% to 10.75% (Includes wage inflation of 2.75%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	5.50% initial, 3.50% ultimate in 2034	8.50% initial, 3.50% ultimate in 2035

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a decrease of the municipal bond rate from 2.00% to 1.84%, a decrease in the minimum projected salary increases from 3.25% to 2.75%. There is also a change Health Care Cost Trend Rates.

**VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
<i>Direct Program</i>		
Section 8 Housing Choice Vouchers	14.871	867,801
COVID-19: Section 8 Housing Choice Vouchers	14.871	<u>14,806</u>
Total Housing Voucher Cluster		<u>882,607</u>
 Total U.S. Department of Housing and Urban Development		 <u>882,607</u>
 Total Expenditures of Federal Awards		 <u><u>\$882,607</u></u>

The accompanying notes are an integral part of this Schedule.

**VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Expenditures (the Schedule), is a summary of the activity of the Vinton Metropolitan Housing Authority's federal award programs for the year end September 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 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule has been prepared on the accrual basis of accounting as required by accounting principles generally accepted in the United States of America. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 3 – Indirect Cost Rate

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

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FINANCIAL DATA SCHEDULE
Entity Wide Balance Sheet Summary
Fiscal Year End: September 30, 2022

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$129,014		\$129,014	\$129,014
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$56,556	\$7,327	\$63,883	\$63,883
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$185,570	\$7,327	\$192,897	\$192,897
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts - Tenants				
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0	\$0
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$4,974		\$4,974	\$4,974
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$190,544	\$7,327	\$197,871	\$197,871
161 Land	\$5,000		\$5,000	\$5,000
162 Buildings	\$57,531		\$57,531	\$57,531
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$12,921		\$12,921	\$12,921
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$49,016		-\$49,016	-\$49,016
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$26,436	\$0	\$26,436	\$26,436
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets	\$14,408		\$14,408	\$14,408
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$40,844	\$0	\$40,844	\$40,844
200 Deferred Outflow of Resources	\$12,768		\$12,768	\$12,768
290 Total Assets and Deferred Outflow of Resources	\$244,156	\$7,327	\$251,483	\$251,483

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FINANCIAL DATA SCHEDULE
Entity Wide Balance Sheet Summary (Continued)
Fiscal Year End: September 30, 2022

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days				
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$2,640		\$2,640	\$2,640
322 Accrued Compensated Absences - Current Portion	\$0		\$0	\$0
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits				
342 Unearned Revenue	\$0	\$7,327	\$7,327	\$7,327
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities	\$34,593		\$34,593	\$34,593
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$37,233	\$7,327	\$44,560	\$44,560
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current	\$14,299		\$14,299	\$14,299
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$25,927		\$25,927	\$25,927
350 Total Non-Current Liabilities	\$40,226	\$0	\$40,226	\$40,226
300 Total Liabilities	\$77,459	\$7,327	\$84,786	\$84,786
400 Deferred Inflow of Resources	\$48,477		\$48,477	\$48,477
508.4 Net Investment in Capital Assets	\$26,436		\$26,436	\$26,436
511.4 Restricted Net Position	\$21,963		\$21,963	\$21,963
512.4 Unrestricted Net Position	\$69,821	\$0	\$69,821	\$69,821
513 Total Equity - Net Assets / Position	\$118,220	\$0	\$118,220	\$118,220
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$244,156	\$7,327	\$251,483	\$251,483

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FINANCIAL DATA SCHEDULE
Entity Wide Revenue and Expense Summary
Fiscal Year End: September 30, 2022

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$867,801		\$867,801	\$867,801
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants		\$14,805	\$14,805	\$14,805
71100 Investment Income - Unrestricted	\$95		\$95	\$95
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	\$15,064		\$15,064	\$15,064
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted	\$0		\$0	\$0
70000 Total Revenue	\$882,960	\$14,805	\$897,765	\$897,765
91100 Administrative Salaries	\$83,805		\$83,805	\$83,805
91200 Auditing Fees	\$9,685		\$9,685	\$9,685
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	-\$17,929		-\$17,929	-\$17,929
91600 Office Expenses	\$8,786		\$8,786	\$8,786
91700 Legal Expense				
91800 Travel	\$966		\$966	\$966
91810 Allocated Overhead				
91900 Other	\$1,295		\$1,295	\$1,295
91000 Total Operating - Administrative	\$86,608	\$0	\$86,608	\$86,608
92000 Asset Management Fee				
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
93100 Water				
93200 Electricity				
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$0		\$0	\$0
93000 Total Utilities	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other				
94300 Ordinary Maintenance and Operations Contracts	\$6,866		\$6,866	\$6,866
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$6,866	\$0	\$6,866	\$6,866
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance	\$2,092		\$2,092	\$2,092
96130 Workmen's Compensation	\$910		\$910	\$910
96100 Total insurance Premiums	\$3,002	\$0	\$3,002	\$3,002

VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY
FINANCIAL DATA SCHEDULE
Entity Wide Revenue and Expense Summary (Continued)
Fiscal Year End: September 30, 2022

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
96200 Other General Expenses	\$1,421		\$1,421	\$1,421
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$1,421	\$0	\$1,421	\$1,421
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$97,897	\$0	\$97,897	\$97,897
97000 Excess of Operating Revenue over Operating Expenses	\$785,063	\$14,805	\$799,868	\$799,868
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$687,972		\$687,972	\$687,972
97350 HAP Portability-In				
97400 Depreciation Expense	\$2,436		\$2,436	\$2,436
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$788,305	\$0	\$788,305	\$788,305
10010 Operating Transfer In				
10020 Operating transfer Out				
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				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$94,655	\$14,805	\$109,460	\$109,460
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	-\$14,667	\$0	-\$14,667	-\$14,667
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$38,232	-\$14,805	\$23,427	\$23,427
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
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	\$96,257		\$96,257	\$96,257
11180 Housing Assistance Payments Equity	\$21,963		\$21,963	\$21,963
11190 Unit Months Available	2352		2352	2352
11210 Number of Unit Months Leased	2061		2061	2061
11270 Excess Cash				
11610 Land Purchases				
11620 Building Purchases				
11630 Furniture & Equipment - Dwelling Purchases				
11640 Furniture & Equipment - Administrative Purchases				
11650 Leasehold Improvements Purchases				
11660 Infrastructure Purchases				
13510 CFFP Debt Service Payments				
13901 Replacement Housing Factor Funds				

OHIO AUDITOR OF STATE KEITH FABER



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

Vinton Metropolitan Housing Authority
Vinton County
PO Box 487
McArthur, Ohio 45651

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 business-type activities of the Vinton Metropolitan Housing Authority, Vinton County, Ohio (the Authority) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 2, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 2, 2023

OHIO AUDITOR OF STATE KEITH FABER



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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

Vinton Metropolitan Housing Authority
Vinton County
PO Box 487
McArthur, Ohio 45651

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Vinton Metropolitan Housing Authority, Vinton County, Ohio (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 the Authority's major federal program for the year ended September 30, 2022. The Authority's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, Vinton 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 September 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.

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

June 2, 2023

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**VINTON METROPOLITAN HOUSING AUTHORITY
VINTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
SEPTEMBER 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)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Housing Choice Voucher Cluster AL #14.871
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



VINTON METROPOLITAN HOUSING AUTHORITY

VINTON 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 6/27/2023

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This report is a matter of public record and is available online at
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