



**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED MARCH 31, 2022

**OHIO AUDITOR OF STATE
KEITH FABER**



**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
MARCH 31, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Crawford Metropolitan Housing Authority
Crawford County
324 Harding Way E
Galion, Ohio 44833

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules and 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 are presented for purposes of additional analysis and are not required parts of the basic financial statements

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022, 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

December 21, 2022

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**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

Since the Management’s Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority’s financial statements (beginning on page 11).

FINANCIAL HIGHLIGHTS

- During FY 2022, the Authority’s net position increased by \$124,845 (or 44.83%). Since the Authority engages only in business-type activities, the increase is all in the category of business-type net position. Net positions were \$278,490 and \$403,335 for FY 2021 and FY 2022 respectively.
- The revenue increased by \$107,025 (or 5.83%) during FY 2022 and was \$1,835,053 and \$1,942,078 for FY 2021 and FY 2022 respectively.
- Total expenses increased by \$91,566 (or 5.31%) during FY 2022 and were \$1,725,667 and \$1,817,233 for FY 2021 and FY 2022 respectively.

USING THIS ANNUAL REPORT

The Report includes the following sections:

| |
|---|
| MD&A ~ Management’s Discussion and Analysis ~ |
| Basic Financial Statements ~ Statement of Net Position ~ ~ Statement of Revenues, Expenses and Change in Net Position ~ ~ Statement of Cash Flows ~ ~ Notes to the Basic Financial Statements ~ |
| Other Required Supplementary Information ~ Required Supplementary Information (Pension and OPEB Schedules) ~ |
| Supplementary and Other Information ~ Financial Data Schedules ~ ~ Schedule of Federal Awards Expenditures ~ |

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

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

Basic Financial Statements

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

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

The focus of the Statement of Net Position (the “Unrestricted” portion) is designed to represent the net available liquid (non-capital) assets and deferred outflows, net of liabilities and deferred inflows, for the entire Authority. Net Position is reported in three broad categories:

Investment in Capital Assets: This component of Net Position consists of all Capital Assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Authority does not have any outstanding debt.

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

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

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

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

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

The Authority’s Fund

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

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

Business-Type Activities:

Housing Choice Voucher Program & Mainstream Vouchers– Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family’s rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants’ rent at 30% of adjusted household income.

Other Programs – In addition to the major program above, the Authority also maintains other activities which are listed below.

Home Investment Partnerships Program – grant monies are received from local sources to administer this program in a manner similar to the Housing Choice Voucher Program.

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior fiscal year. The Authority is engaged only in Business-Type Activities.

STATEMENT OF NET POSITION

| | 2022 | 2021 |
|---|--------------------------|--------------------------|
| Assets | | |
| Current and Other Assets | \$ 448,015 | \$ 407,968 |
| Capital Assets | 59,624 | 65,647 |
| Deferred Outflow of Resources | <u>13,303</u> | <u>20,328</u> |
| Total Assets and Deferred Outflow of Resources | <u>\$ 520,942</u> | <u>\$ 493,943</u> |
| Liabilities | | |
| Current Liabilities | \$ 4,829 | \$ 62,350 |
| Non-Current Liabilities | 65,703 | 132,027 |
| Deferred Inflow of Resources | <u>47,075</u> | <u>21,076</u> |
| Total Liabilities and Deferred Inflow of Resources | <u>\$ 117,607</u> | <u>\$ 215,453</u> |
| Net Position | | |
| Investment in Capital Assets | \$ 59,624 | \$ 65,647 |
| Restricted Net Position | 93,560 | 99,649 |
| Unrestricted Net Position | <u>250,151</u> | <u>113,194</u> |
| Total Net Position | <u>403,335</u> | <u>278,490</u> |
| Total Liabilities and Net Position | <u>\$ 520,942</u> | <u>\$ 493,943</u> |

For more detailed information see page 11 for the Statement of Net Position.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

Major Factors Affecting the Statement of Net Position

Current and other assets increased by \$40,047 or 9.82% in fiscal year 2022. The increase, mostly in cash, because of the increase to unrestricted net position funds and Cares Act funding. Liabilities decreased by \$97,846 or 45.41% in fiscal year 2022 primarily due to changes to unearned revenue and pension and OPEB liabilities.

Capital assets decreased \$6,023 during fiscal year 2022. The decrease is attributed the current year depreciation. For more detail see "Capital Assets and Debt Administration" page.

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

CHANGE OF UNRESTRICTED NET POSITION

| | | |
|--------------------------------------|--------------|--------------------------|
| Unrestricted Net position 3/31/2021, | | \$ 113,194 |
| Results of Operations | 130,934 | |
| Adjustments: | | |
| Depreciation (1) | <u>6,023</u> | |
| Adjusted Results from Operations | | 136,957 |
| Capital Expenditures | | <u>(0)</u> |
| Unrestricted Net position 3/31/2022 | | <u><u>\$ 250,151</u></u> |

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

CHANGE OF RESTRICTED NET POSITION

| | | |
|-----------------------------------|--------------|-------------------------|
| Restricted Net position 3/31/2021 | | \$ 99,649 |
| Results of Operations | | |
| HAP spent for FY | (12,136) | |
| Fraud recovery payments | <u>6,047</u> | |
| Adjusted Results from Operations | | <u>(6,089)</u> |
| Restricted Net position 3/31/2022 | | <u><u>\$ 93,560</u></u> |

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

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

| | FY 2022 | FY 2021 |
|-----------------------------------|-------------------|-------------------|
| Revenues | | |
| HUD PHA Operating Grants | 1,929,918 | 1,827,935 |
| Investment Income | 67 | 113 |
| Other Revenues | 12,093 | 7,005 |
| Total Revenue | <u>1,942,078</u> | <u>1,835,053</u> |
| Expenses | | |
| Administrative | 188,727 | 223,466 |
| Tenant Services | 10,500 | 345 |
| Maintenance & Protective Services | 4,102 | 2,342 |
| Insurance & General | 5,340 | 5,921 |
| Pension & OPEB | (45,151) | - |
| Housing Assistance Payments | 1,647,692 | 1,487,656 |
| Depreciation | 6,023 | 5,937 |
| Total Expenses | <u>1,817,233</u> | <u>1,725,667</u> |
| Change in Net Position | 124,845 | 109,386 |
| Net Position, Beginning | 278,490 | 169,104 |
| Net Position, Ending | <u>\$ 403,335</u> | <u>\$ 278,490</u> |

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

HUD PHA Operating Grants increased by \$101,983 or 5.58% in FY 2022. The additional funding in HCV and Mainstream funding along with the CARES Act Admin funding are the reasons for the increases. The HCV & Mainstream program leasing rate was in fiscal year 2022 with 4,550-unit months leased for a 93.62% rate as compared to fiscal year 2021 leasing 3,974-unit months for 96.29% rate. These increases in unit months leased also reflects the increase in housing assistance payments. Other revenues represent income from tenant fraud recovery which tends to fluctuate between fiscal years.

Tenant services are the CARES Act funding earned for pandemic-related expenses, specifically owner incentive payments.

Administrative expense increases are from changes in salaries and benefits. The Authority attempts to control these expenses to reduce spending as much as possible. In prior fiscal years, pension & OPEB expense was reported within administrative expenses.

The \$124,845 increase in net position is made up of a \$6,089 decrease to restricted housing assistance payment funds and a \$130,934 increase to administrative operations.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of March 31, 2022, the Authority had \$59,624 invested in capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions, and depreciation).

**CAPITAL ASSETS AT FISCAL YEAR-END
(NET OF ACCUMULATED DEPRECIATION)**
Business-Type
Activities

| | <u>FY 2022</u> | <u>FY 2021</u> |
|----------------------------|------------------|------------------|
| Office Improvements | \$110,348 | \$110,348 |
| Equipment – Administrative | 3,761 | 3,761 |
| Accumulated Depreciation | <u>(54,485)</u> | <u>(48,462)</u> |
| Total | <u>\$ 59,624</u> | <u>\$ 65,647</u> |

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in Note 4 of the Notes to the Basic Financial Statements.

CHANGE IN CAPITAL ASSETS

| | |
|-------------------------------|-------------------------|
| Beginning Balance 04/1/2021 | 65,647 |
| Depreciation | <u>(6,023)</u> |
| Ending Balance as of 03/31/22 | <u><u>\$ 59,624</u></u> |

This fiscal year's additions and deletions: none.

Debt Outstanding

As of fiscal year-end, the Authority has no outstanding debt.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MARCH 31, 2021
(UNAUDITED)**

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

FINANCIAL CONTACT

The individual to be contacted regarding this report is Bonnie Virden, Finance Manager for the Crawford Metropolitan Housing Authority, at (419) 526-1622. Specific requests may be submitted to the Authority at 88 West Third Street, Mansfield, OH 44902.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

| | |
|---|-------------------|
| Assets | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 333,989 |
| Accounts Receivable | 10,961 |
| Prepaid Items | <u>490</u> |
| Total Current Assets | <u>345,440</u> |
| Non-Current Assets: | |
| Restricted Cash | 93,560 |
| Net OPEB Asset | 9,015 |
| Capital Assets: | |
| Depreciable Capital Assets | 114,109 |
| Accumulated Depreciation | <u>(54,485)</u> |
| Total Capital Assets | <u>59,624</u> |
| Total Non-Current Assets | <u>162,199</u> |
| Total Assets | <u>507,639</u> |
| Deferred Outflows of Resources | |
| Pension | 8,871 |
| OPEB | <u>4,432</u> |
| Total Deferred Outflows of Resources | <u>13,303</u> |
| Liabilities | |
| Current Liabilities: | |
| Accounts Payable | 4,703 |
| Accrued Compensated Absences | <u>126</u> |
| Total Current Liabilities | <u>4,829</u> |
| Non-Current Liabilities: | |
| Accrued Compensated Absences | 15,208 |
| Net Pension Liability | <u>50,495</u> |
| Total Non-Current Liabilities | <u>65,703</u> |
| Total Liabilities | <u>70,532</u> |
| Deferred Inflows of Resources | |
| Pension | 21,794 |
| OPEB | <u>25,281</u> |
| Total Deferred Inflows of Resources | <u>47,075</u> |
| Net Position | |
| Investment in Capital Assets | 59,624 |
| Restricted | 93,560 |
| Unrestricted | <u>250,151</u> |
| Total Net Position | <u>\$ 403,335</u> |

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

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

| | | |
|---------------------------------------|--------------|--------------------------|
| Operating Revenues | | |
| HUD PHA Operating Grants | | \$ 1,929,918 |
| Other Revenues | | <u>12,093</u> |
| Total Operating Revenues | | <u>1,942,011</u> |
| Operating Expenses | | |
| Housing Assistance Payments | 1,647,692 | |
| Administrative | 188,727 | |
| Tenant Services | 10,500 | |
| Maintenance and Operations | 4,102 | |
| General | 5,340 | |
| Pension & OPEB | (45,151) | |
| Depreciation | <u>6,023</u> | |
| Total Operating Expenses | | <u>1,817,233</u> |
| Operating Income | | <u>124,778</u> |
| Nonoperating Revenues | | |
| Interest | | <u>67</u> |
| Total Nonoperating Revenues | | <u>67</u> |
| Change in Net Position | | 124,845 |
| Net Position at April 1, 2021 | | <u>278,490</u> |
| Net Position at March 31, 2022 | | <u><u>\$ 403,335</u></u> |

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

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

Cash flows from operating activities:

| | |
|---|------------------|
| Cash received from HUD and other grantor agencies | \$ 1,929,918 |
| Cash received from other sources | 12,093 |
| Cash payments for good or services - HUD | (1,647,692) |
| Cash payments for goods or services | <u>(270,231)</u> |
| Net cash provided by operating activities | <u>24,088</u> |

Cash flows from investing activities:

| | |
|---|---------------------------------|
| Interest | <u>67</u> |
| Net cash provided by investing activities | <u>67</u> |
| Net change in cash | 24,155 |
| Cash at July 1, 2021 | <u>403,394</u> |
| Cash at June 30, 2022 | <u><u>\$ 427,549</u></u> |

Reconciliation of operating income to net cash provided by operating activities:

| | |
|--|--------------------------------|
| Operating income | \$ 124,778 |
| Depreciation | 6,023 |
| Changes in assets and liabilities: | |
| Accounts receivable, net | (6,747) |
| Prepaid items | (130) |
| Accounts payable | (2,007) |
| Unearned revenue | (52,804) |
| Compensated absences | 126 |
| Net pension liability | (69,160) |
| Net OPEB asset | (9,015) |
| Change in deferred outflows of resources | 7,025 |
| Change in deferred inflows of resources | <u>25,999</u> |
| Net cash provided by operating activities | <u><u>\$ 24,088</u></u> |

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

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Authority was created under the Ohio Revised Code, Section 3735.27 for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate-income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

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

The accompanying basic financial statements comply with the provision of GASB Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or is obligated in some manner for the debt of the organizations.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reporting Entity (continued)

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable. The housing authority has no component units.

Fund Accounting

The Authority uses a proprietary fund to report on its financial position and the results of its operations for the Section 8 Housing Choice Voucher/Mainstream/HOME Investment Partnership programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Proprietary Fund Types:

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

Enterprise Fund – The Authority 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 revenues, expenses and change in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Authority finances and meets cash flow needs.

The Authority accounts for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Accounting and Reporting for Nonexchange Transactions

Nonexchange transactions occur when the Public Housing Authority (PHA) receives (or gives) value without directly giving equal value in return. GASB 33 identifies four classes of nonexchange transactions as follows:

Derived tax revenues: result from assessments imposed on exchange transactions (i.e., income taxes, sales taxes and other assessments on earnings or consumption).

Imposed nonexchange revenues: result from assessments imposed on nongovernmental entities, including individuals, other than assessments on exchange transactions (i.e. property taxes and fines).

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting and Reporting for Nonexchange Transactions (continued)

Government-mandated nonexchange transactions: occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (i.e., federal programs that state or local governments are mandated to perform). Voluntary nonexchange transactions: result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (i.e., certain grants and private donations).

PHA grants and subsidies will be defined as government-mandated or voluntary nonexchange transactions.

GASB 33 establishes two distinct standards depending upon the kind of stipulation imposed by the provider.

Time requirements specify (a) the period when resources are required to be used or when use may begin (for example, operating or capital grants for a specific period) or (b) that the resources are required to be maintained intact in perpetuity or until a specified date or event has occurred (for example, permanent endowments, term endowments, and similar agreements). Time requirements affect the timing of recognition of nonexchange transactions.

Purpose restrictions specify the purpose for which resources are required to be used. (i.e. capital grants used for the purchase of capital assets). Purpose restrictions do not affect when a nonexchange transaction is recognized. However, PHAs that receive resources with purpose restrictions should report resulting Net Position, equity, or fund balance as restricted.

The PHA will recognize assets (liabilities) when all applicable eligibility requirements are met or resources received whichever is first. Eligibility requirements established by the provider may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies.

The PHA will recognize revenues (expenses) when all applicable eligibility requirements are met. For transactions that have a time requirement for the beginning of the following period, PHAs should record resources received prior to that period as deferred revenue and the provider of those resources would record an advance.

The PHA receives government-mandated or voluntary nonexchange transactions, which do not specify time requirements. Upon award, the entire subsidy should be recognized as a receivable and revenue in the period when applicable eligibility requirements have been met.

Measurement Focus/Basis of Accounting

The Authority has prepared its financial statements in conformity with accounting principles generally accepted in the United States of America. The Authority follows the business-type activities reporting requirements of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. In accordance with GASB Statement No. 34, the accompanying basic financial statements are reported on an Authority-wide basis. GASB Statement No. 34 (as amended by GASB Statement No. 63) requires the following, which collectively make up the Authority's basic financial statements.

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(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus/Basis of Accounting (continued)

Basic Financial Statements:

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

Capital Assets

Capital assets are stated at cost and depreciation is computed using the straight-line method over the estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the assets life, are not capitalized. The capitalization threshold used by the Authority is \$3,000, effective April 1, 2021, prospectively; the prior threshold used was \$500. The following are the useful lives used for depreciation purposes:

| <u>Description</u> | <u>Estimated Useful Lives - Years</u> |
|--------------------|---|
| Furniture | 7 |
| Equipment | 5 |
| Computer hardware | 3 |
| Computer software | 3 |

Total depreciation expense for the 2022 fiscal year was \$6,023.

Cash and Cash Equivalents

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

Compensated Absences

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

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

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(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Position

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets consist of capital assets net of accumulated depreciation. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The amount reported as restricted Net Position at fiscal year-end represents the amounts restricted by HUD for future Housing Assistance Payments and amounts from Administration Fee which may be recaptured by HUD. When an expense is incurred for purposes which both restricted and unrestricted Net Position are available, the Authority first applies restricted Net Position. Net Position restricted by enabling legislature at March 31, 2022 was \$93,560.

Estimates

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

Prepaid Items

Payments made to vendors for services that will benefit beyond fiscal year-end are recorded as prepaid items via the consumption method.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The Authority had restricted assets for Housing Assistance Payment equity balances of \$93,560.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Authority, these revenues are for Housing and Urban Development Grants and other revenues. Operating expenses are necessary costs to provide goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenues.

Accounts Receivable

Management considers all accounts receivable (excluding the fraud recovery receivable) to be collected in full.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
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(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accrued Interest Receivable

Accrued interest receivable represents the amount of interest earned but not collected on certificates of deposits as of the balance sheet date. Interest is collected upon maturity.

Deferred Inflow/Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 5 and 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the statement of net position. The deferred inflows of resources related to pension and OPEB are explained in Note 5 and 6.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the 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 systems. 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 systems report investments at fair value.

2. CASH AND CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

All monies are deposited into banks as determined by the Authority. Funds are deposited in a non-interest-bearing checking account. Security shall be furnished for all accounts in the Authority's name.

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(CONTINUED)**

2. CASH AND CASH EQUIVALENTS - CONTINUED

Cash and cash equivalents included in the Authority's cash position at March 31, 2022 are as follows:

Demand deposits:

| | |
|-------------------------|-------------------|
| Bank balance - Checking | \$ 109,701 |
| Bank balance – Savings | 320,540 |
| Items-in-transit | <u>(2,717)</u> |
| Carrying balance | <u>\$ 427,524</u> |

Of the fiscal year-end cash balance, the entire balance was covered by federal deposit insurance. In addition, \$25 was maintained in petty cash funds which is included in cash and cash equivalents presented on the Statement of Net Position.

Based on the Authority having only demand deposits at March 31, 2022, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

3. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year 2022, the Authority purchased commercial insurance for general insurance, real property, building content, and public employee liability.

Property insurance carries a \$500 deductible. The limit for public employee theft, disappearance, and destruction is \$50,000 each loss.

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

4. CAPITAL ASSETS

The following is a summary of capital assets on March 31, 2022:

| | <u>Balance</u> <u>4/1/2021</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> <u>3/31/2022</u> |
|--------------------------------|-----------------------------------|-------------------|------------------|------------------------------------|
| Capital Assets - Cost | | | | |
| Furniture and equipment | \$ 3,761 | \$ 0 | \$ (0) | \$ 3,761 |
| Office Improvements | 110,348 | 0 | (0) | 110,348 |
| Less: accumulated depreciation | | | | |
| Office Improvements | (45,593) | (5,691) | 0 | (51,284) |
| Furniture and equipment | <u>(2,869)</u> | <u>(332)</u> | <u>0</u> | <u>(3,201)</u> |
| Capital assets, net | <u>\$ 65,647</u> | <u>\$(6,023)</u> | <u>\$ (0)</u> | <u>\$ 59,624</u> |

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
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(CONTINUED)**

5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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 are 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 the Ohio Public Employee Retirement System (OPERS) Pension Plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of its fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the fiscal year is included in *accounts payable* on the accrual basis of accounting.

Plan Description - All employees of the Authority are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined pension plan.
2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
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5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual costs-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 OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-7377.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Authority is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the PERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the contribution rate consistent across all three plans.

The Authority’s contractually required contribution to OPERS was \$11,701 for fiscal year 2022. Of this amount \$0 is reported within accounts payable.

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

The net pension liability was measured as of December 31, 2020, 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 the contributions to the pension plan relative to the contributions of all participating entities. The Authority’s employees have only participated in the Traditional Plan. Following is information related to the proportionate share and pension expense:

| | <u>OPERS Traditional Plan</u> |
|--|-------------------------------|
| Proportionate Share of the Net Pension Liability | \$50,495 |
| Proportion of the Net Pension Liability | .0003410% |
| Change in Proportion from Prior Measurement Date | .0000480% |
| Pension Expense | \$3,773 |

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

| | |
|---|-----------------------------------|
| | Total Deferred <u>Outflows</u> |
| Authority contributions subsequent to the measurement date | \$ 8,871 |
| | |
| | Total Deferred <u>Inflows</u> |
| Difference between expected and actual experience | \$ 2,112 |
| Net difference between projected and actual investment earnings on pension plan investments | <u>19,682</u> |
| Total Deferred Inflows of Resources | <u>\$ 21,794</u> |

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5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

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

The \$8,871 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 fiscal year ending March 31, 2022. 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 March 31, | |
| 2023 | (\$ 4,779) |
| 2024 | (4,779) |
| 2025 | (4,364) |
| 2026 | (3,936) |
| 2027 | <u>(3,936)</u> |
| Total | <u>(\$21,794)</u> |

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requires of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

| Actuarial Information | Traditional Pension Plan | Combined Plan | Member-Directed Plan |
|---|---|--|--|
| Measurement & Valuation Date | December 31, 2020 | December 31, 2020 | December 31, 2020 |
| Experience Study | 5-Year Period Ended December 31, 2015 | 5-Year Period Ended December 31, 2015 | 5-Year Period Ended December 31, 2015 |
| Actuarial Cost Method | Individual entry age | Individual entry age | Individual entry age |
| Actuarial Assumptions | | | |
| Investment Rate of Return | 7.20% | 7.20% | 7.20% |
| Wage Inflation | 3.25% | 3.25% | 3.25% |
| Projected Salary increases | 3.25%-10.75% (includes wage inflation at 3.25%) | 3.25%-8.25% (includes wage inflation at 3.25%) | 3.25%-8.25% (includes wage inflation at 3.25%) |
| Cost of living Adjustments | 3.00% Simple | 3.00% Simple | 3.00% Simple |

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5. DEFINED BENEFIT PENSION PLANS — OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (continued)

Actuarial Methods and Assumptions (continued)

Special tables are used for the period after disability retirement and post-retirement mortality. The long-term return expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Allocation | Real Rate of Return |
|------------------------|----------------|---------------------|
| Fixed Income | 25.00% | 1.32% |
| Domestic Equities | 21.00 | 5.64 |
| Real Estate | 10.00 | 5.39 |
| Private Equity | 12.00 | 10.42 |
| International Equities | 23.00 | 7.36 |
| Other Investments | 9.00 | 4.75 |
| TOTAL | 100.00% | 5.43% |

Discount Rate The total pension liability was calculated using the discount rate of 7.2 percent. The projection of cash flows used to determine the discount rate assumed the employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on 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 Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.2 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage point higher (8.2 percent) than current rate:

| | 1% Decrease (6.2%) | Current Discount Rate (7.2%) | 1% Increase (8.2%) |
|---|-----------------------|------------------------------------|-----------------------|
| Authority’s proportionate share of the net pension liability | 96,319 | \$ 50,495 | \$ 12,391 |

Plan Fiduciary Net Position Detailed information about the Plan’s fiduciary net position is available in the separately issued OPERS’s financial report.

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(CONTINUED)**

6. OTHER POST-EMPLOYMENT BENEFITS

Net OPEB Liability/Asset

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

The net OPEB liability/asset represents the Authority’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually. Ohio Revised Code limits the Authority’s obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which OPEB are financed; however, the Authority does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability/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. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net OPEB liability/asset* on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the fiscal year is included in *accounts payable* on the accrual basis of accounting.

Plan Description – OPERS

Health Care Plan Description - The Ohio Public Employees Retirement System (OPERS. OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit plan. The member-directed plan is a defined contribution plan, and the combined plan is a cost sharing, multiple-employer defined benefit plan with defined contribution features.

As of December 2016, 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.

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(CONTINUED)**

6. OTHER POST-EMPLOYMENT BENEFITS-(continued)

Plan Description - OPERS (continued)

The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts for participants in the Member-Directed Plan through June 30, 2016. The 401(h)Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 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 OPERS health care plans are reported as other post-employment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options have changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, 10 or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in their HRA that can be used to reimburse eligible health care expenses.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports>, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2022, Authority contributed at a rate of 14 percent of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care. With the assistance of the System's actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage.

The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was zero for 2021-2022. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts for 2021-2022 was 4%.

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

6. OTHER POST-EMPLOYMENT BENEFITS-(continued)

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

The net OPEB liability/asset for OPERS was measured as of December 31, 2020, 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 retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

| | |
|--|-------------------------------|
| | <u>OPERS Traditional Plan</u> |
| Proportionate Share of the Net OPEB Asset | \$(9,015) |
| Proportion of the Net OPEB Asset | 0.0005060% |
| Change in Proportion from Prior Measurement Date | (.0000590%) |
| OPEB Expense | \$(48,924) |

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

| | |
|---|--------------------------------|
| | <u>Total Deferred Outflows</u> |
| Changes of assumptions | \$ 4,432 |
| | <u>Total Deferred Inflows</u> |
| Difference between projected and actual investment | \$ 8,136 |
| Net difference between projected and actual investment earnings on OPEB investments | <u>17,145</u> |
| Total Deferred Inflows of Resources | <u>\$ 25,281</u> |

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 March 31: | |
| 2023 | (\$ 4,835) |
| 2024 | (4,835) |
| 2025 | (4,321) |
| 2026 | (3,429) |
| 2027 | <u>(3,429)</u> |
| Total | <u>(\$ 20,849)</u> |

Actuarial Assumptions - OPERS

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

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

6. OTHER POST-EMPLOYMENT BENEFITS-(continued)

Actuarial Assumptions - OPERS(continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

| | |
|--|--------------------------------------|
| Wage Inflation | 3.25% |
| Future Salary Increases, including inflation 3.25% | 3.25 – 10.75% |
| Single Discount Rate | 6.00% |
| Investment Rate of Return | 6.00% |
| Municipal Bond Rate | 2.00% |
| Health Care Cost Trend Rate | 8.5% initial, 3.50% ultimate in 2035 |
| Actuarial Cost Method | Individual entry age |

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

The 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 2020 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Weighted Average Long Term Expected Real Rate Of Return |
|------------------------|-------------------|---|
| Fixed Income | 34.00% | 1.07% |
| Domestic Equities | 25.00% | 5.64% |
| REITs | 7.00% | 6.48% |
| International Equities | 25.00% | 7.36% |
| Other Investments | 9.00% | 4.02 |
| TOTAL | 100.00% | 4.43% |

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

6. OTHER POST-EMPLOYMENT BENEFITS-(continued)

Discount Rate: A single discount rate of 6.00% was used to measure the OPEB liability/asset on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. 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 OPEB plan's fiduciary net position and future contributions were sufficient to finance the health care costs through the year 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of Authority's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount Rate:

The following table presents the Authority's proportionate share of the net OPEB liability/asset calculated using the current period discount rate assumption of 6.00 percent, as well as what The Authority's proportionate share of the net OPEB liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate.

| | <u>1% Decrease</u> <u>(5.00%)</u> | <u>Discount Rate</u> <u>(6.00%)</u> | <u>1% Increase</u> <u>(7.00%)</u> |
|---|--------------------------------------|--|--------------------------------------|
| Authority's proportionate share of the net OPEB liability/(asset) | \$ (2,241) | \$ (9,015) | \$ (14,583) |

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 if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

| | 1% Decrease | Current Health Care Cost Trend Rate Assumption | 1% Decrease |
|---|-------------|---|-------------|
| As of March 31, 2022 Employers' net OPEB liability/(Asset) | \$ (9,235) | \$ (9,015) | \$ (8,769) |

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022
(CONTINUED)**

7 COMPENSATED ABSENCES

Employees earn annual vacation and sick leave per anniversary year, based on years of service. Annual vacation leave may be carried forward to the next fiscal year and paid upon termination or retirement. Sick leave may be accumulated and is paid out based on Board policy upon termination or retirement. As of March 31, 2022, the accrual for compensated absences totaled \$15,334 and has been included in the accompanying Statement of Net Position.

8 LONG-TERM LIABILITIES

The following is a summary of long-term liabilities at March 31, 2022:

| | Balance <u>at 4/1/21</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>at 3/31/22</u> | Due Within <u>One Year</u> |
|-----------------------|-----------------------------|------------------|--------------------|------------------------------|-------------------------------|
| Compensated Absences | \$ 15,208 | \$ 2,962 | (\$ 2,836) | \$ 15,334 | \$ 126 |
| Net Pension Liability | 57,913 | 0 | (7,418) | 50,495 | 0 |
| Net OPEB Liability | <u>61,742</u> | <u>0</u> | <u>(61,742)</u> | <u>0</u> | <u>0</u> |
| Total | <u>\$134,863</u> | <u>\$ 2,962</u> | <u>(\$ 71,996)</u> | <u>\$ 65,829</u> | <u>\$ 126</u> |

See Note 5 for information on the Authority's net pension liability and Note 6 for information on the net OPEB liability/asset.

9 CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Authority are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs or excess reserve balances. Management cannot presently determine amounts grantors may disallow or recapture.

However, based on prior experience, management believes any such disallowed claims or recaptured amounts would not have a material adverse effect on the overall financial position of the Authority at March 31, 2022.

B. Litigation

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

10. FDS SCHEDULE SUBMITTED TO HUD

For the fiscal year ended March 31, 2022, the Authority electronically submitted an unaudited balance sheet summary, revenue and expense summary, and other data to HUD as required on the GAAP basis. The audited version of the entity wide balance sheet summary and entity wide revenue and expense summary are included as supplemental data. The schedules are presented in the manner prescribed by the U. S. Department of Housing and Urban Development.

CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT FISCAL YEARS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Authority's Proportion of the Net Pension Liability | .0003410% | .0002930% | .0001500% | .0003190% | .0002980% | .0003030% | .0002920% | .0002920% |
| Authority's Proportionate Share of the Net Pension Liability | \$50,495 | \$ 57,913 | \$ 41,082 | \$ 50,045 | \$ 67,671 | \$ 52,483 | \$ 35,218 | \$ 34,423 |
| Authority's Covered Employee Payroll | \$84,447 | \$79,055 | \$ 68,470 | \$61,875 | \$74,407 | \$74,579 | \$71,750 | \$69,414 |
| Authority's Proportionate Share of the Net Pension Liability as a percentage of its covered employee payroll | 59.79% | 73.26% | 60.00% | 80.88% | 90.95% | 70.37% | 49.08% | 49.59% |
| Plan Fiduciary Net Position as a percentage of the total Pension Liability | 86.88% | 82.17% | 74.70% | 84.66% | 89.19% | 81.08% | 89.19% | 86.45% |

- 1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.
- 2) Information prior to 2015 is not available.

CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST FIVE FISCAL YEARS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Authority's Proportion of the Net OPEB Liability/Asset | .0005060% | .0004470% | .0004220% | .0005500% | .0005500% |
| Authority's Proportionate Share of the Net OPEB Liability/(Asset) | \$(9,015) | \$61,742 | \$ 55,019 | \$ 59,726 | \$55,553 |
| Authority's Covered Employee Payroll | \$84,447 | \$ 79,055 | \$ 68,470 | \$61,875 | \$74,407 |
| Authority's Proportionate Share of the Net OPEB Liability/Asset as a percentage of its covered employee payroll | 10.67% | 78.10% | 80.38% | 96.53% | 74.66% |
| Plan Fiduciary Net Position as a percentage of the total OPEB Liability/Asset | 115.57% | 47.80% | 46.33% | 54.14% | 68.52% |

- 1) The amounts presented for each fiscal year were determined as of the calendar year-end occurring within the fiscal year.
- 2) Information prior to 2018 is not available.

CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
LAST TEN YEARS FISCAL YEARS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required employer contribution: | | | | | | | | | | |
| Pension | \$11,701 | \$10,277 | \$8,902 | \$8,044 | \$10,030 | \$9,337 | \$8,610 | \$8,330 | \$8,760 | \$6,694 |
| OPEB | - | \$791 | \$684 | \$618 | \$387 | \$1104 | \$1435 | \$1388 | \$674 | \$2677 |
| Contributions in relation to the contractually required contribution | \$11,701 | \$(10,277) | \$(8,902) | \$(8,044) | \$(10,030) | \$(9,337) | \$(8,610) | \$(8,330) | \$(8,760) | \$(6,694) |
| Pension | | \$(791) | \$(684) | \$(618) | \$(387) | \$(1104) | \$(1435) | \$(1388) | \$(674) | \$(2677) |
| OPEB | | | | | | | | | | |
| Contribution deficiency (excess) | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| Authority covered-employee payroll | \$84,447 | \$79,055 | \$68,470 | \$61,875 | \$74,407 | \$74,579 | \$71,750 | \$69,414 | \$67,386 | \$66,936 |
| Contribution as a percentage of covered-employee payroll: | | | | | | | | | | |
| Pension | 13.86% | 13.00% | 13.00% | 13.00% | 13.48% | 12.52% | 12.00% | 12.00% | 13.00% | 10.00% |
| OPEB | 0% | 1.00% | 1.00% | 1.00% | 0.52% | 1.49% | 2.00% | 2.00% | 1.00% | 4.00% |

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

Ohio Public Employees' Retirement System

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% to 0.5% simple through 2021, then 2.15% simple.

Net OPEB Liability/(Asset)

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability/(asset) since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00%, (b) municipal bond rate changed from 2.75% to 2.00%, (c) the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

Crawford Metropolitan Housing Authority (OH039)

Galion, OH

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 03/31/2022

| | 14.MSC Mainstream CARES Act Funding | 14.879 Mainstream Vouchers | 14.239 HOME Investment Partnerships Program | 14.871 Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | Total |
|---|--|----------------------------------|--|-----------------------------------|------------------------------------|-----------|-----------|
| 111 Cash - Unrestricted | | \$4,757 | | \$329,232 | | \$333,989 | \$333,989 |
| 113 Cash - Other Restricted | | \$2,145 | | \$91,415 | | \$93,560 | \$93,560 |
| 100 Total Cash | \$0 | \$6,902 | \$0 | \$420,647 | \$0 | \$427,549 | \$427,549 |
| 122 Accounts Receivable - HUD Other Projects | | \$2,915 | | \$6,905 | | \$9,820 | \$9,820 |
| 124 Accounts Receivable - Other Government | | | | \$1,141 | | \$1,141 | \$1,141 |
| 128 Fraud Recovery | | | | \$10,641 | | \$10,641 | \$10,641 |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | -\$10,641 | | -\$10,641 | -\$10,641 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$0 | \$2,915 | \$0 | \$8,046 | \$0 | \$10,961 | \$10,961 |
| 142 Prepaid Expenses and Other Assets | | | | \$490 | | \$490 | \$490 |
| 150 Total Current Assets | \$0 | \$9,817 | \$0 | \$429,183 | \$0 | \$439,000 | \$439,000 |
| 164 Furniture, Equipment & Machinery - Administration | | | | \$3,761 | | \$3,761 | \$3,761 |
| 165 Leasehold Improvements | | | | \$110,348 | | \$110,348 | \$110,348 |
| 166 Accumulated Depreciation | | | | -\$54,485 | | -\$54,485 | -\$54,485 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$0 | \$0 | \$0 | \$59,624 | \$0 | \$59,624 | \$59,624 |
| 174 Other Assets | | | | \$9,015 | | \$9,015 | \$9,015 |
| 180 Total Non-Current Assets | \$0 | \$0 | \$0 | \$68,639 | \$0 | \$68,639 | \$68,639 |
| 200 Deferred Outflow of Resources | | | | \$13,303 | | \$13,303 | \$13,303 |
| 290 Total Assets and Deferred Outflow of Resources | \$0 | \$9,817 | \$0 | \$511,125 | \$0 | \$520,942 | \$520,942 |
| 312 Accounts Payable <= 90 Days | | | | \$4,703 | | \$4,703 | \$4,703 |
| 322 Accrued Compensated Absences - Current Portion | | | | \$126 | | \$126 | \$126 |
| 310 Total Current Liabilities | \$0 | \$0 | \$0 | \$4,829 | \$0 | \$4,829 | \$4,829 |
| 354 Accrued Compensated Absences - Non Current | | | | \$15,208 | | \$15,208 | \$15,208 |
| 357 Accrued Pension and OPEB Liabilities | | | | \$50,495 | | \$50,495 | \$50,495 |
| 350 Total Non-Current Liabilities | \$0 | \$0 | \$0 | \$65,703 | \$0 | \$65,703 | \$65,703 |
| 300 Total Liabilities | \$0 | \$0 | \$0 | \$70,532 | \$0 | \$70,532 | \$70,532 |
| 400 Deferred Inflow of Resources | | | | \$47,075 | | \$47,075 | \$47,075 |
| 508.4 Net Investment in Capital Assets | | | | \$59,624 | | \$59,624 | \$59,624 |
| 511.4 Restricted Net Position | | \$2,145 | | \$91,415 | | \$93,560 | \$93,560 |
| 512.4 Unrestricted Net Position | \$0 | \$7,672 | \$0 | \$242,479 | \$0 | \$250,151 | \$250,151 |
| 513 Total Equity - Net Assets / Position | \$0 | \$9,817 | \$0 | \$393,518 | \$0 | \$403,335 | \$403,335 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$0 | \$9,817 | \$0 | \$511,125 | \$0 | \$520,942 | \$520,942 |

Crawford Metropolitan Housing Authority (OH039)
Galion, OH

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 03/31/2022

| | 14.MSC Mainstream CARES Act Funding | 14.879 Mainstream Vouchers | 14.239 HOME Investment Partnerships Program | 14.871 Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | Total |
|--|---|-------------------------------|--|-----------------------------------|------------------------------------|-------------|-------------|
| 70500 Total Tenant Revenue | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 70600 HUD PHA Operating Grants | \$3,157 | \$147,027 | \$19,400 | \$1,722,028 | \$38,306 | \$1,929,918 | \$1,929,918 |
| 71100 Investment Income - Unrestricted | | | | \$67 | | \$67 | \$67 |
| 71400 Fraud Recovery | | | | \$12,093 | | \$12,093 | \$12,093 |
| 70000 Total Revenue | \$3,157 | \$147,027 | \$19,400 | \$1,734,188 | \$38,306 | \$1,942,078 | \$1,942,078 |
| 91100 Administrative Salaries | \$3,157 | \$7,457 | | \$56,362 | \$17,472 | \$84,448 | \$84,448 |
| 91200 Auditing Fees | | \$387 | | \$3,996 | | \$4,383 | \$4,383 |
| 91400 Advertising and Marketing | | \$4 | | \$44 | | \$48 | \$48 |
| 91500 Employee Benefit contributions - Administrative | | \$2,268 | | -\$21,735 | \$3,186 | -\$16,281 | -\$16,281 |
| 91600 Office Expenses | | \$4,112 | | \$42,450 | \$7,148 | \$53,710 | \$53,710 |
| 91800 Travel | | \$100 | | \$1,037 | | \$1,137 | \$1,137 |
| 91900 Other | | \$1,424 | | \$14,707 | | \$16,131 | \$16,131 |
| 91000 Total Operating - Administrative | \$3,157 | \$15,752 | \$0 | \$96,861 | \$27,806 | \$143,576 | \$143,576 |
| 92400 Tenant Services - Other | | | | | \$10,500 | \$10,500 | \$10,500 |
| 92500 Total Tenant Services | \$0 | \$0 | \$0 | \$0 | \$10,500 | \$10,500 | \$10,500 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | | \$345 | | \$3,565 | | \$3,910 | \$3,910 |
| 94000 Total Maintenance | \$0 | \$345 | \$0 | \$3,565 | \$0 | \$3,910 | \$3,910 |
| 95300 Protective Services - Other | | \$17 | | \$175 | | \$192 | \$192 |
| 95000 Total Protective Services | \$0 | \$17 | \$0 | \$175 | \$0 | \$192 | \$192 |
| 96120 Liability Insurance | | \$461 | | \$4,753 | | \$5,214 | \$5,214 |
| 96100 Total insurance Premiums | \$0 | \$461 | \$0 | \$4,753 | \$0 | \$5,214 | \$5,214 |
| 96210 Compensated Absences | | | | \$126 | | \$126 | \$126 |
| 96000 Total Other General Expenses | \$0 | \$0 | \$0 | \$126 | \$0 | \$126 | \$126 |
| 96900 Total Operating Expenses | \$3,157 | \$16,575 | \$0 | \$105,480 | \$38,306 | \$163,518 | \$163,518 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$0 | \$130,452 | \$19,400 | \$1,628,708 | \$0 | \$1,778,560 | \$1,778,560 |
| 97300 Housing Assistance Payments | | \$122,556 | \$19,400 | \$1,505,736 | | \$1,647,692 | \$1,647,692 |
| 97400 Depreciation Expense | | | | \$6,023 | | \$6,023 | \$6,023 |
| 90000 Total Expenses | \$3,157 | \$139,131 | \$19,400 | \$1,617,239 | \$38,306 | \$1,817,233 | \$1,817,233 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$0 | \$7,896 | \$0 | \$116,949 | \$0 | \$124,845 | \$124,845 |
| 11030 Beginning Equity | \$0 | \$1,921 | \$0 | \$276,569 | \$0 | \$278,490 | \$278,490 |
| 11170 Administrative Fee Equity | | | | \$302,104 | | \$302,104 | \$302,104 |
| 11180 Housing Assistance Payments Equity | | | | \$91,414 | | \$91,414 | \$91,414 |
| 11190 Unit Months Available | | 396 | | 4464 | | 4860 | 4860 |
| 11210 Number of Unit Months Leased | | 390 | | 4160 | | 4550 | 4550 |

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**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

| <u>Federal Grantor/Pass Through Grantor Program/Cluster Title</u> | <u>Pass-Through Number</u> | <u>Assistance Listing Number</u> | <u>Total Federal Expenditures</u> |
|---|--------------------------------|--------------------------------------|---------------------------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Housing Voucher Cluster: | | | |
| Section 8 Housing Choice Vouchers (Direct) | N/A | 14.871 | \$ 1,722,028 |
| Mainstream Vouchers (Direct) | N/A | 14.879 | 147,027 |
| COVID 19 Section 8 Housing Choice Vouchers (Direct) | N/A | 14.871 | 38,306 |
| COVID-19 Mainstream Vouchers (Direct) | N/A | 14.879 | 3,157 |
| Total Housing Voucher Cluster | | | <u>1,910,518</u> |
| Home Investment Partnerships Program (Direct) | N/A | 14.239 | <u>19,400</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 1,929,918</u></u> |

**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED MARCH 31, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Crawford Metropolitan Housing Authority (the Authority) under programs of the federal government for the fiscal year ended March 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C - INDIRECT COST RATE

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

Crawford Metropolitan Housing Authority
Crawford County
324 Harding Way E
Galion, Ohio 44833

To the Board of Directors:

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 Crawford Metropolitan Housing Authority, Crawford County, (the Authority) as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 21, 2022.

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

December 21, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

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

Crawford Metropolitan Housing Authority
Crawford County
324 Harding Way E
Galion, Ohio 44833

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

In our opinion, Crawford 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 March 31, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

December 21, 2022

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**CRAWFORD METROPOLITAN HOUSING AUTHORITY
CRAWFORD COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

OHIO AUDITOR OF STATE KEITH FABER



CRAWFORD METROPOLITAN HOUSING AUTHORITY

CRAWFORD 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 12/27/2022

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

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